

Master's Thesis

# The External Innovation Lab of SPACE10

- an empirical study of value creation from IKEA's external innovation lab

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## **Abstract**

The purpose of this thesis is to gain a better understanding of how value is created and negotiated in external innovation labs. The study was conducted in the empirical context of IKEA's external innovation lab SPACE10, where we have examined which types of value SPACE10 creates for IKEA and how the value is negotiated in the inter organisational collaboration. Through a series of qualitative interviews with key informants from IKEA and SPACE10, the overall subject of value was examined in our constructivist perspective, in order to elucidate the negotiation of value and the perceived tangible outcomes. Our interest in the subject was guided by the amount of innovation labs that close down within a few years of existence, despite their inherent long-term orientation. Theoretically this study is guided by valuation studies and thereby takes a constructivist perspective on value, as something that is constructed and negotiated amongst actors. We furthermore draw on the perspectives of network theory and theory on the organising of innovation, in order to determine the characteristics of SPACE10 that are prevalent in the subsequent value negotiation. Our analysis unfolds in two parts, with the first focusing on elucidating the traits and characteristics of SPACE10 that are perceived valuable in the collaboration, which will serve as the basis of our analysis of the value negotiation, constituting the second part of our analysis.

Our findings suggest that the value of SPACE10 is anchored in a spatial- and temporal dimension, anchoring value in the short-term or long-term perspective. This means that keeping SPACE10 external from IKEA anchors value in the long-term, aiming at radical innovation, where moving SPACE10 closer to IKEA anchors value in the short-term, fostering more tangible and evident results, that resemble incremental innovations. Furthermore, we have found that value is contingent on an implicit negotiation of value, relying on relational ties between the actors, that engage in a reciprocal process of give and take, where tangible outcome is exchanged for the freedom to pursue the long-term value. Conclusively, we discuss the positive societal impacts of innovation labs, as they constitute an important actor in the construction of our society in the future.

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## **1. Problem Area - Novel Forms of Organising for Innovation**

In recent times, we see corporations setting up new organisational forms with novel types of innovation departments. The companies are naming them innovation- labs, centres, studios or hubs. The overarching perspective remains, it is merely different names for the same thing, describing a new kind of physical space that businesses construct, with the mission to act as a central point for innovation programs and activities (Tucker, 2017). Previously it has been the norm for businesses to have an approach to innovation and R&D, characterised by secretive elements and development isolated in closed off labs, and even though some businesses remain this way, most have begun taking a new and more open approach to innovation exemplified by the opening of a innovation lab (ibid.)

These innovation labs are launched widely and by a long range of varying organisations. Over the last couple of years, it has especially been recognised how big, commercial organisations also have committed to this new form of innovation. Examples of the recent establishments of innovation labs are: Danske Bank with MobileLife, Danske Statsbaner with DSB Digital Labs, LEO Pharma with LEO Innovation Lab and MINI with A/D/O, just to mention a few and to explicate that they are operating in a myriad of fields. A characteristic that most labs have in common is the “aim to create breakthrough, out-of-the-box solutions to major challenges of the present and the future, addressing problems too big for any one organisation to solve on its own, such as devising alternative business models or working toward solving large societal problems” (Gryszkiewicz, Toivonen & Lykourantzou, 2016a). Thus, the objective for this transformation seems to be, that these big organisations seek to discover new ways of organising, with a particular value generating character, in order to secure the future relevance of the business (ibid.).

What seems to be driving corporations to set up these labs in the first place, is a desire to get closer to the customer needs, in a world where corporations are becoming increasingly terrified, due to big changes and developments happening rapidly in all areas (Tucker, 2017). Despite the seeming success given their popularity, the innovation labs face a big challenge in the lack of clarity on their key features and capabilities (Gryszkiewicz et al., 2016a). In the infant phases of this new era of innovation labs, it is experienced that a lot them have been shut down only after two or three years of existence, because they have not had a real strategy, no plan for what had to be done on a daily basis, and no strong connection to the business units of the parent

organisation (Tucker, 2017). Simply due to the novel output of the field, resulting in little guidance on the matter, this leads to confusion for organisations and executives about how to address this in the right way. Still, a lot of organisations have jumped on the bandwagon, afraid of missing out on the next big thing. But without a clear purpose and distinct practises, labs easily become an obvious first target when budget cuts happen, or when the overall strategy of the organisation changes, as they are often not seen as delivering enough value (ibid.). Therefore we see executives groping in the dark, demonstrating innovation labs in many varying forms; some are presented external to the organisation, some are internal, some are closed off to their environment and others carry out innovation processes very open to their surroundings. It seems that organisations are experimenting with a variety of different ways to establish an innovation lab, trying to strike the optimal balance. Despite a lack of practical examples and evidence on the matter, it has generally been recognised that innovation labs, which are external or distant from the organisation, are best in the pursuit of disruptive or radical innovations, and labs that are more closely tied or internal to the organisation, are better to perform incremental innovations and R&D (Gryszkiewicz et al., 2016a). Not that this in any way make it straight forward for organisations to set up innovation labs, as most of the labs that have failed, usually did it because they were either too close to, or too far from the parent organisation (Tucker, 2017).

The innovation labs with most potential seemingly have an exploratory way of working, somehow trying to serve the overall purpose and mission of the organisation. The issue with an explorative approach focusing on the future, is that corporations at some point usually get too tethered on the present business and start expecting ideas they can launch today (Tucker, 2017). Consequently innovation labs either get shut down or gradually transformed into R&D departments, as we know them, thus also presenting a big part of the explanation to why innovation labs fail. Due to the novelty and high failure rate in the field, it is acknowledged that there exist a lack of clarity on innovation labs and the related value. Thus, it is argued that more practical cases and further research is needed in the area, in order to understand what innovation labs actually are, what sort of value they can and cannot deliver and how they are facilitated in the best possible way.

Some of the most recent research on the topic of innovation labs, concludes into the following proposed definition: “An innovation lab is a semi-autonomous organization that engages diverse participants - on a long-term basis - in open collaboration for the purpose of creating,

elaborating, and prototyping radical solutions to pre-identified systemic challenges” (Gryszkiewicz, Lykourantzou, & Toivonen, 2016b, p. 16). Hence, we are steadily moving towards a defined characterisation, but there still exist many unanswered questions, why the authors behind this preliminary definition, encourage practitioners and scholars to test and refine the definition with additional experience and research, so that we can better assess and understand the effects of future innovation lab projects.

This study will build upon previous academic research and literature about related topics. Stark (2009) present the heterarchy as a organisational form of distributed knowledge and responsibilities, where different business units in collaboration are horizontally, rather than vertically, accountable to different principles of valuation. Consequently, increasing interdependencies within the organisation and encouraging a cooperation culture of challenging each other’s understandings and views. Thus, enforcing innovation out in the entire organisation deeming everyone responsible. Pisano and Verganti (2008) go a step further and argue that it is not enough to open up the innovation process to the entire organisation, but that it should be opened up to external environments as well. Luisa Flor, Cooper and Oltra (2017) supplement this idea and introduces the concepts of absorptive capacity and open innovation, which organisations can use to leverage on knowledge created externally, to empower innovation processes internally. One way to achieve knowledge external to the organisation, is setting up collaborative partnerships with other businesses, which potentially will increase the cognitive diversity of the people working together, thus fostering a higher level of creative solutions (De Vaan et al., 2015). Another way to access knowledge and skills external to the organisation, is by making use of a community driven innovation approach, focusing on tapping into networks and communities, which can be beneficial, as communities gather to form resources trying to attack complex, societal problems and simultaneously are venues for ideas not yet capitalised on (Garud, Tuertscher & Van de Ven, 2013).

Nevertheless, it will be hard for organisations to determine the value of these possibilities, as the idea of what value is take on varying forms. Helgesson and Muniesa (2013) see value as a social construction of processes, taking place between actors trying to make things valuable. Vatin (2013) distinguishes between evaluating and valorising where the first is a static judgement attributing a value to a good, and the latter is a dynamic process concerning the process of increasing and adding value. Haywood et al. (2014) believe that practices have become too caught up with viewing value as a outcome from an economical perspective, and

encourage an increased focus on process value. Ngoc Luu et al. (2016) elaborates on the idea of process value, and argue that it is increased by cognitive and affective strength, meaning that both economical and relational ties are needed, in order to perceive value in the relationship. Finally, Muniesa (2011) argues that the action of valuation is highly practical, determined by the character, skills and knowledge of the ones performing it.

## **1.1 Problem Statement and Research Question**

To stipulate this interest and to help understand the inherent complexities of external innovation labs, we have chosen to carry out a case study of IKEA's external innovation lab of SPACE10, as it constitutes an example of an innovation lab exhibiting some of the same characteristics and problematisations as outlined above. In our view, SPACE10 presents a typical case of the external lab, but constitutes an interesting case, with the inherent tension of IKEA as typical bureaucratic retail organisation and the very loose and autonomous counterpart of SPACE10. When value is difficult to explicitly derive from innovation labs and many face closure after only a few years of existence, we are interested in examining the types of value that are salient in such a collaboration and how the value is constructed in the inter-organisational venture. This has materialised into our research question:

Which kinds of value does SPACE10 create for IKEA and how?

## **2. Case description**

In 2015, IKEA and Rebel Agency launched SPACE10, onwards abbreviated as SP10, located in the Meatpacking district of Copenhagen. SP10 was initially presented as a research hub and exhibition space, to explore new products and ways of improving the experience of the IKEA customers. SP10 was founded on an idea that emerged from a former design-collaboration between the creative bureau Rebel Agency and IKEA. When the CEO of IKEA, Torbjörn Lööf, was brought on in 2014, the organisation arranged a macro trends session in New York, to get upper level management up to speed, in terms of how an advanced western market will develop in the future. On the basis of this, IKEA initiated strategic conversations about how the organisation should be developed moving forward. This was where the seed of SP10 was planted.



## **2.1 Organisation of IKEA and SPACE10**

To understand exactly how SP10 plays in to the vast and complex IKEA company, we will have to unravel the practical organisation of IKEA. IKEA is a brand with many companies, and these different companies are organised around a global franchise model. All of these companies are owned by the Inter IKEA Group, formally Inter IKEA Holding B.V., and consist of four companies: IKEA Industry Holding B.V, IKEA Supply AG, IKEA of Sweden AB and finally the Inter IKEA Systems B.V., who is the central actor in our study. The Inter IKEA Systems owns the IKEA brand and concept and is a global franchisor. Their main task, is to ensure the long-term success of the IKEA concept, and offering proven methods and solutions for the franchise-holders worldwide. Inter IKEA Systems are the creators of SP10 together with Rebel Agency, in an attempt to challenge and disrupt the business and explore new radical business models. As such, SP10 was created to ensure the long-term sustainability of the IKEA Concept and governed by the overall IKEA vision of 'creating a better everyday life for the many people'. The IKEA Group has of 2018 gone through a restructuring process, where the previous CEO of Inter IKEA Systems B.V, Torbjörn Lööf, was instituted as the CEO of Inter IKEA Group, and as of March 2018 Jon Abrahamsson took over the role as CEO of Inter IKEA Systems B.V.

## **2.2 Infant phases**

On the basis of the macro trends session, it was obvious for Torbjörn Lööf that IKEA had to do something radically different, and therefore he contacted Carla Cammilla Hjort, CEO and founder of Rebel Agency, who he had previously worked with in IKEA of Sweden. Due to their previous successful collaboration, Torbjörn approached Carla with an offer to co-strategise IKEA's future approach to innovation, and this advanced into the idea of an independent external innovation hub, uncontrolled of IKEA but with a shared vision. The shared vision of IKEA's 'creating a better everyday life for the many people' was agreed upon. Opposed to being micro-managed by IKEA, this vision statement should act as a guideline to the overall operation of SP10, as a way of trying to ensure valuable effects to IKEA. Herein, the initial idea was, that SP10 should challenge IKEA's approaches, processes and assumptions, working toward the objective of disrupting the organisation from the outside. Carla Cammilla Hjort was appointed the CEO of SP10 and straightaway reached out to Kaave Pour, Simon Caspersen and Guillaume Charny-Brunet, who respectively was appointed

Creative Director, Communications Director and Strategy Director of SP10. Thus, constituting the core team of SP10 who was granted complete freedom to agree on how and with whom they would be working.

## **2.3 SPACE10 Today – A Future Living Lab**

The first twelve months of SP10 were characterised by constructive discussions around the setup, especially in terms of what SP10 should be exploring and how IKEA should be working with them, while concurrently hiring creative people, expanding the team of SP10 to fifteen employees. Due to the nature of the original purpose of researching forthcoming tendencies, SP10 was defined as being a future living lab, on a mission to design a better and more sustainable way of living. On the basis of the macro trends, SP10 and IKEA created three broad general themes, that were to guide all of SP10's exploratory work and projects: Circular Societies, Digital Empowerment, Co-Existence. As a result of the future-living lab definition and the related exploratory approach, the themes materialised into four 'labs': Natural Interfaces, Shared Living, Local Food and Digital Fabrication, constructing the overall structure in SP10.

In the process of defining SP10 during the first year, they created a playbook acting as guideline in terms of how people should understand the lab, both internally in relation to how they should work, and also externally in connection to how others were to perceive them. The playbook state that SP10 are meant to experiment and co-create new ways of designing for a better future, by looking into new directions and exploring emerging potentials. Furthermore, SP10 shall work with a global, collaborative network of experts and forward-thinking partners, while testing and trying out new ideas and solutions in a non-commercial environment. This is especially interesting in relation to the team of the lab, as SP10 are determined to keep the permanent team small and in addition temporarily increase the team by bringing in experts from all over the world, on a project basis or on a so called residency, where people are invited to stay with them for a limited amount of time. An example of this, is seen in the project called 'building blocks', where two Danish architecture students, Johanne Holm-Jensen and Mia Behrens, were invited to do a six month long residency on how to design low-cost, adaptable and sustainable homes. It is vital for SP10 to be able to discover and attract talent in external collaborators, since this is how they are able to expand and accommodate projects that require

areas of expertise, which are not represented in-house. Finally, SP10 aims at creating a playground for IKEA to be inspired and connect with new opportunities, and are committed to storytell and share everything that they do, to spark discussions and move people to action.

A central aspect of the cooperation, is that IKEA is funding the entire operation of SP10, including salaries, projects and office space. Despite this, SP10 possess the autonomy to engage in the projects they want to, regardless of a direct link to the business of IKEA, but governed by the agreed-upon overall themes. Another significant element of the cooperation, is that SP10 will not be measured on traditional, commercial KPIs (Key Performance Indicators). Instead IKEA have chosen to set up two rather loose KPIs for SP10's work, on which they are not measured in quantity, constituted in: (1) help positioning IKEA as a more innovative brand, and (2) inspire and foster the internal innovation culture in IKEA. Even though SP10 is not expected to report any numbers in relation to their impact, it has recently been assessed that the stories produced by SP10 had an online reach of 1.3 billion people last year. The estimated economic worth of this media value alone, exceeded the amount of money invested in SP10 in the same period, thus providing a justification of the project.

Due to the experimental ground on which this cooperation was founded, SP10 was initially launched on a two-year trial contract. However, both partners quickly agreed to prolong this contract, extending the current contract to a minimum of five years. Though, the contractual negotiations have not been rushed, as both parties currently are satisfied and have agreed to continue in the cooperation. The involved actors recognise the presence of latent negotiations in the imminent future, of the ideal way of continuing the collaboration.

In the current setup, SP10 has designed a series of projects where the following are examples on this: 'Tomorrow's Meatballs' is an exploration of possible future food habits, looking into the many ways people could be eating in the not too distant future, and linking IKEA to the projects by including the iconic IKEA Meatballs in the title. 'The Farm' is SP10's exploration of alternative ways to grow, distribute and integrate food production in cities. This project involved a hydroponic farm situated in the basement of SP10's headquarters, where a wide range of microgreens is grown. A project that differs from the others is the Augmented Reality app IKEA Place, because it, as the name also suggest, was done on the initiative of IKEA as a development project for the current business. A huge business opportunity arose, when Apple in 2017 stated that they would introduce AR to approximately 600 million smartphones within

two months. As IKEA internally did not have the capabilities to develop such an app, but still had to prepare for this change, they reached out to SP10, which had just carried out a eight month long exploration process on AR. Hence, SP10 was able to develop the IKEA Place app in three months, which became a huge success as it rose to be the most downloaded AR app in a non-gaming category, and was featured by Apple CEO Tim Cook as his favourite AR app. Because development projects were not the intended role of SP10, some of the actors involved in the cooperation express a concern in relation to how SP10's resources will be distributed in the future.

With the restructuring of the Inter IKEA Group, the new management and CEO have implemented a process of internal development of innovation, called Develop the Meeting with the Customer, onwards abbreviated as the DMC process. The consequences of this integration, will result in more reporting from SP10 and could sideline them as a capability for IKEA to draw upon in their development projects. All together SP10 constitutes an interesting example of an external innovation lab, as it embodies many of the inherent complexities and paradoxes, that may be an explanatory factor of why many innovation labs close down so quickly.

### **3. Methodology**

In this chapter we will introduce our methodological considerations, in terms of our study's overall research perspective and how this has played an important role in guiding the progression of the study and the related results we have arrived at. Subsequently, the chapter will present our choice of research strategy and the important research design considerations will be explained. Following, this chapter will present the methods for case selection, interviewing methods and methods for the selection of interviewees. Finally, we will also address our considerations in relation to research quality criteria.

#### **3.1 Overall Research Perspective - Epistemological and Ontological Considerations**

Before planning and carrying out the actual study, considerations in terms of the basic questions related to our research perspective, including the nature of the kind of knowledge we are striving to grasp, have to be considered. Informed by the theoretical perspectives that this study

draws upon, our perspective represents looking at a phenomenon as something that is continuously being put together in new meanings by the input of various actors. Hence, we join the group of researchers who confronts the idea that categories, like the one of value for example, holds pre-given, inherent meaning. Instead, we adhere to the perspective that social actors govern the internal realities and construct the meanings of these categories, which is why we, according to Bryman (2012), consider ourselves as social constructivist researchers. As such, the foundation on which this study is build upon, is a social constructivist one.

### **3.1.1 A Constructivist Approach to Research**

If we take organisations as an example of constructionism, we see that Strauss et al. (1973; in Bryman, 2012) draws on insights from symbolic interactionism, carrying out research that proposed organisations are best conceptualised as a negotiated order: “Instead of taking the view that order in organizations is a pre-existing characteristic, they argue that it is worked at. Rules are far less extensive and less rigorously imposed than might be supposed from the classic account of organization” (Bryman, 2012, p. 33). This quotation implies that elements, which can seem like an inherent part of an organisation and considered organisational truths, are in fact just a creation of social actors’ opinions and actions. Since it is assumed that social actors themselves continuously develop, they are also the most important input to the re-negotiating nature of social constructed phenomenons, meanings and elements attached to an organisation. Hence, we see that the social order of an organisation “is in a constant state of change because [...] it is a place where numerous agreements are continually being terminated or forgotten, but also continually being established, renewed, reviewed, revoked, revised” (Bryman, 2012, p. 33).

Like Strauss et al. (1973) and Becker (1982; in Bryman, 2012), we recognise that our constructionist position cannot be pushed to the extreme. We believe it is necessary to appreciate that a phenomenon does have some form of reality that persists and antedates actor’s participation, and shape their perspective going into the process of developing a constructed meaning of that phenomenon. For example, in regard to the process of actors negotiating the substance of value. Regarding what is valuable and how you capture it, we believe that the participating actors all have some point of departure, perceiving value as something that is good for you or the organisation. Something that, if you have it, you are better off than if you did not

possess it, and something that will always position you in a more beneficial position. However, it is important to emphasise, that this is not an inert objective reality that possesses solely a sense of constraint, but merely acts as a point of reference for the participating actors - a point of reference that also can change in the process of forming a phenomenon.

It is important to recognise that in the process of defining value, a discussion of what is good to you and how to most efficiently achieve it, will be included. Not all researchers adopting a constructionist position are likewise prepared to acknowledge the existence of some sort of a objective reality (Bryman, 2012), which also advocates that we do not embody a excessive constructionist position. Our position corresponds to researchers believing that there to some degree exist a consciousness-independent-reality that we might have access to, but we do not know what parts of this world are a construction of us and what parts come from the things themselves (Egholm, 2014). Nonetheless, this should not be considered as anything close to how natural scientists, perceive the availability of a pre-constituted world for investigation, but instead researchers must investigate the processes by which the social world is constructed (Bryman, 2012). In other words: “Constructionism essentially invites the researcher to consider the ways in which social reality is an on-going accomplishment of social actors, rather than something external to them” (Bryman, 2012, p. 34), proposing that the social world around us and the attached ‘categories’, are not external to us, but instead built up and constituted in and through the interaction between us. This is why we as researchers in this position, are interested in understanding how actors from both SP10 and IKEA look at, act around and talk about the value in their collaboration, as the actors engaged from both organisations will play a important role in grasping a idea of the value within their relationship.

### **3.1.2 Issues with The Phenomenological Approach to Research**

Another approach that would seem adequate to our research area and question is the phenomenological one. A phenomenological approach is interested in describing and understanding phenomena and practices with an individual point of view (Egholm, 2014). At first, this might seem like a good match to our study, as we want to understand what value is, through an investigation of organisational work processes and methods by talking to different employees separately. However, a decisive difference is, that even though we want to create a meaning on the basis of how individuals perceive something, we still believe that no

one lives in a vacuum and thus we are dealing with constructions, rather than individual realisations and experiences. Following a phenomenological perspective should indicate that we would not look at our different interviews in the light of each other and the interplay between them. Phenomenology does not believe that the world can be looked at objectively, because there does not exist any privileged stance from where an object can be observed (Egholm, 2014). Accordingly, this imply an investigation of subjective, separate stances, and although we as constructionists neither believe that the world just exists, we instead consider it to be realised through social constructions, not focusing on any specific stance as such, but instead looking at everything in between different stances.

The purpose of this section is to make it clear why we are not phenomenologist and what this would have meant for our research, as we in the process of this study considered using a phenomenological perspective. Even though the phenomenological and constructivist approach have certain similarities, the next section will elucidate the exact implications of a social constructivist approach to our research.

### **3.1.3 Implications of A Social Constructivist Approach to Research**

Through our research perspective, we view value as something that is socially constructed. When the world that we are trying to understand, does not exist in a fixed state external to us and other social actors, we cannot nor should design a process to describe the world objectively, as nothing exists in an unchangeable state. Further, striving for a neutralisation of the researchers influence on the research process makes no sense, as the knowledge we are striving for, is the result of the interaction, not only among the actors investigated, but also between the researchers and the actors. Every interview that we have conducted, represents unique collective construction. Thus, the interviewees' answers are a construction of their prior experiences with other actors, but also of the interactions with us researchers in the actual interview. Understanding that every interview represents a construction of a reality, based on a collective construction, we believe that we are dealing with constructions much broader than on the individual level, hence our study is conditioned by the fact, that we have been studying a sample of actors and not only one.

By making use of the active interview approach, we should not focus on limiting the researchers influence and interaction with the interviewees, as this interplay is part of the knowledge creation process in the active interview. Limiting the interaction of interviewer and interviewee, would not improve the quality of the data, as the researchers influence is not contaminating, as within a more objectivist perspective, but instead fundamental (Gubrium & Holstein, 2002). The aim of the active interview approach, is to activate the appropriate stock of knowledge (Schutz, 1962; in Gubrium & Holstein, 2002). This means that researchers should instigate the knowledge construction process, by guiding the conversation to appropriate subjects related to the overall topics of discussion. A practical challenge thus becomes to be highly aware of which elements that are influencing the knowledge construction and how. Because, even though we need to trigger some conversational topics, we shall also be aware of letting a natural conversation unfold to not end up with a artificial construction of knowledge. If the interviewer asks closed questions, this will constrain the knowledge allowed to be constructed, and the researcher can end up merely luring the interviewee into their preferred answers (Bryman, 2012). Likewise, if the interviewer provides very one-sided potential interpretations, this can steer the conversation down a predestined and unrewarding path, having less connection to what the interviewee can contribute with and more to do with the researchers' prior understandings (ibid.).

### **3.2 Research Strategy and Design - Qualitative Methodology**

Governed by our constructivist perspective, we have chosen to employ the qualitative methodology in our study of SP10 and IKEA for a range of reasons, that we will elaborate on in this brief section. This will serve as an introduction to the methodological consideration in an overall perspective, which we subsequently will elaborate on. Our epistemological and ontological understandings call for the utilization of the qualitative methodology, in order to produce rich deep data from which theory and concepts can emerge (Bryman & Bell, 2007). This inductive view of the relationship between data and theory, is paramount to our study, where the qualitative method is beneficial to depict the interconnections of actions between participants in a social setting, and seeks to unfold a processual picture rather than a static image of social reality. It is the aim to examine the actors in their natural environment in the perspective of those being studied, with their views on what is important and significant, guiding the orientation. Our research is inherently unstructured as such, in order to enable a



rich data collection with the possibility of getting the actor's perspectives and meanings, in order to see emerging concepts. Furthermore, our study is guided by a contextual approach with the intention of examining in a meso perspective, concerning the small scale aspect of the social reality and interactions, seeking to understand behaviour, values and beliefs in the context where the research is conducted.

### **3.2.1 Case Study**

Our thesis is structured around a single case study of SP10, which enables an in depth exploration of the collaboration with IKEA, with all inherent processes and traits. Due to our constructivist approach, the case study is highly suitable, denoted by the intensity and depth in which the case is studied. In our study, we are interested in studying the constructions between the organisational actors, and the kind of knowledge creation that is inferred by our epistemology, requires the richness and in depth data that the case study readily provides.

Our current research is based on two sets of data, originating from our previous study of SP10 from the spring of 2017 and the data of this thesis. We have chosen to continue our work with the case of SP10, as they constitute a typical case on the phenomenon of innovation labs, and bears interesting characteristics that were not visible in the first wave of research conducted by us. We will elaborate on the implications of this, in the subsequent section. In our case sampling, it was prioritised to continue working with SP10, as we expected to dive directly into the problematisation, allowing a more in-depth and detailed study. The second round of research in SP10 bears its inherent advantages and disadvantages, which will always be a trade-off. The immediate advantages are the ability to immerse us deeper into the case and problematisation, together with the fact, that the relation to SP10 was already established. This in return, facilitated easier access the organisation and key actors of SP10 and IKEA. The most evident disadvantage is the risk of being biased and presumptuous.

The single case study is particularly beneficial in describing rich and complex cases, which benefit from not being condensed into summaries, while still contributing to the cumulative development of knowledge, despite its singularity (Flyvbjerg, 2006).

### 3.2.2 Data

The current research is based on two data sets, stemming from our previous study of SP10 from the spring of 2017 and the data of this thesis. The two data sets concerns fractures of the same case, and have followed the same data collecting method and have been collected under comparable conditions, but have been gathered at different points in time and by different research teams. However, the characteristic enabling us to make use of the data, is that one of the current researchers have been a part of both research teams, thus also been a part of both data gathering processes, while the other one of us have not. The following section will focus on our considerations and the practical implications of this set up.

As the name suggest, primary data is the data that is collected for the first time by the researchers (Bryman, 2012). We have carried out six semi-structured interviews and one unstructured interview, during the current research. All of these interviews have been conducted between December 2017 and March 2018, however, a significant remark is that we did not initiate this data collection completely from scratch, as we already embodied quite a good understanding of SP10 due to the prior research. Comprehensive deliberations on and circumstances around these semi-structured interviews as our primary data, will be presented in the following chapter, but for now we will like to look at the linkages between our first study and current study, and present our arguments for considering both data sets as our primary data as opposed to secondary data.

Secondary data is considered the data already collected and produced by others (Bryman, 2012). However, we argue that through a rigorous effort of making the data a joint property, we argue and use the data of both research rounds as the primary data, representing the empirical foundation of our study. We did this, by dedicating a vast amount of time in the initial phases of our project, to create the foundation of treating the data as primary. Meaning, that the student who was not part of the previous research, has read through all of the interview transcripts thoroughly (and again in the coding process), and that the one who was part of the previous research have explained all the existing conditions and the context in rigorous detail. Hence, we have tried to establish a starting point of common grounds with both researchers having the same prior knowledge about the case.

Now, why have we chosen to include the data of this research project in our current study? First of all, we were inspired to do the current research by the previous project and while we see an identical case organisation in SP10, we have also included IKEA as a paramount element in our study. We were further convinced, as we believed that the emphasis on diversity and networks in the previous research, could be leveraged in our current study, by building on top of the previous research. However, the aspect of discussing value in our research, is not just an add-on to the previous study, but should be understood as something that will change the entire accent of the previous data, which thus will assist us in the process of reassessing the old data sets, in the light of our research question. Furthermore, the process of revisiting old data of respondents who also acted as interviewees in our project, before interviewing them this time around, enabled us to dig deeper by asking novel and clarifying question that emerged out of the re-analysis process. Dale et al. (1988; in Bryman, 2012) mentions, as one of the main advantages of using secondary data that it will allow you to spend more time on analysis and interpretation of data, as the prospect of having access to good-quality data will save you large amounts of time, compared to carrying out the data collection exercise yourself. We argue that this has been an important advantage in our process, as one of our aims is to go in depth with the research and not only scratch the surface, because we believe that we are dealing with a complex matter that takes time to grasp a understanding of. Another advantage of using the data, is that reanalysis may offer new interpretations that were previously overlooked (Bryman, 2012). In our reanalysis process, we have experienced the uncovering of new explanations, which we find as a result of adding fresh eyes to the data and the time between the iterations. All together we believe that this have helped us seeking more directly towards the 'interesting hot spots' of our case.

This chapter has presented the interplay of the seven interviews we have conducted and the data earlier collected. The data previously collected should not be perceived as a supplement to additional new data, but instead as an integral part of our empirical foundation. Meaning we have experienced coherence in the progression of the data collecting process, where we would not have been able to pinpoint the specific topics and respondents, if the previous data had not been available to us.

### 3.2.3 Interview Method

With our qualitative approach to studying a complex problematisation, we employ the qualitative interview approach of different types. According to Eriksson and Kovalainen (2008; in Justesen & Mik-Meyer, 2010) there are three types of interview forms: the unstructured interview, the semi-structured interview and unstructured interview, all with their relative strengths and weaknesses. In our study we make use of both the unstructured interview and the semi-structured interview approach. Initially we used the unstructured interview approach in the first interview with the Creative Director of SP10 Kaave Pour, in order to facilitate the explorative agenda. The rest of the interviews were conducted in the semi-structured interview form.

The unstructured interview bears resemblance of a conversation, and we were only guided by what Bryman and Bell (2007) describes as *aide-mémoire* - a set of prompts to deal with a range of topics. To facilitate the exploratory agenda, the unstructured interview is key, as it is primarily the respondent that guides the structure and content of the conversation. The term unstructured is in a sense slightly misleading, as the interview inevitable will have some sort of structure, but this may not be planned beforehand (Justesen & Mik-Meyer, 2010). The traits of the unstructured interview further stipulate using how and what questions to guide the conversation, but it is essential to allow the conversation to take the natural course. The interviewer can make use of a set of keywords, in order to deal with relevant themes, while letting the interviewee respond freely, making it similar to a friendly conversation (Bryman & Bell, 2007).

The semi-structured interview is defined by the fact that the interviewer works from an interview guide, where themes and a range of key questions are predefined, while leaving room for deviation from the guide, if the interviewee brings unexpected but interesting statements to the discussion (Justesen & Mik-Meyer, 2010). This however does not mean that the interviewer follows the guide slavishly, but it is key in the design of the study that the researcher asks the same open questions to all the interview respondents in the project, with contextual adjustments to fit the relation to the study. It is desired to get all the interviewees to deeply reflect on the same key questions, and it is therefore essential to ensure that sufficient sub questions are asked, in the case that the answers of the interviewee are insufficient. In general terms, the semi-structured interview is favorable to secure an explorative approach, stimulating new

knowledge about the field of study, as well as allowing space for individual views amongst the informants. It is important to maintain the possibility of going off script as interviewer, to follow up on emerging and interesting points arising from the answers. The same interview guide and question is used across the study to stipulate comparability and consistency, but the order of questions may depend on the development of the conversation based on the answers of the interviewee (Bryman & Bell, 2007). This type of interview allows leeway for different kinds of deviation, which in return helps channel the interviewee's real and individual opinions, together with experiences and thoughts on what is essential to the central themes of the study (Justesen & Mik-Meyer, 2010).

### **3.2.4 Interview Process**

The semi-structured approach proved to be favourable under our social constructionist perspective, allowing a direction of knowledge construction to appropriate predefined subjects, while fluently following the interesting conversational turns. The initial unstructured interview was fruitful in its exploratory purposes, but inherently has the risk of missing important points and topics, while on the contrary the completely structured interview guide would remove the flexibility and stimulation of new knowledge. For our research purposes, the semi-structured interview approach stroke the balance for our constructivist research agenda. In our methodological considerations we have drawn upon the perspectives of Holstein and Gubrium (2004) and their notion of active interviewing. This perspective builds on the notion that both the interviewer and the interviewee inevitably have an active role in the creation and negotiation of meaning, implying that meaning is not only caused by the means of well formulated questions, nor is transported through the answers of the respondent. Instead, meaning is actively and communicatively constructed during the dialogical process between interviewer and interviewee, and thereby departs the notion of the respondent as a container of knowledge, and instead directs the attention towards knowledge as being created in the interaction with the interviewer (*ibid.*). In the subsequent analytical process, it is important to award attention to how the interactional narrative production of meaning-making unfolds, rather than exclusively dealing with what has guided the themes of the interview, the questions and the answers. In other words, it is critical to grasp how the meaning-making is produced in the interviews and not only focus on what is asked and conveyed (Holstein & Gubrium, 2004). The understanding of the interview as active, is a determining feature as the interview and the

participants constantly develops, in the continued production of knowledge. Concurrently, there is a continuous practice of interpretation, involving both the interviewee and interviewer and as such, the reality is under a continuous reconstruction (ibid.). In the active interview, the interviewer takes on the role of a conversational partner rather than an interviewer, who stimulates bringing multiple perspectives in play. Thereby, the role shifts from the traditional approach of stimulating and activating the respondent's interpretational abilities, and guiding knowledge through the interviewer. Instead, the interviewer can propose orientations and correlations between aspects of the respondent's experience and actively invite interpretation, that may have been overlooked. The role transforms into one of activating the narrative production, where the interviewer consciously provokes responses by proposing or indicating narrative interpretations or positions. In the interviews with SP10 and IKEA, the active role is practiced by bringing our own knowledge into play together with the perspectives of other respondents, thereby challenging the respondents which in return yielded some very interesting answers.

### **3.2.5 Interview Guide**

In the preparation of our interview guide, it was a key criterion to include the central themes to be unfolded in the interviews with respondents from IKEA and SP10 relatively. In the formation of our interview guide, we were informed by our previous study of SP10, which made it possible for us skip generic information about SP10, what their relation to IKEA is and how they function. This made it possible for us to immerse into more imminent questions and problematisations and not waste time on background information, which was collected and reviewed from our research in 2017. To stipulate an open data collection with room for themes to naturally emerge, we selected very broad themes to guide the interviews, which resulted in six categories with a total of sixteen questions that can be viewed in Appendix C. The guide was altered to fit respondents from IKEA and SP10 relatively, but apart from that remained the same for all interviews. The questions of the interview guide, was used to assure that we touched upon all the relevant topics in all interviews, but the order and phrasing of the questions remained more dynamic and varied slightly from interview to interview. Furthermore, our pre-existing knowledge of the organisation made it possible for us to steer away from themes and characteristics that we already had vast information on. Ideally, it would have been favourable to run a pilot test interview with one of our respondents from SP10 or IKEA, but due to

scheduling issues, we opted for testing our interview guide on a fellow student. The idea of the pilot test is to ensure that the questions are formulated clearly, are easy to understand and do not favour a particular type of answer (Justesen & Mik-Meyer, 2010). We used the feedback on the relevance, repetitiveness and the natural order of questions to adjust and revise our guide, prior to the first interviews with SP10 and IKEA.

### 3.2.6 During the Interview

All interviews were conducted with both of us present, to ensure the possibility of one person acting as the interviewer, whilst the other researcher observed and took notes, both regarding interesting topics and body language and contributed with follow-up questions. This procedure was chosen in order not to miss any important observations or relevant follow-up questions to be probed, while the interviewer could be deeply engaged in the conversation. The respondents were carefully chosen together with the Creative Director of SP10 after the first interview, and we focused on talking mainly with actors on Director level, to ensure involvement in the strategic and operational consideration of the collaboration. The list of interviewees can be viewed in table 1 beneath.

**Table 1: List of respondents**

<u>Name</u>	<u>Position</u>	<u>Date 1st study</u>	<u>Date 2nd study</u>	<u>Appendix D</u>
Kaave Pour (KP)	Creative Director at SP10	21.03.2017	30.11.2017 & 12.03.2018	<i>Fully transcribed</i>
Kwadwo Adu (KA)	Head of Digital at SP10	02.05.2017	26.02.2018	<i>Fully transcribed</i>
Bas van de Poel (BP)	Head of Playful Research at SP10	01.05.2017	26.02.2018	<i>Fully transcribed</i>
Carla Cammilla Hjort (CC)	CEO at SP10	-	26.02.2018	<i>Fully transcribed</i>
Henrik Nielsen (HN)	Concept Innovation Analyst at IKEA, The Netherlands		01.03.2018	<i>Fully transcribed</i>
Kajsa Lindström (KL)	Project Lead at SP10	01.05.2017		<i>Fully transcribed</i>
Mia Behrens (MB)	SP10 Residency at SP10	01.05.2017		<i>Fully transcribed</i>
Josephine Meijaard (JM)	Concept Manager at IKEA, The Netherlands		27.03.2018	<i>Fully transcribed</i>

In the initiation of each interview, we introduced ourselves, our research project and defined the format and estimated length of one hour to one and a half. Subsequently, we made it clear that this was a research project and re-approved that we were allowed to record and use the data for research purposes. It was furthermore discussed, if there would be need of a non-disclosure agreement, which was not the case in any of the instances. Prior to the publication of the thesis, all respondents have reviewed and approved the citations used in the thesis, thus increasing the credibility by respondent validation.

### **3.3 Data Analysis Strategy**

As we have previously outlined, our data collection is centred around five interviews from 2017 and seven interviews from 2017/2018 with employees and directors from both IKEA and SP10, which will serve as our empirical foundation guiding the study. As such, the critical workload is not only to collect the interviews, but rather to process and transform the data into analysable chunks and extract themes that are salient in the data. All interviews were digitally recorded in real time and subsequently the digital audio was transcribed in full and transformed into text, with the intention that can be read and understood by everyone. The full interview transcripts are available in Appendix D. Of transcriptional considerations, we have decided on transcribing to secure a smooth, coherent and straightforward presentation of a fluent respondent, thereby leaving out “uhs” and “ers” as well as pauses. The citations used in the thesis, were subsequently translated to English and sent to the respondents, in an attempt to secure that the essence was not lost in the translation.

The transcription of the interviews is a lengthy process, but is essential to enable our data-driven analysis. Once transcribed, the interviews underwent a rigorous effort of organising and sorting the data into codes, in the exercise of coding, which is used to organise our analysis. The process of coding itself, is inherently analytical, provoking deep analysis and interpretation of the data's meaning (Miles, Huberman & Saldaña, 2013). As there was substantial time between the interviews were conducted, we coded concurrently with conducting the data collection, in order to elucidate blind spots and cover these on subsequent interviews. As our data from the previous study plays into a larger context with the new data, we have found it essential to re-code the data, in order to reiterate the data in the light of our new



problematization. The interviews with Danish respondents were carried out in Danish, whereas the interviews with international respondent were performed in English.

The overarching aim of coding is to categorise similar data chunks, to view emerging themes and set the scene for further analysis and results. The codes serve as triggers for deeper reflection of the data's meaning and is a task of data condensation, to organise the data into analysable units for our subsequent analysis (Gibbs, 2007). Similarly, the coding is a method of discovery, where we first assign codes to data chunks when we stumble upon reoccurring patterns and themes, and from these, similar codes are gathered in clusters to create categories or pattern codes.

According to Miles et al. (2013) codes are “labels that assign symbolic meaning to the descriptive information compiled during a study [...] 'the critical link' between data collection and their explanation or meaning” (p. 71). As we have outlined previously, we employ an inductive research design, which is also reflected in our mode of coding, where we use inductive coding, where themes emerge from the immense amount of data, as opposed to the deductive coding, where the data is coded on the basis of theoretic concepts. In other words, the coding we employ is data-driven instead of concept driven. The data-driven coding starts off with the process of open coding, with no codes prior to processing the data, going into the coding with an open mind. Naturally, as researchers we have assumptions, notions and are informed by our awareness of theoretical ideas and empirical research, to the extent that we therefore have ideas of what we expect to happen. However, it is possible to start, as far as possible, without heavy preconceptions. Guided by this principle, the coding was initiated by simply reading the texts rigorously and trying to tease out what is happening. The two approaches are not mutually exclusive and in our process of coding we moved back and forth in the continuum between the two. In our project, certain theoretical ideas, has not guided our coding approach but certainly has played a role in our collective interest in innovation and alternative organisational forms, which is something we have been actively aware of, in resisting the inclination to create codes prior to examining the data. Furthermore, we have been highly aware of not becoming tied to the initial codes we created and being open to revising the codes as we immersed ourselves deeper in the data.

In coherence with Saldaña (2013; in Miles et al., 2013), the coding process was divided into two stages: First Cycle coding and Second Cycle coding. The first cycle coding includes more than 25 methods, each with a specific purpose or characteristic that compliment the study

performed and can be 'mixed and matched' accordingly. In our study, we have employed some of the more elemental methods that are appropriate for coding interviews, namely descriptive coding and subcoding. The descriptive coding technique assigns a label to a chunk of data to summarise the essence in one word or a short phrase, eventually providing a range of topics for indexing and categorising. As the name suggests, the code simply describes what is imminent in the chunk of data. These codes are appropriate for social environments (Miles et al., 2013), as for example the environment of an organisation and collaborations. To complement the descriptive coding, we applied subcoding in our second cycle coding, as a second order tag after a primary code with the purpose of detailing and enriching the entry. The subcoding was used to break down some of the broad entries, enabling more extensive indexing and categorising.

In more practical terms, the coding was performed by both of us concurrently on the full transcript of data, in order to avoid individual biases. First, we assigned a code to every piece of relevant text in the data and subsequently compared codes and segments to let the especially salient themes and patterns emerge. This resulted in a vast list of over 80 codes, with codes emerging progressively during the data collection. The first cycle coding served the purpose of initially summarising segments of data, and led us on to the next step of pattern coding as our second cycle coding method. Pattern coding is a method of grouping or clustering the codes into a smaller number of categories, themes and constructs as a process of condensation and sorting. The pattern codes end up as inferential or explanatory codes that identify an emergent theme, configuration or explanation, by pulling together a lot of the material from the first cycle coding into more meaningful units of analysis (Miles et al., 2013). The process of pattern coding allowed us to condense the transcript from the twelve interviews, into tangible smaller analytic units and also allowed us to focus our later fieldwork after coding the first interviews. Patterning happens quickly when studying the data, because that is the way we habitually process information. The danger for us, was not getting locked too quickly into naming a pattern and forcing it on data that fit it poorly, something we tried mitigating by challenging each other's reasoning behind the patterns. Guided by Miles et al. (2013), we tried to keep patterns as loosely held chunks of meaning, ready to be reconfigured and revised as the data shape up otherwise, ensuring solid empirical grounding. The first cycle coding consisted of 88 codes, which can be found in Figure 1. In a rigorous effort of second cycle coding, we condensed the initial codes to approximately 30 codes by pattern coding, and arranged them in clusters relating to the research question and sections of the emerging analysis. Subsequently,

we extracted the coded quotes and arranged them in the clusters, to provide us with salient results derived directly from the interview statements. An excerpt of the extracted quotes can be viewed in Appendix B, while the pattern codes and clusters, and the process of condensation and emergence, can be seen in Figure 1.

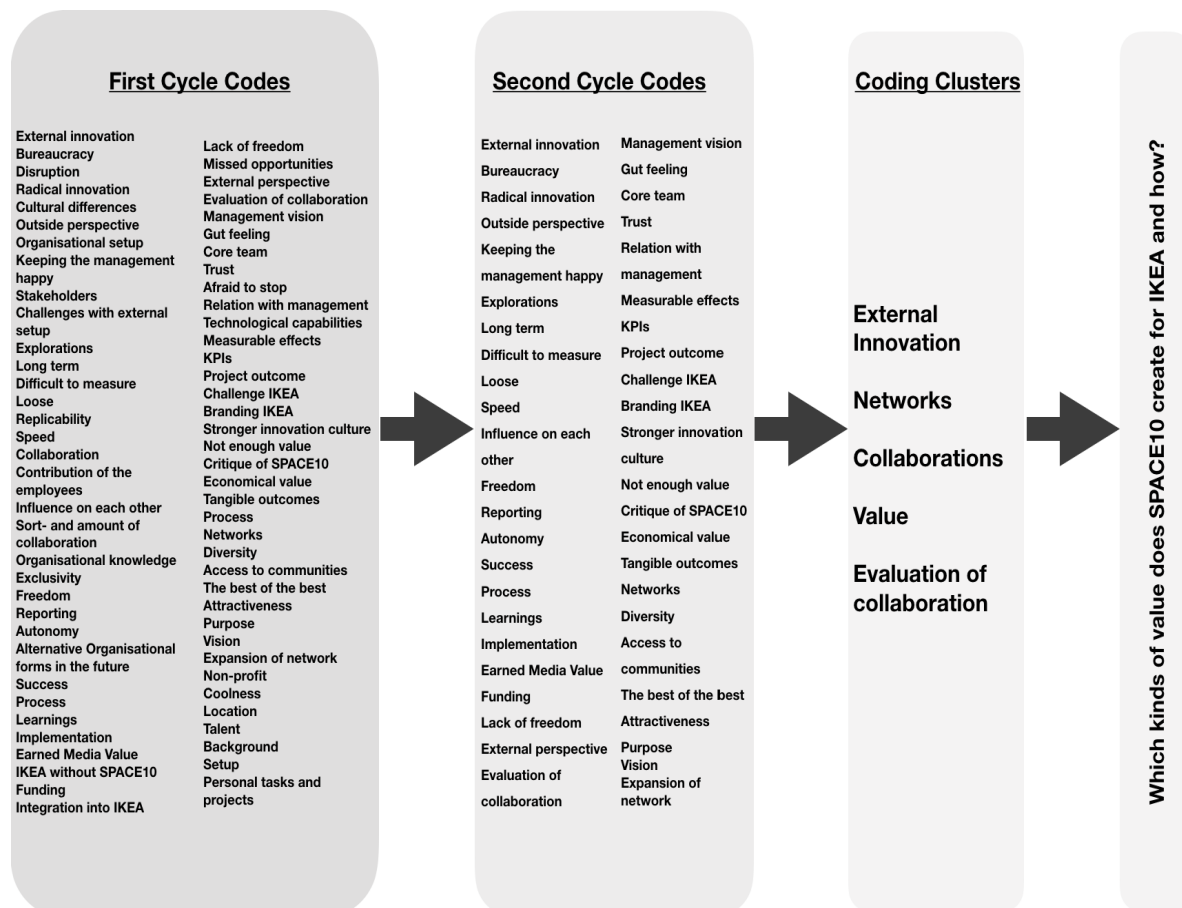


Figure 1: Coding Tree, own production

### 3.4 Analysis Design

Miles (1979) describes the qualitative data as an 'attractive nuisance', due to the attractiveness of its richness but the difficulty of finding analytic paths through the richness. The qualitative data analysis has not reached a point with a set of unambiguous rules about how to handle your data, like the quantitative has, and does not benefit from the degree of codification of analytic procedures, although many qualitative scholars argue that this is not necessarily desirable (Bryman & Bell, 2007). In our constructivist approach, we are interested in examining the respondents accounts in the constructed environment and we have chosen to employ the narrative analysis, which focus on the individuals as told through their accounts, with a focus

on interaction at the local level and an emphasis on the contextualising power of narratives (De Fina, Georgakopoulou & Barkhuizen, 2015). The study of narratives pays close attention to the local level of interaction, where the narratives form the ways in which they develop and emerge within specific frameworks and for how they position themselves towards each other, to capture the underlying constructions. According to De Fina et al. (2015), the narrative can be considered 'real world measures' and by focusing on the collective accounts of single individuals experiences, an aggregate of narratives bearing on the others will form the results. This means that the results have to be accepted on their own merits as experiences and the constructions and interpretations thereof. The analysis is based solely upon interview data from the respondents of SP10 and IKEA and the subsequent analysis is based on the coding and processing of the data. The most emerging clusters of the coding have guided the overall thematics of our analysis and include the categories: Value, External innovation and Networks. Value will serve as the overarching perspective of our analysis with the themes of external innovation and networks will supplement and inform the analysis hereof.

### **3.5 Criteria of Quality in The Current Research**

Due to the fact, that constructivist research contains a range of very different theories, projects and approaches, you likewise see that the quality criteria demonstrate a huge level of diversity (Justesen and Mik-Meyer, 2010). However, common for all of these criteria is that they typically are not used in realistic inspired research, and to a lesser extent in phenomenological projects (ibid.). We are dealing with criteria that all are context-dependent and thus will be defined locally, every time they are used, and are often represented through terms like 'persuasive', 'relevant' or 'interesting' (Riessman, 1993; in Justesen and Mik-Meyer, 2010). If the study contributes with relevant and interesting knowledge to a pre defined audience, or if it is determined that the analysis appears as convincing and reliable, then it is usually perceived as being a product of high quality (Justesen and Mik-Meyer, 2010). Consequently, the focus on quality criteria are greatly defined by subjectivity.

#### **3.5.1 The Criterion of Reflexiveness**

The criterion of reflexiveness is often emphasised in constructivist-inspired methodological discussions and is closely related to the criterion of transparency, as it requires the researchers

to openly present their own reflexions to the reader (Justesen & Mik-Meyer, 2010). However, there is a bit more to it, as this also sets the stage for the researchers to reflect over how their own position and experience may influence the study (ibid.). A predominant factor that might influence the current research, is the fact that both of our master programs at Copenhagen Business School (Management of Creative Business Processes and Strategic Market Creation) specifically investigates, how businesses in different manners can and should organise around creative processes and innovation. This of course provides us with a basis and a prior understanding of the subject, arguably making it possible for our research to reach deeper levels of analysis and an overall higher level of quality. On the other hand, we indisputably have a very schooled way of thinking, when looking at organisational processes and projects in relation to innovation. Even though our different programs compliment each other in many ways, another take on this, is that our point of views might be very alike, as students at the same university.

Another element that can be an influencing effect in terms of our perspective, and thus also the final results of this study, is the fact one of us has carried out previous research on SP10. This previous research solely dealt with SP10 and their ways of working, and hence nothing on IKEA, which might create some sort of researcher bias in relation to the narrative that SP10 have displayed of and around themselves. It has earlier been explained how the researcher who was not a part of this previous study, has spent vast amounts of time to deeply familiarise himself with the process, context and results of the study, to obtain a full understanding and the ability to use this in the current study. Though one might argue that this process has biased this study even more, we instead believe that the person in question have been able to act as kind of a devil's advocate during the familiarising process and question the previous study due to the state of his 'pure' mind. It is important to note that instead of looking at this as a source of error in the realistic research perspective, you should instead perceive the positioning as a condition that the researcher should be conscious about and reflect upon (Justesen & Mik-Meyer, 2010). Further, this is not a condition that should be viewed on as unfortunate but on the contrary, as a condition creating a setting for interesting analysis, if only the researcher remember to consciously reflect upon his own role and position (ibid.).

### **3.5.2 Coherence and Consistency**

Some criteria of quality have a wider reach and are seen as interdisciplinary due to their level of importance within different research perspectives, meaning that these criteria are understood as being more general in their nature, when dealing with the assessment of research (Justesen & Mik-Meyer, 2010). We see a broad agreement that coherence and consistency are essential characteristics of any well executed project, where coherence is concerned with whether there is a logical connection between the different parts of the study (ibid.). We have therefore focused on securing the linkages between our research question, the theoretical framework and the methodological choices made in our study. Consistency is also concerned with the interrelationship of a study, but is more specifically dealing with how different terms, methods and theories are applied in a homogenous way during the whole project, why it among other things, is a prerequisite that terms are clearly defined (ibid.).

### **3.5.3 Trustworthiness**

Guba and Lincoln (1994; in Bryman, 2012) believe that there are several elements in the social world, that calls for a necessity to develop new terms and ways of assessing the quality of qualitative research, which provide an alternative to reliability and validity. Traditionally, validity is concerned with whether the results of a study actually illuminate the research question, and reliability refers to the question of to what extent research methods are well-defined, thus others in principle, will be able to repeat the study and achieve the same results (Justesen & Mik-Meyer, 2010). However, these criteria are mainly developed within and linked to quantitative and measurable studies, that originate from natural science, and are used to evaluate the strength of such studies from a positivist perspective (Bryman, 2012). More than a few researchers suggest that you need other criteria to evaluate the quality of qualitative studies (Bryman, 2012; Justesen & Mik-Meyer, 2010). Guba and Lincoln (1994; in Bryman, 2012) primarily recommend the use of trustworthiness as a substituting criterion of quality. Trustworthiness is a general term that we see best explained by describing the four sub-criteria credibility, transferability, dependability and conformability. Separately, these sub-criteria each parallel a criterion from quantitative research (Bryman, 2012) and we perceive them as preferable replacements in this context.

### **3.5.4 Credibility**

This criterion parallels the criterion of internal validity, which is concerned with the match between researchers' observations and the theoretical ideas developed in the study (Bryman, 2012). LeCompte and Goetz (1982; in Bryman, 2012) advocate that internal validity usually is one of the forces of a qualitative research, and especially ethnographic studies, as "the prolonged participation in the social life of a group over a long period of time allows the researcher to ensure a high level of congruence between concepts and observations" (Bryman, 2012, p. 390). Achieving credibility of findings, require that the research is carried out according to the canons of good practice, and that respondent validation is used to confirm that the investigators has understood the social world of the interviewees correctly (Bryman, 2012). This has been achieved in the current study by engaging in respondent validation during the interviews, where we continuously tried to confirm that we had understood the statements put forth by the interviewees correctly. Subsequently we argue that the respondent validation has been strengthened even further by providing the interviewees with transcribed quotes in context for validation prior to the publication of the thesis.

### **3.5.5 Transferability**

Transferability parallels the criterion of external validity and accounts for the extent that findings can be generalised to other social settings, meaning if results are applicable in some other context or even in the same context at some other point in time (Bryman, 2012). A qualitative study's transferability is generally considered to be difficult due to the use of small samples, which prevents it from being representative (Bryman, 2012). Lincoln and Guba (1985) also supports that the question of transferability in relation to a qualitative study possess an empirical issue because "qualitative findings tend to be oriented to the contextual uniqueness and significance of the aspect of the social world being studied" (Bryman, 2012, p. 392). This is also an aspect entrenched in the constructivist perspective. Instead, qualitative researchers should focus on producing and providing the reader with 'thick descriptions', which is an option for the researcher to increase the transferability assessment of a qualitative study, by providing thorough accounts of the findings throughout the project and the context within which these has been carried out (Bryman, 2012). With the purpose of enabling other researchers to evaluate whether elements of our study can be transferred to others, we have tried to make detailed descriptions of who our respondents are, the situation that the two

investigated organisations find themselves in, and the context in relation to the whole data gathering process, including our personal position in this situation. Furthermore, approximately twelve hours of interviewing has been transcribed and disclosed in Appendix D, which is done in order to make, not only our results, but also all the essentials around them as transparent as possible, providing a basis for other researchers to assess the transferability. We will naturally engage more in the dilemma of transferability, in the discussion section of our project, as we will look at the implications of our findings for other businesses and also society as a whole.

### **3.5.6 Dependability**

This criterion is seen as being parallel to the criterion of reliability in quantitative studies, and in qualitative studies, researchers are suggested to adopt an auditing approach to ensure the dependability and increase the trustworthiness of the study (Bryman, 2012). The auditing process, includes keeping detailed descriptions of the entire research process, such as defining the research question, selection of cases and respondents, interview notes and transcripts, theoretical, analytical and methodological considerations and so on (ibid.). Following, peers should then act as auditors and define how proper procedures have been followed. Arguably, we have engaged in such a process with our thesis supervisor acting as peer auditor, reading through our notes, thoughts, and drafts and engaging in discussions with us about these. She has continuously confirmed the dependability of our research throughout the project, however we cannot rightly claim that this is enough to confirm a satisfactory dependability of our study, as the process has been rather casual and also because we have not been using more external peers as auditors. Noteworthy is, that auditing has not really become a prevalent approach to strengthening the dependability of qualitative research, due to it being a very demanding process for the auditors, being aware of the fact that qualitative research usually produces vast and complicated data sets (Bryman, 2012).

### **3.5.7 Confirmability**

The criterion of confirmability corresponds to that of objectivity in quantitative research (Bryman, 2012). However, as mentioned in previous sections we will never be able to ensure that our findings can be generalised throughout other settings, and certainly this is not an objective of this study, due to our research perspective and other methodological choices.



Instead, qualitative researchers have to focus on acting in good faith in order to enhance the confirmability of the study, which means that researchers' personal interests, opinions and values must not redirect the conduct and results of the research (ibid.). To personally evaluate if we have kept in good faith throughout the study is troublesome, however, we do believe that we have used the concept of inter-observer consistency to challenge each other's views, analysis and conclusions continuously. Inter-observer consistency is argued to potentially increase the confirmability, but in general, confirmability is something that should be enhanced by the use of external auditors reviewing the process and results of the study (Bryman, 2012).

### **3.6 Limitations**

In this section we will elaborate on the limitations of our study, tackling some of the imminent weaknesses, that are not dealt within our explicit evaluation criteria outlined above.

Our reliance on the interview method is a fruitful and legitimate way of examining the collaboration between SP10 and IKEA, but since our study concerns the collaboration in practice, it could have been beneficial to conduct an ethnographic study, where we observed the actual interactions and were present at the meetings between IKEA and SP10. However, this was not a practical possibility for this study. It is therefore a significant limitation that our results are based on our respondents' accounts of the practices, how they remember the events and not how we observe them. In our study, the aggregate accounts from both IKEA and SP10 provide a solid foundation for our analysis, but it is still important to have this limitation in mind when examining the results.

Another important factor is the limitation of the respondents' accounts of the past. It is an inherent weakness in the retelling of events and incidents, when the respondents have to remember what really happened, as the narrative might be subject to collective construction over time. This will often happen in an organisation, where the retelling and organisational narrative of an event or problem, will influence the response of the respondents. This could have been mitigated by employing multiple methods as mentioned above, where observation studies for one could be used in triangulating the answers. In relation to our constructivist perspective, we have set out to examine value as something that is constantly constructed and negotiated between the actors, and another way to elucidate this subject, would be to use the focus group interview as a method. Finally, as IKEA and SP10 were fully aware that the other

party would gain access to the thesis once published, this might have influenced their responses and provided us with biased results. However, we found that the offer of signing a non-disclosure agreement, provided the respondents with the full clarity that they could say what they wanted, and if something was to be handled with confidentiality, this was also an option.

## **4. Theoretical Framework**

Our theoretical framework of this study, is guided by the salient themes that emerged from our data collection, and are meant to contextualise and discuss our findings within a broader framework informing the study. The overarching perspective of value will be a cornerstone of our study and we will draw upon network theory and theory on the organising of innovation, in order to discuss the characteristics and elements, forming the basis for the negotiation of value.

### **4.1 Valuation Studies**

The field of valuation studies is a relatively new discipline and many scholars still try to influence and build upon a coherent theory informing the process of valuation. A cornerstone of valuation studies, is the “perceived topicality of the study of valuation as a social practice” (Helgesson & Muniesa, 2013, p. 1), surrounding the valuation processes that appear to be performed almost everywhere. The valuations take form in various types of assessments such as creditworthiness, performance or aesthetics, but as Helgesson and Muniesa (2013) directs attention to, there is a propensity in society to gauge things, assess them, put monetary value on them, just think of user rating platforms such as IMDb, TripAdvisor and Trustpilot. In short, valuation seems to be an engaging social practice in our society, but especially salient in the business environment. Valuations in general, often appear to be subject to a complex process, often performed by very complex socio-technical efforts involving multiple actors and instruments. The performance of valuations is ubiquitous in our society, and as credit worthiness regularly turns into interest rates, valuation of academics might translate into who gets grants and attractive positions, the outcome of valuations often influences the ordering of our society, exhibiting the performativity of valuation (Helgesson & Muniesa, 2013). Valuations has many objects and many subjects and can take many forms, where valuation

sometimes focuses on assessing value and other times on the production of value, sometimes both concurrently. This will be a point of elaboration in the perspectives of Vatin (2013) later in our review.

The study of valuation as a social practice, deals with the inherent characteristic of viewing value as a social construction, which we will adhere to throughout our study and which is a coherent denominator amongst the contributors of the relatively young valuation studies branch. In the perspective of Helgesson and Muniesa (2013), the social construction of value involves “value seen as the outcome of a process of social work and the result of a wide range of activities (from production and combination to circulation and assessment) that aim at making things valuable” (p. 6). In the same way, things can have several values and worth, they can be viewed manifold and can be complementary, conflicting and contradicting. In some cases, broad segmentations such as distinguishing between economic and non-economic value can be senseful, but at other times it might be hard to distinguish, and sometimes it simply is not worth spending time on. As we will elaborate on later, valuation is hard work and should not be the pinnacle of every process we venture into.

Heuts & Mol (2013) focuses on opening up the research field of valuation, in their examination of what a good tomato is in practice. The objective is to examine and elucidate the valuation process by focusing on something as mundane and non-exotic as a tomato, in order to dive into the performativity of valuing. The typical approach involves the valuation “in which monetary value is established and tied up with qualification of whatever it is that money can buy” (Heuts & Mol, 2013, p. 126). The notion is to go from the economies of worth as proposed by Boltanski and Thévenot in the eighties (*ibid.*), to the term registers of value, indicating a shared relevance between the registers and moving away from worth as an objective quality to value, foregrounding the activity of valuing. Furthermore, Vatin (2013) advocates the importance of not only focusing on evaluation, the activity of classifying things as either valuable or not, but also valorising, the activity of making things more valuable.

Vatin (2013) locates evaluation in the market and valorising in the production process - in the case of good tomatoes, both are relevant all the way through, and we will subsequently elaborate on this perspective of Vatin (2013). The five registers of value presented in the tomato paper, became evident from the material and are thereby not generic but context-dependent. The registers of value for a good tomato that are put forward, include money, handling, historical time, naturalness and sensual appeal and is formed by the answers of producers,

consumers and chefs respectively and are used by the respondents to evaluate if a tomato is good, often in a tradeoff between the registers. The tomato case resists the simplification of a two or three dimensional scheme and claims that it is impossible to fit the case into a nice schematic overview, due to clashes within registers and the variation of what is good between experts. Instead we can learn about the performativity of valuing, where the tomato experts, in their respective practices, showcase that valuing is not strictly judgmental nor a separate activity, but is intertwined with developing, growing, processing, selling, cooking, cutting and eating. Thus, not only does the producers strive after good tomatoes, but so does the rest of the stakeholders, indicating that judging, improving, appreciating and lots of other things as well may seem relevant for the process of valuation.

As we touched upon earlier, Vatin (2013) emphasises the blurring of an important distinction that crucial to the understanding of economic processes. Namely, the distinction between the process of assessment, from which things undergo a judgement of value, and the processes of production, in which things are produced so as to be of value (Vatin, 2013, p. 31). Drawing upon the French language, where the two are already distinguished as *évaluer* and *valoriser*, Vatin coins the terms evaluating and valorising to describe the two, and emphasise that both are of inherent economic nature. The reasoning behind studying this association, stems from the classic paradox in economics, that is to evaluate corresponds to a static judgement attributing a value to a good, a thing or a person. On the other hand, valorising implies a dynamic process and meaning that is not easily countable in absolute value, but instead has to do with increasing and adding incrementally to the value. Vatin's (2013) argument is centered around a critique of Stark's (2011; in Vatin, 2013) perspective that the pricing and appraising that translates into pricing, should be left with corporate research departments or economists, since valuation studies in his perspective is about studying inquiries about what is desired, cared about or held precious. Furthermore, Vatin (2013) points out that these inquiries are carried out on both sides of the production equation, by users and consumers and workers, managers and engineers. Valuation does not create value, it only updates a value present in the good. The notion of value in the economic sense, would not have any meaning outside the sphere of commerce, since goods do not possess any intrinsic value. In the words of Vatin (2013), the goods "acquire it on the market through the encounter of the ensemble of supplies and demands, each of which manifests the conditions of its technical acquisition by 'producers' and those of its usage by 'consumers'" (p. 34).

Conclusively, it is suggested that valuation can both be considered as a vital process within any productive undertaking, in the most general sense one can think, but also as a confrontation of various norms that are temporally articulated with reversionary effects, highlighting the dynamics of valuation. Revisiting Helgesson and Muniesa (2013), valuation may be considered a vital process in many undertakings, but it is concurrently important to recognise the relative amount of work that is put in to the performance of valuations as it may “be hard work” (p. 1).

## **4.2 Identifying Value**

The question of what value is can be difficult for anyone to grasp, which is possibly due to the subjective and contextual nature of the phenomenon. Nonetheless, it is a necessary question for any organisation to ask itself, since it usually is the objective for any business to produce something of value (Haywood et al., 2014).

Not understanding what value is to your business, becomes problematic when navigating in a strategic landscape, given the assumption that every organisation aims at choosing the most beneficiary alternative in every possible situation (Haywood et al., 2014). A general topic that has been heavily debated, is the tension between an economisation perspective on value versus a more intangible and non-quantifiable way to comprehend value (ibid.). According to Haywood et al. (2014) the process of determining and locating value, is still very preoccupied with economics and its effects, and they believe that something is lost in this approach. They argue that the preoccupation with the processes of quantification and calculation in measuring the value of something, will neglect other beneficiary elements. Hence, the researchers believe that future valuation studies should focus more on the means and processes of achieving value, as well as their comparison and use. This proposition is legitimised by the argument that we need to attend to a variety of valuation methods, and never settle for only describing valuation in economic terms, as it potentially will make us overlook things that cannot be measured and quantified, which potentially can be just as beneficial, if not more (ibid.).

Haywood et al. (2014) argues that this may require actors to use a much more experimental approach of comprehending value, possibly leading to better notions of what sort of theories, methods and models we need to assess something the right way. As concluding remarks, Haywood et al. (2014) encourage researching colleagues, as well as practising businessmen, to

develop a bigger awareness for the difference between value in outcome and value in process, and additionally explore the diverse applicability of these. However, at the moment valuation is seen as “an act that occurs in a given situation, and the state of that situation is what is relevant to the act rather than the history or tradition” (Haywood et al., 2014, p. 81).

### **4.3 An Evaluation perspective on Value**

In the complicated matter of understanding what is valuable, why something possesses value and how much value a thing has, Muniesa (2011) presents that a shift is needed in terms of how people in general perceive this matter. He believes that the point of departure needs to move away from things inherently having value, to an action of valuation of things.

This indicates that value is ascribed to something by a valuation process, which generally is an activity of rating, characterised by being performed of certain individuals and usually also contains an element of comparison between alternatives (ibid.). Meaning that this course of action, is contextually determined because the value of something depends much “on how valuation is done, when, by whom and for what purpose; and that to value is a highly creative process” (Muniesa, 2011, p. 28). From this perspective the value of something is practically in the hands of the person(s) who perform the valuation, but is at the same time very influenced by the alternatives available to the people carrying out the activity (ibid.). Similarly, “value can be understood as something that something has by virtue of how people consider it (how they personally like it, in particular), but also as something that something has as a result of its own condition and of its relation to other things” (Muniesa, 2011, p. 26). Hence, one sees that the valuation process becomes a contingency of people’s own character, personal skills and individual knowledge, which constructs how a person will examine and perceive something. However, the other dominating element that will interact with both that of the valuator and the thing being valued is potential alternative answers, as the perception of a bad alternative will make the thing in question seem better and vice versa.

The contextual anchoring of valuation is further emphasised, when considering how the process is affected by the purpose of the business which it is executed for, meaning that what is valuable for one business might not be it for another one (Muniesa, 2011). Additionally, what is valuable for a business today may not be valuable tomorrow, as businesses are in a continuous state of

change and development, why valuation is also considered in a very active and practical manner (ibid.). As mentioned in the previous section, the valuation process is also seen as a rather creative one, which can be exemplified through the financial industry, which arguably is one of the less creative professions. In the financial sector valuation is generally about capitalisation, here defined as estimation of return on capital and according to Dewing (1944): “The determination of this rate is at best a matter of guesswork, however guesswork supported by the evidence of prices at which businesses of various kinds are being actually valued at any one time [...] In other words, such guesswork is subject to the best kind of pragmatic test, namely the evidence of actual experience” (in Muniesa, 2011, p. 31).

Muniesa’s (2011) shift in the understanding of value, is thus partly to be recognised as a pragmatist strategy, which is subject to the given context and shall be understood as a process of something that happens in practice and something that is put around an object by a valuator, thus, value is certainly not something that something just has. However, the conclusion is not that value is only subjective or objective, but rather that it is practical (Dewing, 1944; in Muniesa, 2011).

#### **4.4 Strong Relationships and The Creation of Process Value**

Building and maintaining strong business-to-business (B2B) relationships are vital, because strong relationships have for long been considered as a possible source to establishing a competitive advantage by enabling unique access to information and resources (Ngoc Luu et al., 2016).

The strength of relational ties between business partners can be translated to levels of customer satisfaction, loyalty and retention (Ngoc Luu et al., 2016). Hence, to preserve a continuous beneficiary partnership, one needs to grasp that B2B relationships are seen lateral to customer care, where the quality of the relationship is determined by partner commitment and trust (ibid.). Following the conceptualisation of Shi et al. (2009; in Ngoc Luu et al., 2016) a partner’s level of commitment and trust, is formed by two dimensions of relationship strength; affective strength and cognitive strength. Affective strength denotes “the belief of relational partners that, from an emotional perspective, the on-going relationship is worth maintaining. Cognitive strength instead captures the economic attachment of relational partners to an on-going

relationship” (Shi et al., 2009; in Ngoc Luu et al., 2016, p. 632). Reinforcement of affective and cognitive strength is influenced by process value and outcome value, which ultimately will determine the attitudinal and behavioural loyalty of a partner. Process value is all the positive experiences a partner perceives during the encounter, and outcome value is the absolute trade-off between benefits and costs, that a partner perceives as the result of the final offering delivery (Ngoc Luu et al., 2016). Attitudinal loyalty is achieved when a partner in general have a positive attitude toward the cooperation, which often is identified by expressing positive feelings to acquaintances, and behavioural loyalty is recognised by the partner actually staying in the cooperation and continuing to buy the offering (ibid.). Ngoc Luu et al. (2016) stresses the impact of process value, as their research finds that this is the only one having a significant positive influence on affective strength, but both process value and outcome value positively affect cognitive strength.

The practical implications are for managers to place more emphasis on the creation of process value, which is relatively more important than outcome value in building strong relationships to your partners (Ngoc Luu et al., 2016). This means that managers in B2B firms shall design cooperative environments, which accentuate the creation of more positive experiences for partners during the offering’s delivery process, such as a more inclusive and collaborative approach leaving the partner with an impression of co-created experiences and shared solutions (ibid.).

#### **4.5 Organising for Innovation**

When innovation is the overarching output, the company’s organisational form should support the innovative processes in the best possible way. However, in many instances this is not the case, and it is widely recognised that hierarchical arrangements dampen the emergence of novelty (Garud et al., 2013). Innovation can be fostered internally in the organisation by adhering to an organisational form that prioritises and emphasises the innovation processes, and one view of the optimal organisational form for novelty is presented by Stark (2009) as the heterarchy. The heterarchy is an organisational form based on innovation, which he advocates is of great importance for today’s organisations and elaborates the heterarchy as the organisation of dissonance. The notion behind the heterarchy is to strictly avoid enforcing a single principle of evaluation as the only legitimate framework on the organisation, and instead



recognise that it is “legitimate to articulate alternative conceptions of what is valuable, what is worthy, what counts” (Stark, 2009, p. 5). This organisational form differs greatly from a hierarchical organisation and allows heterogeneous criteria of organisational goods, as it is considered that having multiple performance and evaluation criteria can produce a resourceful dissonance between the organisational actors. Thus, the heterarchy represents an organisational form of distributed intelligence where units are laterally, rather than vertically, accountable to diverse principles of evaluation. This stands in sharp contrast to the vertical authority of hierarchies, where the heterarchy is characterised by a widespread network structure, reflecting the interdependencies of the complex collaboration inherent in innovation processes.

Returning to the phrasing of the heterarchy as the organisation of dissonance, the dissonance exists and occurs when diverse performance principles overlap. The immediate result of this rivalry is described as a noisy clash, since the advocates of the different conceptions of value contend with each other. The results of this clash unfold in the latent consequence of the dissonance, where the diversity of value-frames generates new combinations of the firm’s resources, and in the more illustrative image, the proponents challenge and push each other’s perspectives and taken for granted notions. In the terminology of Stark (2009), strategic planning in heterarchical organisation is nonsensical, since the future is considered completely unknown, and there is a relentless focus on innovation in the organisation. In continuation, innovation is not isolated in one department, but is spread out in the entire organisation, where the distributed authority deems everyone responsible.

In this context, the management needs to create an organisation with room for different understanding and opinions. Management thereby becomes the art of facilitating an organisation with the capabilities to reorganise itself (Stark, 2009, p. 26). Furthermore, there is an inherent risk of becoming a forum for discussion without action, when different practices collide. It therefore remains a key point to remind oneself, that the main role of the creative frictions is to function as temporary idea generators.

## **4.6 Networks**

To explain the enabling factors of attracting collaborators and sustaining innovation, we draw on the concepts of structural holes (Burt, 2004; De Vaan et al., 2015), boundary spanners (Cross & Prusak, 2002) and proximity (Boschma, 2005).

The concept of structural holes was set forth by Burt (2004). It builds on the notion that the relative position of agents within networks is a resource when bridges are built to connect previously unconnected social worlds, clusters or disparate fields of profession, hereby giving early access to broad and diverse information. This resource can be leveraged as 'social capital' through brokerage, as certain people engage in information arbitrage (Burt, 2004, p. 354). Burt (2004) connects faster learning and productive creativity to instances where organisations' management and collaboration networks, span structural holes in their markets. The explanation is, that organisational learning is linked to structural holes, which can be discussed in terms of a firm's ability to learn (Burt, 2004, p. 357). Cohen and Levinthal (1990) extend this notion in the concept of 'organisation's absorptive capacity': "The ability of a firm to recognize the value of new, external information, assimilate it, and apply it to commercial ends" (p. 128). Firms who are skilled in this regard have a better chance of creatively leveraging insights gained from structural holes in 'good ideas' (Burt, 2004, p. 356).

For this paper, the model of structural holes is viewed at the meso-level consisting of organisations, as opposed to the micro-level of individuals. Additionally, instead of merely viewing bridges between separate fields as something only individuals can build, we assess how a company can position and structure itself to connect social worlds and disparate fields.

The concept of a 'boundary spanner' is an extension of the structural hole concept, and refers to an individual who connects various parts of a network within a company or with parallel networks in other organisations (Cross & Prusak, 2002). These people function as 'efficient conduits of information' and must prioritise much of their time on nursing and cultivating relations across networks (Cross & Prusak, 2002, p. 109). As such, few individuals become boundary spanners, as the function demands time to spare for networking activities. It is of critical importance that management recognise the role of the boundary spanners, as they are excellent facilitators for productivity and for initiating projects that cut across departments, functions or organisations – the latter of which can result in unforeseen possibilities for innovative endeavors (Cross & Prusak, 2002).

When it comes to collaboration, team heterogeneity tends to raise coordination and communication costs, while homogeneity work to the contrary. When the objective is to foster a creative space, however, there is a need for diversity in the team. Dimensions of proximity

include geographical, organisational, institutional, cognitive and social (Boschma, 2005), of which we focus on cognitive and social. Firstly, cognitive proximity refers to people's ability to exchange knowledge and communicate effectively, when a certain level of knowledge is already shared. However, too much cognitive proximity impedes learning and innovation, as knowledge building requires complementary but different knowledge. Secondly, social proximity refers to 'socially embedded relations' among actors at the micro-level, where 'socially embedded relations' constitute relations built on friendship and experience (Boschma, 2005). Social proximity is a requirement for organisations to learn and foster innovation, due to the facilitative nature of trust-based social relations, when it comes to the difficult task of communicating tacit knowledge. However, while it sounds contradictory, there is a tradeoff between these elements, learning and innovation. This is mainly a result of dynamics, confining members into routines and can cause organisational inertia at the expense of the capacity for learning and innovation (Boschma, 2005).

#### **4.6.1 Strength of Weak Ties**

A person's relationship to another individual will vary in strength, depending on the number and character of the historical events shared between them (Granovetter, 1973). The social connection amongst people is described by the strength of an interpersonal tie determined by a linear combination of (1) the amount of time spent together, (2) the emotional intensity, (3) the intimacy, and (4) the reciprocal favours performed for each other, which characterise the relationship (ibid.). Aware of the fact that real social connections probably have close to infinite forms of variations, Granovetter (1973) defines the fundamental basis as whether the social relation between two people is strong, weak or absent, which will also determine the degree of homogeneity between two actors – the stronger the tie, the more alike people are (ibid.)

Granovetter (1973) put forth the hypothesis that actor A and actor B will access a bigger part of each others network, through a mixture of strong and weak ties, the stronger the relationship between actor A and actor B. The extension of one actor's ties to overlap with that of another actor's ties, will be less likely when the tie between the two actors is absent and more likely the stronger the tie is (ibid). An example where A has a strong tie to B and A also has a strong tie to C, will demonstrate a situation with an increased probability of developing a social tie between B and C, as they are more likely to encounter each other because the time spent time

with A, due to the intensity of their ties (ibid). This way A becomes a broker by acting as mediator establishing a new connection, and further, due to the strong ties that A has to both B and C. Accordingly, A should have a high probability of being the broker of a new successful connection because of similarity between B and C, as they both share a rather large similarity with A (ibid.).

Following the line of thought that strong ties will make people's networks overlap, due to the character and amount of time you spend together, it is also seen how only weak ties can be bridges (Granovetter, 1973). Bridges are described as the only line of communication between two otherwise unconnected networks, along which information or influence can flow from any contact in one actor's network to any contact in another actor's network (ibid.). The notion behind this is, that if the tie between two actors is strong, it cannot act as a bridge at the same time, because the two networks then already are connected (Granovetter, 1973). This constructs a situation where actors located in a relation defined as a bridge, becomes a controller of information arbitrage, deciding when, where and how to strategically apply information as regards to the creation of value (ibid.). This function is recognised as even more valuable, knowing that strong ties create dense networks with local cohesion and a general fragmentation, because actors only has so much time and capacity to form and preserve a limited amount of social relations (Granovetter, 1973). Besides, whenever the purpose is to reach a big diffusion of ideas or retrieving new or vital knowledge, weak ties in terms of bridges will be a very useful source.

Extending his own theoretical ideas, Burt (2005) also recognises a value in these gaps, as the structural holes create a situation where different information is kept separated, not melting into each other. Similar to Granovetter (1973), Burt (2005) identifies a powerful and vital role in a broker, since the structural holes are representations of opportunities and as such, the broker does not only have control over creating possibilities of unique information, but also first hand access to the new information created. This way a person becomes more valuable by having more connections. However, the important point is that these connections should variate as much as possible across groups, as a person's social capital is a construct of connections that have varying degrees of value, primarily in terms of whether you only have connections within one cluster or several different clusters, but also in terms of how rare your structural position is; how many others have the same combination of connections as you (Burt, 2005).

#### **4.6.2 Diversity Enabled Innovation**

The influence of diversity in innovation processes, has been the subject of interest for many scholars (Stark, 2009; Boschma, 2005; Bercovitz & Feldman, 2011; Stahl et al., 2010), with varying focal point of interest, concerning cognitive diversity, proximity and cultural diversity. In an effort to showcase the tangible difference of diversity in innovative outputs, De Vaan, Stark and Vedres (2015) ventured out in a quantitative study of 12.422 video games, to distinguish between innovative and critically acclaimed products and failures. By conducting a network analysis focusing on structural folds and cognitive diversity, they examined 139.727 game developers' working trajectories, in order to determine the elements that facilitate innovative teams. The results suggest three categories showing the coherence between distinctiveness, critical acclaims, cognitive diversity and network overlaps.

The term structural fold is an extension of Burt's (2005) notion of structural holes in networks. De Vaan et al. (2015) use this extension to describe the space where two clusters overlap each other: "The network property of a cohesive group whose membership overlaps with that of another cohesive group" (De Vaan et al., 2015, p. 1144). It is in this space that the innovation can bloom and 'game changers' can arise, when cognitive diversity is paired with the network overlap. An employee's cognitive diversity is determined on the basis of their trajectory in the project sphere, meaning their involvement in previous projects. Based on the two parameters; 'cognition', what we know, and 'groups', who we know, you are able to map the cognitive distance between two individuals or groups. As De Vaan et al. describes: "What they know and who they know is, in large part, a function of the patterns of their movements through this projects space" (2015, p. 1146). In this regard, it is important to distinguish between the social proximity and cognitive proximity, which is not necessarily the equivalent.

The study is particularly concerned with the process that occurs, when groups of different background interact in the project sphere, and the direct consequences for the creative output. One of the main assumptions behind the study, is that homogenous teams with low cognitive diversity will often foster a conform solution and miss out on potential novelty. On the contrary, it is considered that heterogeneous teams with very high cognitive diversity generally find it difficult to collaborate, and the output often remains too distinctive and thereby not a commercial success nor implementable in an organisation. De Vaan et al. (2015) stresses the importance of structural folds as the missing link, to secure that heterogeneous groups with

high cognitive diversity, are successful in collaborating and creating an innovative product that also is also commercially viable – a so-called 'game changer'. The experienced difficulties of cognitive distance, almost has a proportional correlation with the value of the inputs, given the collaboration works: "For us, the value of the intersection (the structural fold) is proportional to the difficulty (the distance) of translating the cognitively diverse material of the non-intersecting parts of the folded groups" (De Vaan et al., 2015, p. 1153). They further develop their argument, stating that teams with structural folds increases their chances for innovation, by highlighting the possibility of questioning current practices in the opposing group, as well as questioning activities and processes that are taken for granted. The relation between the two elements are described as: "The image we wish to convey is of a topology in which structural folding is pulling the groups closer while cognitive dissimilarity is pulling them apart" (De Vaan et al., 2015, p. 1154). In the perspective of De Vaan et al. (2015), it is worth striving for the optimal balance between the two forces, to make use of diversity as an enabler of innovation in the best possible way.

#### **4.7 Community Driven Innovation**

Pisano and Verganti (2008) argue that "it is now conventional wisdom that virtually no company should innovate on its own" (p. 78) as potential partners and ways to collaborate has expanded enormously in the last years. The choice of opening up the innovation processes and going from a secret innovation lab, which brings a white lab-coat scenery to mind, to one that is transparent and open, is a strategic choice that needs to be supported by structure and organising principles. Companies like SP10, see a vast potential in harvesting ideas by tapping into networks and communities, which are often considered venues for ideas for which a market has not yet emerged or niche market that are not yet commercially viable (Garud et al., 2013). According to Garud et al. (2013), communities form to pool the resources, in order to tackle complex problems such as worldwide diseases and sustainability issues and the number of communities increase, as the world confronts an increasing amount of these complex problems. Pisano & Verganti (2008) presents a framework that can help organisations choose the appropriate measures, by asking the two simple questions: How open or closed should the membership in your network of collaboration be, and how flat or hierarchical should the network's governance structure be? This results in four types of collaboration: Innovation mall, innovation community, elite circle and consortium. The authors stress and recognise that

collaborative innovation takes a wide variety of forms and is a consequence of the critical and complex choices, of who to collaborate with and how to share power with them. The four modes of collaboration instead serve as inspiration, each characterised by distinct trade-offs between open or closed, flat or hierarchical.

The traits and benefits of the open network structure are vast, but some of the characteristics are the potential to attract large numbers of problem solvers and gather an immense number of ideas. This is especially important in situations where you do not know where to look for the solution and who the key players are, where the closed solution in this context is described as “a dangerous shot in the dark” (Pisano & Verganti, 2008, p. 80). For the autonomy of the open network to function smoothly, there are a few prerequisites that need to be present in the network, and these include the possibility of evaluating proposed solutions at a low cost and that participation must remain easy. The downside of the open network is the lack of focus and effectiveness in identifying and attracting the best players, and furthermore, as the number of participants increase, the likelihood that a participant’s solution will be selected decreases. The second parameter defining the collaborative innovation is how flat or hierarchical it should be organised and the chief distinction here, is who gets to define the problems and choose the solutions. In the hierarchical form the organisation has the authority and provides an ability to control the direction of the innovation efforts and capture more of the novel value. This is a desirable situation when the organisation possesses the capabilities and knows how to define the problem and to evaluate proposed solutions accordingly. The flat decentralised form is prone to be valuable, when no single organisation has the breadth of perspectives to set the direction, and decisions are made decentralised or jointly by collaborators. This form enjoys the ability to share costs, risks and technical challenges of innovating with others and is considered appropriate when collaborators all have vested interest in solving a particular problem and participation is contingent upon having a say in the decisions. Picking the right mode of collaboration involves a long range of choices and complex tradeoffs, that ultimately can lead to highly novel solutions under the right conditions, and according to Pisano & Verganti (2008) the true leaders of innovation will be those who understand how to design collaboration networks and how to tap into their potential.

## 4.8 Barriers to Radical Innovation

The necessity for any business to be innovative is widely recognised, and within the current decade, this point has been further supported with an increased emphasis on radical innovation and disruption (Sandberg & Aarikka-Stenroos, 2014). Absorptive capacity and open innovation are concepts created around the idea, that businesses can use knowledge generated externally to improve their own innovation performance internally (Luisa Flor et al., 2017). The basic idea of open innovation is opening up innovation processes to outsiders and presuppose that beneficiary knowledge exist in a organisation's external environment, however, the recognition that valuable external sources is there, does not mean that flow of external new ideas and knowledge into a firm is an instinctive nor easy process to facilitate (ibid.). Acquiring the capability to exploit knowledge external to a organisation is hence a vital component of innovative capabilities. Building on the concept of absorptive capacity by Cohen and Levinthal (1990), Luisa Flor et al. (2017) redefine this as the capacity of a business "to learn and solve problems, allowing a firm to assimilate external knowledge and create new knowledge" (p. 1). However, it is not only about locating and assessing external knowledge and ideas, but also a matter of having the ability to produce internal innovative outputs generated by a combination of external insights with the firm's internal capabilities (Luisa Flor et al., 2017).

Following Bessant, Öberg and Trifilova (2014), radical innovation is defined as 'do different', which requires a departure from the company's existing business practices (Luisa Flor et al., 2017), opposed to incremental innovation that is 'do what we do but better', and finally disruption is innovative activities that aims at turning a industry upside down, so to say, by creating a shift in people's fundamental understanding of norms and rules in the industry, thus potentially destroying existing business models (Bessant et al., 2014). A developing tendency is, that it will be necessary for businesses to destroy their own business models by disrupting the industry that they operate in, before someone else beat them to it (ibid.). However, the failure rate of radical innovative and disruptive initiatives is seen as being particularly high, due to various challenges in the development and commercialisation phases (Sandberg & Aarikka-Stenroos, 2014). A vast amount of new knowledge to the business is required to perform radical innovation, as it includes revolutionary changes in technology and departures from existing practices, and will possibly also involve new knowledge of emerging or existing markets (Dewar & Dutton, 1986; in Luisa Flor et al., 2017). However, the most influential challenge explaining the high failure rate of radical innovation, is identified as an internal



barrier in terms of a restrictive mindset among the organisation's employees (*ibid.*). Barriers like this, originate from within the organisation and are recognised as fear of change, fear of failure, conservative decision-making and a restrictive organisational culture, and are usually formed due to "resistance from employees, as radical innovations brings changes that imply serious challenges to their extant skills and job security" (Wolfe, Wright & Smart, 2006; in Sandberg & Aarikka-Stenroos, 2014, p. 1298). Practically, this is seen in cognitive structures that unconsciously make employees screen out information unrelated to the organisation's current tasks, exemplified through strong routines hindering actions outside pre-existing patterns (Sandberg & Aarikka-Stenroos, 2014). This is very alarming, as "radical innovations require new insight that is distant from a firm's existing competences, practices, and even its own internal processes [...] the firm must bring external knowledge inside, or develop the required knowledge in order to innovate successfully" (Luisa Flor et al., 2017, p. 2). Hence, this brings forth the justification and need to improve skills to learn from one's external environment, possibly accomplished through highly developed open innovation processes and increased absorptive capacity as these will assist companies in fostering radical innovation (Luisa Flor et al., 2017).

The size of a business seems to play an important role to this matter, as Sandberg and Aarikka-Stenroos' (2014) research finds that large firms are a greater victim of the restrictive-mindset-barrier to innovation, than small and medium sized enterprises. This is probably due to the fact, that large firms have a stronger culture and possess more well established organisational routines designed for familiar paradigms. Caniels and Rietzschel (2015) support the theory that large firms will experience a harder time nurturing innovation, as bureaucratic processes are often heavier and more complex the bigger the organisation, hence employees with creative visions will need to break through strong bureaucratic processes in order to gain managerial support and freedom to explore their ideas. In order to tackle these conservative processes, Luis Flor et al. (2017) argue that organisations need to promote access to a broader knowledge base, which will facilitate a better understanding of potential changes and new information, leading to an enhancement of the firm's ability to sense market opportunities, and it "gives flexibility to adapt to unpredictable changes and to expand the company's knowledge pool for its radical innovation" (Luis Flor et al., 2017, p. 5). Accordingly, organisations need to acknowledge a higher number of search channels or external sources to rely upon in their innovative activities, preferably with a high degree of variation in the type of the source to push the business as far away from existing methods as possible (Luis Flor et al., 2017). This is referred to as external

search depth, and searching widely but also deeply across a big variety of sources, which can deliver ideas and resources to help gain and exploit innovative opportunities (ibid.).

#### **4.9 Autonomy and Constraints**

The roles of constraints versus autonomy is a much debated topic in the area of innovation, as some argue that creative organisations are linked to freedom, autonomy, weak rules and few boundaries, while others suggest that a more controlled and hierarchical approach increasing the level of constraints can stimulate creativity (Caniëls & Rietzschel, 2015). Organisational constraints can take on various forms, such as bureaucracy and limited availability of resources like time and money, hence organisations can set up barriers conflicting with the agenda of a creative individual, thus playing a restrictive role in the exploration and development phases (ibid.). The negative consequences of constraints are thus usually associated with motivational issues, as organisational constraints go against people's need for autonomy, which will reduce intrinsic motivation resulting in amputated creativity (Caniëls & Rietzschel, 2015). However, others argue that constraints can do the opposite by making a task more manageable and interesting, since complete autonomy can make people uncreative by using existing methods that have worked for them before, as people tend to generate the ideas that are easiest for them (ibid.). Further, the absence of constraints can signal a lack of meaning and clear goals, which may demotivate people and lead to perceived lowered demand and hence lowered performance (Caniëls & Rietzschel, 2015). Following this perspective, it is also argued how certain constraints directly can make people's outcome more creative, because these tend to trigger humans to come up with more ingenious solutions, hence constraints can be seen as a healthy challenge reducing task complexity, where guidelines will help the solver's information-processing to generate better answers (ibid.).

The question now stands, whether a controlled approach with constraints are mainly harmful to creativity, or whether it can act as a supportive element to organisational creativity (Caniëls & Rietzschel, 2015). The answer may be found in an example by interactionist studies, which propose that organisational constraints and design possibilities interact – a restricted budget can have consequences for the design process, in that certain features may be out of reach, however, a tight budget can also be perceived as motivating challenge and fuel creativity (ibid.). Considering that a firm's approach and a free approach can both have negative and

positive consequences for innovation if they are implemented too much or too little, it seems that the right solution is striking the right equilibrium between the two. This idea joins a predominate pool of researchers in the field, arguing that a form of limited structure is necessary, as well as a degree of liberty to improvise, in order to achieve successful innovation (Eisenhardt, 1997; Tatikonda & Rosenthal, 2000; in Caniëls & Rietzschel, 2015). However, the proposition that you need a bit of both and have to find the perfect balance, reflects that findings within the field are mixed and inconclusive, which may partly be due to the fact that ‘constraints’ and ‘freedom’ are a very multifaceted construct where the cause and effect relationship of a certain type and degree of control, will depend upon the individual employee and specific context (Caniëls & Rietzschel, 2015).

In a similar study, Rosso (2014) have examined the relationship between creativity and constraints, as a way of nuancing the topical discussion that normally views the creative process as: “Where some theorists have described the ideal creative process as unstructured, open-ended, and free of external limitations, others have found that creative individuals and teams can benefit from constraints” (p. 551). The newer research suggests, that creativity can benefit from the constraints, that classically are perceived as inhibiting, such as financial- and time constraints, and in his study he finds that the effects of constraints, are contingent on the social environment and proportions of the constraints. The findings suggest, that the decisive factor for teams working with innovation, is if the team exhibits disabling dynamics or enabling dynamics. Characteristics of disabling dynamics were identified as difficulty of organising around shared goals, a tendency to work independently, lack of socialisation, frequently exhibited cross-functional conflicts and lacked in facilitative leadership. To the contrary, the enabling dynamics revolves around clarity and cohesiveness around shared goals, there was a supportive environment for creativity and innovation, and leaders provided team members with considerable freedom. These social dynamics proved to be the decisive factors that shaped the way the constraints were interpreted, as the teams with enabling dynamics felt more empowered, purposeful, intrinsically motivated and creative and were aware of negative and positive aspects of constraints and understood, that they needed both freedom and constraint to be successful. Finally, the severity of the constraint played an important role, as moderate levels of constraint were perceived as helpful to the creativity, too severe constraints were harmful.

## **5. Analysis**

In our analysis of SP10 and IKEA, we will explore which kinds of value SP10 creates for IKEA and furthermore, how this value is created, implying the examination of the underlying processes of value. We have chosen to structure our analysis in two main parts. The first part will focus on the characteristics and traits that are perceived to be valuable in the collaboration, with an emphasis on the traits of the external innovation lab and the influence of networks in their approach to innovation. This will serve as the basis for our second part, as the identified characteristics and perceived valuable element, form the foundation for the value negotiation process in the collaboration of SP10 and IKEA, which will be the pinnacle of our second part of analysis.

### **5.1 External Innovation Lab**

The birth of SP10 was the brainchild of the CEO, Carla Cammilla Hjort and the management of Inter IKEA Systems B.V., and was carried out as a strategic priority to future-proof the IKEA business and to revitalise the IKEA brand and concept in regards to innovation. SP10 was to a large extent, paved by Göran Nilsson, IKEA Concept Innovation Manager at IKEA Systems B.V., who served as a patron for the company together with the former Inter IKEA Systems B.V. CEO Torbjörn Lööf:

“Göran is a gift sent from above. He has served as a mentor, a God Father and protector. And I consider him a very good friend now, he is the core of the collaboration. And then we have Torbjörn who is the CEO with whom I have a unique contact with” (CC, p. 30).

SP10 is an example of a strategic top down decision of investing in the sustainability of the IKEA business, and plays directly into our topic of interest in the organisation of innovation. With SP10, IKEA enters a category of companies who shares the perspective that some types of innovation are better carried out externally than internally. An organisational trend focusing on building external companies or labs to carry out exploration and radical innovation, which requires departing the existing business practice to potentially turning the business upside down and creating a shift in people’s fundamental understandings (Bessant et al. 2014). This may lead to the destruction of existing business models and could result in making positions and employees obsolete and therefore cannot be performed internally, as the internal barriers of

radical innovation often is the product of resistance from employees who fear the challenging of extant skills and their job security. Henrik Nielsen of IKEA explains that he observes that the large IKEA organisation has a tendency to reject radical innovation as:

“We almost have an immune system discarding new ideas that has something to do with changes of the business model. It has been very difficult to get the possibility to do these kinds of things. I took part in the digital development where we tried to develop radical innovations and it was always stopped. The question is always, who should be the business owners and how does it fit into our existing business environment - and then subsequently rejected because it does not fit” (HN, p. 48)

Apart from this key perspective, it is a recognition by IKEA that the radical innovation requires an outside perspective distant from the existing internal competencies and practices, thus demanding external knowledge for IKEA to innovate successfully. As disruption have been the managerial buzzword of the latter years, IKEA is not alone in recognising the need for alternative organisational forms as they join the likes of Mini, Amazon and a long range of pharmaceutical companies in engaging with external innovation labs. The common denominator of these companies is the size of the business, as they are large multinational firms, that typically enjoy a strong culture and well-established organisational routines designed for familiar paradigms (Sandberg & Aarikka-Stenroos, 2014). In relation to radical innovation, these firms are greater victims of a restrictive mindset barrier to innovation, caused by the strong culture and routines in the organisation, and with employees struggling to break through strong bureaucratic processes to gain managerial support and freedom to explore their ideas (Caniëls & Rietzschel, 2015). This contextualises the quote of Henrik Nielsen, as he explains how it is hard to explore radical ideas, as they do not fit into the already established organisational routines and paradigms, and is another contributing factor for the managerial decision of initiating SP10.

The foundation and strategic reasoning behind SP10 is very much aligned to the theoretical constructs of innovation scholars, and is an experimental and bold move by the management of a classic retail organisation. While Inter IKEA Systems B.V., has the overarching aim of ensuring the long-term success for the franchise holders and keeping the IKEA Concept successful over time, they have historically focused on adhering to consumer trends and been developing the IKEA brand in a reactive fashion more than proactive. The rise of SP10 is

somewhat a departure of their core business and is widely ascribed, by SP10 and IKEA stakeholders, as a product of visionary management and a new way of sustaining the future of the IKEA Concept. The execution has the characteristics of the ideal construct according to several innovation scholars (Sandberg & Aarikka-Stenroos, 2014; Luisa Flor et al., 2017; Caniëls & Rietzschel, 2015), of placing the radical innovation outside the organisation, acquiring external knowledge from the organisation and liberating the employees from restrictive bureaucracy, organisational culture and routines, suggesting that this type of organisation for innovation, is gaining ground in the managerial perspectives of large corporations. Because of this, there are numerous constellations of opening up the innovation, and in this section we will highlight and elaborate on the points making the SP10 organisation an especially interesting topic of study.

It is a central point that IKEA has tried and tested similar projects internally without any luck, and according to Henrik Nielsen, Concept Innovation Analyst and one of the main actors from IKEA, he explains the external setup as perfect since:

“We have the experience from the management, a budget to execute and some really talented external people who are not internal in their way of thinking and acting, and often what happens is that you feel a sense of ownership of what is already existing and that means you always will find it difficult to challenge yourself because it is like your own baby. It is much easier for SP10 than for us, as it is not their baby” (HN, p. 50)

The underlying characteristics, are widely agreed upon across our respondents from SP10 and IKEA relatively, but in our overarching perspective of value, it is interesting to examine the characteristics that are accentuated by the different parties as being key to the collaboration. In the following section we will elaborate and break down the characteristics of radical innovation, the external view, organising for innovation, the long-term investment in exploration, freedom and autonomy and finally discuss how to strike the optimal balance between being close versus external to the parent organisation. As such, it will be a centerpiece in our study and help detangle and elucidate the valuation process of SP10 and IKEA.

## 5.2 Radical Innovation

One of the most prominent characteristics that initiated SP10, was the internal difficulty with radical innovation in IKEA. Historically, they have been very successful in product innovation and incremental innovation, which according to Bessant et al. (2014) is doing what you do but better, and this has played an integral part in IKEA's strong concept and worldwide success. However, they have not been very successful in the radical innovation spectrum which Bessant et al. (2014) defines as doing different, in a departure of the business' existing practices. Henrik Nielsen is one of the main contacts for SP10, and works in the department of Inter IKEA Systems that focuses on the long-term development, and explains:

“Like many other companies we have found it hard to innovate internally if we are talking about radical innovation. You can easily make adjustments of something already existing, you can improve your processes and products and all that, but if you are trying to do something that is radically different, as looking at a new business area or business model, we are struggling” (HN, p. 50)

As we have presented previously, the experienced problems in IKEA are in fact quite topical for large organisations, that experience organisational barriers to the radical innovation due to fear of change, conservative decision-making and restrictive organisational cultures (Wolfe, Wright & Smart, 2006; in Sandberg & Aarikka-Stenroos, 2014, p. 1298). As elaborated by Henrik Nielsen, the IKEA organisation seldom knows where to place the projects internally regarding business owners and departments, as the radical innovation projects are a deviation from the organised business. The resolution, as many organisations have found, is to place it outside the organisation, something SP10's Head of Playful Research Bas Poel view as the only possibility:

“To be honest, the only way to run innovation labs effectively is basically keeping it outside the organisation. Yes for sure, you know innovation might disrupt current business models and if you keep this within, and I'm not only talking about IKEA right now but in general, if you keep it inside your own organisation, you have to deal with a lot of politics, people are used to doing things in a certain way for many years, so it becomes very difficult to push and follow up with more radical ideas. And in that sense, it makes a lot of sense to keep it outside the organisations” (BP, p. 40)

It is evident that SP10 is a recognition of the internal difficulties with radical innovation in IKEA, but it is a general point to be stressed, that SP10 does not have the patent on innovation for IKEA as, “the incremental innovation can come from inside the organisation, it is the radical innovation that is very difficult” (BP, p. 41). Creative Director of SP10 Kaave Pour shares, and stresses the opinion that IKEA is not entirely convinced that there is one correct way of handling innovation, and SP10 represents one way of doing it, with multiple internal teams in IKEA concurrently working with innovation. In Inter IKEA Systems B.V., Henrik Nielsen explains that they work in three departments focusing on development and innovation of the IKEA Concept: One concentrating on honing the existing concept; one focusing on the incremental innovation of the products and concepts; and finally the department of Henrik Nielsen, looking into the long-term development and sustainability of the IKEA concept, where SP10 comes into the picture. In his perspective, the most important trait of SP10, is that IKEA gets input and inspiration, regarding how the next IKEA should be and although they enjoy a successful and profitable business model at the moment, he emphasises that IKEA is under pressure from different angles, giving rise to his department.

This notion is born and supported by the top level executives, where the CEO of Inter IKEA Systems B.V., has felt the change in pressure and demand from the markets and franchise holders, where his main job used to be to defend and maintain the IKEA Concept, the demand is now for innovating the concept and coming up with novel tools and capabilities. Something he has tried to solve in multiple ways, but according to Kaave Pour of SP10: “He has now realised and predicted, that okay we can’t handle it internally, because most of the solution that potentially materialise, could end up cannibalising our existing initiatives or cause that the coworkers will fear that they are replacing themselves in their jobs” (KP, p. 62). This type of radical innovation will be counterintuitive for internal employees as they are asked to potentially come up with innovations where they, so to speak, will have to dig their own grave, and this is evidently not the best option.

In this section we have presented some practical implications of keeping the radical innovation inside the organisation and advocated for placing this type of innovation outside the organisation as with the case of SP10. The decision of working with an external innovation lab also reaps a range of additional traits, one of them being the value of gaining an external view on the organisation, which we will elaborate on in the following section.



### 5.3 External View

One of the main issues with trying to facilitate radical innovation internally in IKEA, is rooted in strong organisational culture, routines and organisational paradigms, as these are internalised in the employees and therefore makes it almost impossible to wrap their minds around doing things radically different. In many instances, the fact that IKEA enjoys a strong organisational culture and routines would normally be viewed as a positive trait, as it is associated with happier employees and a more efficient and productive company. Conversely, the perceived characteristics that are essential for radical innovation, emphasises the ability to step away from the current business and paradigms, and in that sense the SP10 employees serve as perfect specimen of employees, that are not contaminated by the IKEA way of doing business: “I think it is a influential part of their process that they should be kept isolated, so our brainwashed mind-sets in IKEA won’t interfere with them” (JM, p. 82). It is a very outspoken and conscious characteristic of SP10, that they are not entangled in IKEA’s current business practice and as Concept Manager, Josephine Meijaard of IKEA further elaborates, they have the advantage of not commencing with an IKEA brain as the outset, as she experiences, that in IKEA there is always a blue and yellow force reigning (JM, p. 86). As such, SP10 contributes with a pair of fresh eyes on how to work and create a sustainable business and more importantly, a fresh perspective on the ongoing transformation in IKEA’s external environment.

SP10’s task is to challenge and develop IKEA’s current business, and represents a continuous curious approach to solving tasks, but as SP10 Head of Digital Kwadwo Adu puts it: “There are so many possibilities of doing things and just because it worked for IKEA last year, it is far from certain that it is the best way to do it this year” (KA, p. 13). The outside perspective is pinnacle to most of the projects SP10 undertake, but it is important that they are not completely isolated from the IKEA organisation, as SP10’s projects can require internal knowhow and practical elements such as APIs for integrating solutions such as the IKEA Place app, and finally need to engage and gain support of the IKEA organisation. The dilemma of becoming too integrated in the IKEA business on the one hand, and being too isolated from IKEA on the other, is a tradeoff that Henrik Nielsen is very aware of:

“On the one side, we don’t want too many IKEA people involved, it is a balance, but at least not in the beginning, because then it will just be another IKEA project. In reality, that is one of the main challenges, how to you protect that they are ‘clean’ and not already too dirty and

contaminated by IKEA. [...] We don't want people to interfere too much, but on the other hand we have felt the urge to stimulate involvement or engagement from IKEA. It is a difficult balance to strike" (HN, p. 58)

It is a tricky tightrope for them to walk, as they in some instances, are deeply dependent on practical information and tools from IKEA to succeed in their projects and explorations, and at other times they have the role of "punching IKEA in the stomach and showing the possibilities that are out there" (KA, p. 13). For SP10, it is a balancing act of constantly departing and isolating themselves from being pulled into the IKEA current business and thereby losing the probabilities of radical innovation, and on the other end of the continuum, being too isolated to a degree where the innovation is hard to link to the IKEA business and the potential value creation, is in a very long-term perspective. It is experienced as being difficult to navigate in this continuum by SP10, and in our concluding remarks of this external innovation lab section, we will question and elaborate on this balancing act.

While SP10's position in this above-mentioned continuum is widely debated, it is broadly agreed that it is an undisputable contribution that SP10 has not been part of the IKEA organisation for a long range of years, and as SP10 CEO Carla Cammilla Hjort accentuates, it is always extremely beneficial to have someone externally coupled to the business, bringing in feedback from a fresh perspective. From the view of IKEA's Henrik Nielsen, the external perspective of SP10 has numerous benefits, of which he highlights their ability to think and act differently coming from outside the organisation and explains how they have brought an injection of energy and novel thinking to the traditional organisation. IKEA enjoys a vast number of employees that have been trained in the IKEA organisation and has been in the organisation for many years. In this context he underlines:

"[...] there is a tendency to think in the same way and within these established frameworks, so apart from their own projects, SP10 contribute with a lot of new ideas and present the coworkers with new ways of doing things and working with innovation, so they also challenge the way we think internally" (HN, p. 51)

In this case, the external perspective is activated through several processes, not only linked to how SP10 works with radical innovation, but also as a challenger of the internal business mindset and organisational assumptions, new ideas and showcasing new and alternative ways

of working with innovation. SP10 was initiated as a strategic decision and investment in the long-term sustainability of the IKEA Concept, and as such was not meant as a quick fix. Conversely, the IKEA organisation is under pressure from many sides and prioritises innovation in their budgets and therefore has high hopes and a sense of urgency for SP10 to perform. This in itself is somewhat of a paradox, as the means to the solution for SP10 is time, exploration and a 'try and fail' attitude, something that coincides with the sense of urgency. Henrik Nielsen of IKEA still views SP10 as vital for sustaining the IKEA business model and explains: "It would be a huge loss for IKEA if we stopped the collaboration. We would miss out on this external venue to unfold and to really look into the long-term perspective, because this is typically extremely difficult to allocate time in our current business, and think of new business models that are not too obvious" (HN, p. 52).

#### **5.4 A Long-Term Investment in Innovation**

As presented above, the cornerstone of this segment will be the paradoxical nature of the sense of urgency in the IKEA organisation and the condition under which SP10 exist with their explorative innovation process, which is innately more loose and less end goal oriented than seen in IKEA. For the two organisations it is a matter of negotiation and give and take, as IKEA recognises that SP10 should and will exist under fundamentally different terms than IKEA, and that they need time and a loose framework to succeed. However, SP10 is also aware of the fact, that the setup is favourable for them, and that they cannot go on forever without showing IKEA some value: "And I think that is how we feel, if we did not share any information before the full vision is done. [...] we know they will not allow us ten years of playing around without hearing anything tangible from us" (KP, p. 3). This says a lot about the management vision that created SP10, as the conditions are very conceptual and vary substantially from the IKEA norm. This view of SP10 as a long-term investment in innovation is fundamental to their existence, and it is essential that the decision makers of IKEA support and share this view:

"If a new CEO arrived and said that he wanted to measure this in very concrete terms, I want them to deliver ten things a year and the money we invest should be equivalent to the earnings', then you would think that this is not a profitable business. Because it isn't in short-terms. This is a long-term investment as it should be, and can only be viewed as this. Such a

collaboration can only be viewed as an investment in the future for it to make any sense”  
(HN, p. 53).

To further elaborate, Henrik Nielsen accentuates that because of this, it would not make sense to try and measure the performance of SP10 with a long range of KPIs, based on the assumption that you cannot be creative, under pressure and deliver the same things. Instead, he advocates that ideation and this type of innovation should be executed without a preconceived goal as a target. However, in our section on autonomy and constraints, we will challenge and discuss this view.

The view of Henrik Nielsen, is very topical for the importance of buying in on the concept of SP10, as he, together with his boss Göran Nilsson and CEO Torbjörn Lööf, serve as patrons and paves the way for SP10 internally. This means taking care of the internal political lobbyism and securing the desired view on SP10 from decision makers around the organisation. As the continued collaboration indicates, this perspective is shared by the top management of IKEA, however not everyone in the organisation views and shares the perspective of SP10 in the same way. An example of this, is the view of fellow IKEA coworker and Concept Manager Josephine Meijaard. She does not share this perspective on innovation and SP10, as she explains: “For me, the outcome is something that can be pre defined. But the starting point of saying ‘let’s innovate’ without an end goal. I can’t wrap my head around that and I don’t think it is the right way to approach it. [...] And that is what I mean. They are doing stuff, maybe amazing. But the innovation is not our main business” (JM, p. 82). There are two salient perspectives that emerge from this quote, one is that it would be naive to assume, that she is the only one in IKEA who shares this perspective, but as we will discuss later, regarding the negotiation of value, it is key that SP10 convince and nurture the support from the management, by showcasing the overall perspective together with more tangible results. The second perspective is that SP10, at least to some extent, fails in communicating what they actually do and thereby misses out on delivering on the KPI of facilitating a stronger innovation culture internally in IKEA. According to her colleague, Henrik Nielsen, he pinpoints this exact dilemma as emblematic in the intersection of focusing on the core business versus investing in the future, as he explains:

“It is this dilemma regarding how much time and money we spend on running the business as it is today, and how much we invest in something in the long run that sometimes looks a bit hazardous or diffuse at the least. [...] What could happen, and what often happens to

companies when the business is struggling with bad sales numbers and revenue, then you start to cut away the parts of the business presenting the biggest risk. I think it would be the wrong thing to do, but it could very well happen. That they say, this is too big of an expense relatively to the value we get, and therefore cuts it off to focus on developing the core business instead” (HN, p. 54)

As we have learned, the investment in long-term innovation makes it especially tricky to defend when questioned, since it is not easily measured regarding tangible outcome in the short-term, and may be put under pressure if the current business is struggling. For it to make sense, you cannot expect a fixed amount of successful innovations by the end of the year, nor should you. The value of investing in this explorative process, lies in safeguarding the IKEA Concept for the future and being on the forefront regarding macro trends in the world that may influence the IKEA business model. In continuation of this viewpoint, the valuation and expectations of the investment, should also be anchored in the long-term perspective, as the investments normally, although not excluded, will not yield positive results straight away: “It depends on how you look at innovation. If you think innovation is something that should move a business in the long run, then you also have to look at it in the long run” (KA, p. 19). This is especially true in the case of SP10, as the explorative approach occasionally yields projects that are not right for the time being, but could be picked up several years after when the timing is right. He advocates that businesses need to recognise this time horizon and start looking at KPIs of three or five years at least and not quarterly or even yearly. The consequences, he hypothesises, could be shutting down projects with huge potential, due to impatience where the results are not evident the first years and shut down as a consequence: “No matter how long-sighted IKEA say they are, in reality it is not many who are patient in the end. As long as we have the support of the top management, then it doesn’t matter as much what rest thinks, as long as they are happy” (KP, p. 70).

The whole discussion of the long-term investment, essentially boils down to the friction of value when it is anchored in time, as this is the main diverging point where the perception of value in SP10 is different from perception of value in the IKEA business. This is a key finding in understanding the relation between SP10 and IKEA and will be the subject of scrutiny, in our section 5.7 on striking the right balance between being external versus close to IKEA.

## 5.5 Exploration

An essential part of SP10's contribution to IKEA is their research and explorations, within the jointly defined macro trends that guide the agenda of SP10. Within these overarching categories, it is the job of SP10 to explore possible trends for the future, and in that sense prepare IKEA for whatever may lie ahead. The explorations are carried out in the four internal labs of SP10, categorised: Natural Interfaces, Shared Living, Local Food and Digital Fabrication, with a total of 22 finalised projects, 58 experiences or learnings and 98 collaborators. It is within this framework that all research and project are carried out, and the direct value towards IKEA, can vary substantially from learnings and insights based on explorations, earned media value from the buzz the projects create and finally they can turn into tangible outcomes such as the IKEA Place app. In this sense, what is successful is often hard to define, as even failed projects can be viewed as intelligible insights for IKEA and for some explorations it might take years for the relevance to be evident for IKEA. The success parameter within the explorations is not black and white and as Head of Digital Kwadwo Adu exemplifies:

“In some instances, we have had projects where we had a exploration phase and research that turned into feedback to IKEA on 'these things we find relevant and exciting the next couple of years' and on the basis of that, IKEA has acquired a company, then it was still a success although we never ended up building the product” (KA, p. 15)

For IKEA a lot of the value lies in the process and the working style of SP10, where it “isn't ground-breaking to start with an exploration process, but it hasn't been commonly known for us in IKEA” (HN, p. 57), where the normal procedure dictates a desired solution and end goal before initiating a project. The exploration process in itself, is part of the core business of SP10 and an elaborate and extensive exploration process is quintessential to working with radical innovation. According to the Creative Director of SP10 Kaave Pour, their finest task is to make sure that IKEA is always prepared when new opportunities arise, as in the case of the Apple's integration of Augmented Reality (AR) on all iPhones. This specific case is one of the most tangible and important showcases of SP10, as they were in the midst of a large AR exploration, initiated eight months prior to the Apple announcement and was able to pull off an incredibly fast execution and launch the hugely successful IKEA Place app in only three months. The

success of this case is fully ascribed to the SP10 exploration process as Head of Playful Research Bas Poel explains:

“That’s also the funny thing about IKEA Place. The reason why we were able to pull off a project like that in three months’ time is because we spent seven or eight months before that, doing an exploration around natural interfaces and AR. That allowed us to literally come up with a design and a concept for the app in a week. And otherwise that would never be possible” (BP, p. 45)

The successful development and rollout of the Place app was highly contingent on the in-depth exploration of Augmented Reality in SP10, and according to Kaave Pour, IKEA would have spent the three months struggling to break through the political and bureaucratic barriers of IKEA to even strike a deal (KP, p. 5). It is in this exact context, that SP10 needs to convey their importance towards IKEA as Kaave Pour explains: “We knew who to contact, how to approach it and what the possibilities were, and that AR was the next thing, before Apple even approached IKEA. It is our job to make them understand that they would never have been able to make Place the way we did, without the tedious exploration dating back seven months. They sometimes forget that” (KP, p. 6).

As the AR app IKEA Place proved a huge success, as it rose to the most downloaded AR app in a non-gaming category, was featured by Apple CEO Tim Cook as his favourite AR app and named number one AR app by influential Apple and CNET, and it was also a testimony to the SP10 exploration approach. In the very loose framework and entangled in a web of exploration projects, IKEA Place was a very tangible example of their capabilities. Not that this was the first contribution to IKEA from SP10, but this example was highlighted numerous of times as the output is easy to understand and it is a perfect example of their core business. In the wake of the successful implementation of IKEA Place, employees of SP10 have started to voice their concerns regarding the future expectations from IKEA, worrying that the tangible outcome of the app, will give rise to a steady demand of tangible solutions from SP10. The concern is not born from nothing, as the new IKEA management are integrating SP10 in their new organisational process, the DMC process, as part of the large restructuring that has been going on, where SP10 will experience a higher level of reporting and will potentially become available for IKEA development projects as a capability and resource they can activate. This would be a significant deviation from the original basis of existence, and concurrently it is not

an odd notion of fear that they will start asking and demanding for solutions as the Place app, as Kwadwo Adu comments: “I really hope it is their dream, but not the expectation that we will come up with a new Place next year” (KA, p. 20). If this was the case, it would cannibalise the SP10 basis of existence and assimilate them to the internal innovation teams of IKEA and in the perspective of Henrik Nielsen from IKEA, this would be the wrong way to use their capabilities:

“That’s my worry with the DMC process, where they will have the role of a supplier whenever we need them for a development project, because we know they can create something really fast. If it stays like that, I think we are using them in the wrong way. [...] If we say they should not do exploration but only these things, then we have broken them” (HN, p. 58)

To nuance this standpoint, Kaave Pour of SP10 feels that even though exploration is their long-term business, they still have to ensure outputs that are measurable, so IKEA can see that they are still on the right track. As of now SP10 successfully carries out their exploration process throughout their projects and have experienced the freedom and support from the IKEA organisation in pursuing this approach. With that being said, the forthcoming implementation of the DMC process and the prospect of IKEA demanding more projects like the Place app, are areas of concern that could potentially spoil the exploration approach of SP10, which is characterised by trust, freedom and autonomy.

## **5.6 Freedom versus Constraints**

Freedom and autonomy are key ingredients in the way SP10 structure their work, and many of the respondents feel very strongly that they could not have it any other way: “There are a lot of things that are important in this setup, but one is autonomy and independency. That is really important. If IKEA came one day and said we are going to integrate you into the business, then we are out” (KP, p. 73). From the get go, it has been a strategic decision to allow SP10 to exist without the constraints of IKEA, such as bureaucracy, time and limited resources, where CEO of SP10 Carla Cammilla Hjort, finds it unheard of how much freedom they are granted in relation to the amount of money invested in them (CC, p. 26). Together with the fact, that the KPIs SP10 adhere to are largely non-economic, it paints a picture of a highly autonomous and



free SP10. The notion behind this freedom and autonomy, is that it is a prerequisite for SP10 to “do stuff that IKEA never would have imagined” (HN, p. 49), and also to retain and motivate the creative crowd at SP10. This notion is representative of the classic mantra, that the ideal creative process is unstructured, open-ended and free of external limitations. However, in perspective of newer research, theorists have found that in fact creative individuals and teams can benefit from constraints (Rosso, 2014; Caniëls & Rietzschel, 2015). This standpoint is however contingent on the appropriate environments and proportions, and we bring this into play in order to contextualise and nuance the relation between creativity and constraints of SP10. It presents a paradox of tension between freedom and constraint in the creative process and according to Rosso (2014): “There can be freedom in constraint. This freedom comes from knowing what to do with constraints when they emerge, finding the right constraints in the right balance, and crafting an environment in which they can be perceived as opportunities rather than obstacles” (p. 582). The overall perception of constraints in SP10, is that they should be avoided and are counterproductive for the novel work in innovation. Rosso (2014) describes two types of constraints; process constraints and product constraints, where only process constraints are applicable to this discussion, since product constraints revolve around product requirements and business needs restricting the expected outcome, and thus contradictory to the thought of radical innovation. These categories of constraints are only potentially beneficial for the creativity, if the social dynamics in the teams are positive.

The teams of SP10 predominantly exhibit the positive enabling dynamics, that are characterised by clarity and cohesiveness around goals, freedom from the leaders and a supportive environment for creativity and innovation, all recognisable characteristics at SP10. With this foundation, processual constraints could actually have a positive effect on the creativity in SP10, where the constraints can take the form of time, human resources or money. Previous research indicates, that moderate time pressure actually has a positive effect on creativity, and further that limitation of resources may likewise force the employees to come up with more innovative approaches and solutions, challenged by the lack of options (Rosso, 2014, p. 554). It is important to note, that Caniëls and Rietzschel (2015) and Rosso (2014) focus their research on internal innovation and research and development, which we argue is substantially different from the prospects of SP10, as they focus on exploring the unknown and radical innovation. However, this is an interesting perspective on the creativity versus constraint discussion that SP10 takes part in, and constitutes an area IKEA could look into moving forward

As previously mentioned, the freedom and autonomy are also one of the bearing characteristics of working at SP10, which is essential in retaining and nurturing the creativity of the team. For CEO Carla Cammilla Hjort it is all about: “Understanding and supporting that if IKEA want the best out of these talents, then you need to give them freedom and trust” (CC, p. 33). The freedom is something that brings strong proclamations from the respondents and as Kaave Pour states: “The day they say we have to get an IKEA email address, then 90% is out the door, if not more. And that has nothing to do with IKEA being a boring brand, it just emphasises how important this freedom is for us, to be able to do the things we feel are right. As long as we still have the right intentions towards IKEA” (KP, p. 73). These statements further elucidate, that not only does SP10 perceive their freedom and externality from IKEA as being key to their process, but the freedom and autonomy also has a decisive stronghold on motivating and retaining the talented employees of SP10. In the same stream of thought as the previous quote, Kaave Pour explains that everyone at SP10 is very aware of the fact that they have a great setup and that this is one of the main reasons why they are involved. Kaave Pour is confident this is one of the decisive reasons why they choose to work for SP10, when they could get top employments at any place in Copenhagen, and with a higher salary than they are paid here (KP, p. 73).

The freedom and autonomy is perceived by SP10, as integral to their core business of exploration and radical innovation and furthermore plays an important role in motivating and keeping the talented cast of SP10. However, as the applied literature indicates, it is not necessary that processual constraints are inhibiting for the innovation process, and due to SP10 exhibiting enabling social dynamics, it may actually be to the contrary. The notion of constraints as enabling creativity is far from the general perception of SP10, and later in our study, we will explore the effects and traits of the ‘carte blanche’ that this freedom gives SP10.

## **5.7 Striking the Right Balance**

The organisation of SP10 as an external force, is very much a balancing act between keeping the externality and sustaining engagement in the cooperation within the IKEA organisation. The first force pulling in the one direction, is the continued action of keeping SP10 separate from the IKEA organisation, as this would otherwise beat the purpose of having an external lab running the radical innovation and explorations, which is not possible internally in IKEA

due to the internal barriers in the fear of change, conservative decision making and a restrictive organisational culture. The second force pulling in the opposite direction, is trying to create engagement and involvement from IKEA, to get the organisational support and to harvest the possibilities of the organisation, for example in terms of knowhow. Furthermore, this force is perceived to result in solutions and outcome, that are more tangible and short-termed for IKEA. The two forces create a friction in the balancing act of being external and not being too separated from the organisation, as SP10 will miss out on the organisational support and engagement from IKEA. The latter force is something that SP10 has experienced several times as SP10 may be the subject of envy from the IKEA employees:

“And the problem with these guys from SP10, is that according to some people you take all the fun work and place it on the tables of some cool consultants and then you don’t involve that many internally. Then where is the fun in that? It can certainly create some agitation in the organisation and that is why we have tried to involve employees across the organisation when it has been relevant” (HN, p. 56)

It is understandable that SP10 is not perceived in the best of light across the entire organisation of IKEA, as Creative Director Kaave Pour explains that the narrative of SP10 at times was depicted as “a bunch of cool people from Copenhagen, with all their ideas, speed and money, who can do all these interesting projects” (KP, p. 64) which quickly creates a negative vibe around SP10. One might ask, why it is important to deal with this when they are external. There are several reasons why it is an important concern to tend to. First of all, it is one of the few official KPIs of SP10 that they are to foster a stronger innovation culture internally in IKEA, something that requires engagement and involvement from the IKEA employees, and if SP10 has a good overall impression in IKEA it is more likely that their processes and perspectives will rub off on the employees. Secondly, it is important to remark, that no matter how independent and external SP10 is, they are still entirely funded by IKEA and therefore it is essential to secure the support of the stakeholders, management and organisation in general. This is done by engaging the IKEA employees and also by creating visible and tangible value on the short-term, elucidating that they bring value to IKEA. As a patron for SP10 and one of the main contacts, Henrik Nielsen handles a lot of the internal communication and lobbyism, in which they also have struggled in finding the right balance between inclusion and exclusion:

“Because we have been so absorbed in ourselves, when you look at it in retrospect you can see that we might should have focused more on the ‘sales’ of SP10, internal in IKEA. In quotation mark of course, but to make some more people see the value in this. We have been too much in doubt regarding how much insight and information we should share on what is going on” (HN, p. 58)

Whether it stems from the lack of internal ‘sales work’ from Henrik Nielsen and Göran Nilsson, CEO of SP10 Carla Cammilla Hjort has also experienced jealousy on several occasions, and she explains that sometimes resistance occurs, and when that happens they try to be proactive and secure the right alliances: “It’s almost like House of Cards” (CC, p. 27). Scenarios as this, could potentially be avoided if SP10 opened up and engage more with the IKEA organisation, but this brings us back to the balancing act as this may erode some of the external perspective that is crucial to their contributions. Both regarding the fact that it is broadly accepted that hierarchical arrangements such as IKEA, dampen the emergence of novelty (Garud et al., 2013) and that radical innovation requires departing the current organisational practices. Opening up and inviting too much of the IKEA organisation into the process is a dangerous path to walk, as it cannibalises the basic thought behind SP10, but is a delicate dilemma as it is also a necessity to get the engagement support from IKEA:

“We don’t want too many IKEA people involved, it is a balance, but at least not in the beginning, then it will become just another IKEA project. [...] In reality we don’t want people to interfere too much, but on the other hand it is also necessary to create involvement or engagement. It is a difficult balance” (HN, p. 58)

Moving closer to IKEA brings concern to SP10, as they are worried that their perspectives inevitably becomes tainted by the IKEA way of doing business, and it will be difficult to uphold the external perspective and not get tangled up in the everyday life of IKEA. According to Carla Cammilla Hjort, this is an integral part of being able to keep the long-term focus, as the current business priorities would otherwise interfere. Another concern of SP10 regarding moving closer to IKEA, is the fragility of ideas where Kaave Pour explains that the timing of opening and exposing a project is key as: “[...] ideas are extremely fragile, and are not always ready to receive a beating in the beginning. That’s when you need to protect them until they are able to stand on their own legs, and it is important that you work with the right people until,

like IKEA Place, the idea is too big to fail and then you can open up for a lot more collaborations around the project" (KP, p. 66).

The balancing act of being external and creating involvement and tangible results for IKEA, is one of give and take, and as the pulling forces have both positive and negative effects, it is a matter of weighing the relevance and possible consequences. It presents the dilemma of the spatial- and temporal anchoring of value. When SP10 moves spatially away from the IKEA organisation, it stimulates their ability to focus on the long-term radical innovation, anchoring value in the long-term, where the opposite direction puts them in a position where they are more likely to produce tangible outcomes that are closer to the current IKEA organisation, anchoring the value in the short-term. This presents a key finding in our study, and is a complex trade-off, where compromises are made to ensure the continuation of the collaboration.

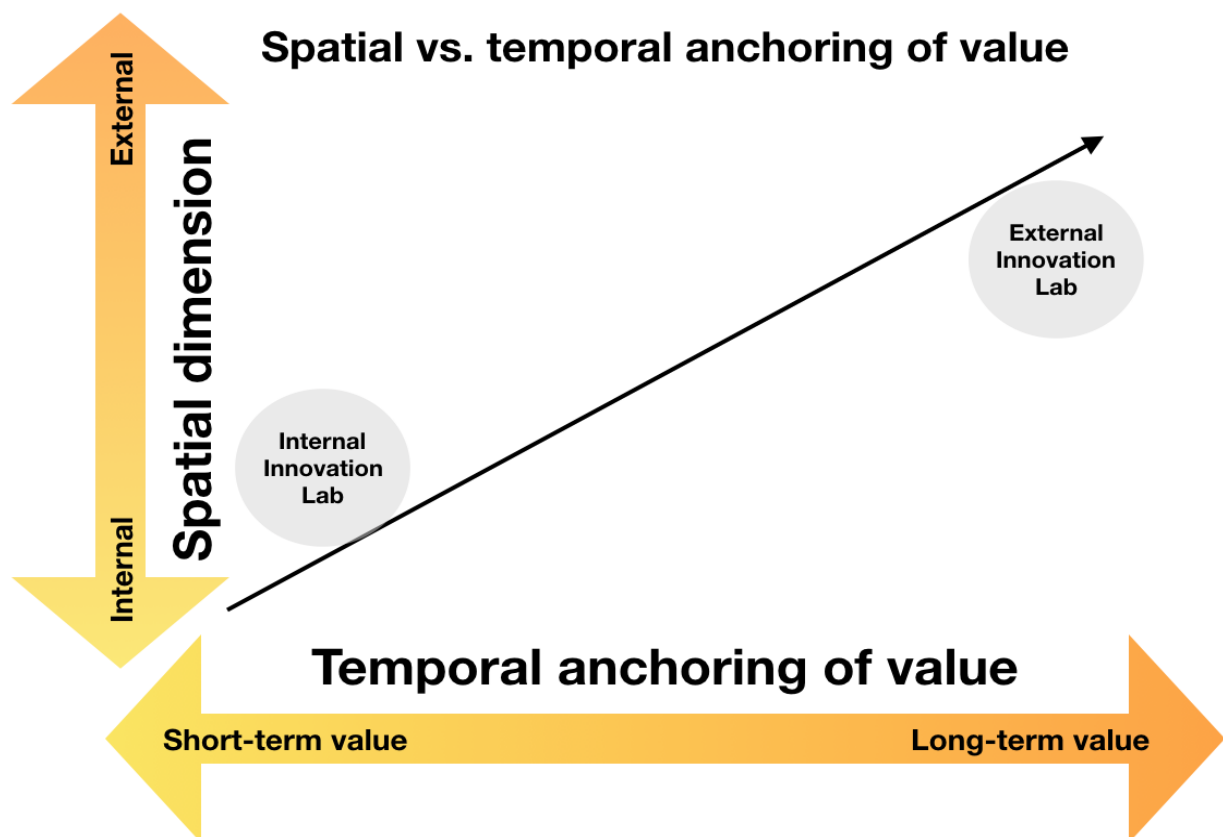


Figure 2, own production

## **5.8 Networks**

Innovation and exploration is at the core of SP10's value contribution to IKEA, but as we have unravelled during this study, there are a range of underlying characteristics that are deemed valuable and essential to the collaboration, and the value of SP10's networks is one of them. It is accentuated by SP10 that an essential part in their methodology, is based on what they have coined a 'collaborative network driven approach', which encompasses keeping the internal team small and working together with residents, collaborators and different communities. In their 100-page presentation and description of SP10 and their innovation process, dubbed the playbook, they continue stating that they work with a 'global, collaborative network of experts and forward-thinking partners'. Something they internally view as a great resource as Carla Cammilla Hjort explains: "That is clearly one of the things that we highlight when justifying SP10, creating this community of experts and forward-thinking partners as we call it" (CC, p. 35). In this section of our analysis, we will focus on the effects of this network approach and elaborate on how SP10 enables access to talent, collaborators and communities, how they strategically use diversity in their innovation process, and finally the networks effect on the sharing of knowledge.

### **5.8.1 Access to Talent, Collaborators and Communities**

The organisations of SP10 and IKEA are fundamentally different in many ways, and this naturally affects the employees they attract and collaborators they work with. In the case of SP10 and IKEA, the attractiveness of the respective organisations is very much determined by the size of the company, the level of bureaucracy and the perception of being cool and innovative. In this context, SP10 is viewed as a much more attractive company for the younger generation and in the global creative community, something that IKEA is well aware of and views as highly valuable for their organisation:

"IKEA has lost their attraction in some key segments. [...] IKEA is not viewed as exciting and innovative anymore. Simply because the younger generation don't find us interesting, and that's where the collaboration with SP10 helps us by positioning us stronger. That is also valuable" (HN, p. 54)

SP10 represents a novel way for IKEA to gain access to talented individuals, studios and communities, that through the interface of SP10, can work on solving problems and creating solutions for IKEA. As such, IKEA can tap into the strong global creative network of SP10 and collaborate with smaller creatives and studios that otherwise would not have been interested or able to work with IKEA. In this regard, SP10 bridges the gap: “We keep IKEA in relation to these young talents who are really going places. [...] They do not necessarily dream of working for IKEA, but they want to work with us. So you might say that we function as the bridge” (CC, p. 34), and further explains that it is almost an unofficial KPI to spot new talents and work with them (p. 35). As such, SP10 is able to attract and work with people who are interested in working with IKEA, but not interested in working for IKEA as a full time employee for the next many years. Here, SP10 can offer them to work for two years or maybe only two months on a project, thereby providing the ability to complement the IKEA culture, bringing in new talent and offering the possibility to work in a different process (KP, p. 68). Another tool of SP10 to attract talented employees, is the strategic use of either the hyped SP10 name on some occasions, and the strong IKEA name on other occasions. The SP10 brand has very strong positive connotations, especially in the global creative community, where they are positioned strongly with keynote speeches at Bangkok Design Week, GoYouth in Madrid, IAM Internet in Barcelona, Asuntomessut Digitalist in Helsinki just to name a few. Their positioning is further strengthened through the SP10 hosted three-day festival Made in Space, on exploring alternative futures, with keynote speakers and participants from all over the globe. This means that SP10 has a strong attraction in the community and as Kaave Pour explains:

“We can attract a very different type of people, especially within design, creative and tech, which IKEA simply can’t. They are completely outspoken about that. That is exactly what the purpose of SP10 is, to create this interface for these talented people. For example, we have a guy who will do the motion language for IKEA Place, he has been doing material design for Google for the past three years, but now wants to try something new. You won’t find anyone more talented within this field, and IKEA would never have gotten the access to him, if it was not for us” (KP, p. 68)

The external name boasts the ability to stray from the characteristics that are bound to the IKEA brand, but it most certainly also works the other way around. As Head of Digital Kwadwo Adu explains, it is easily felt that being IKEA’s innovation lab opens doors and makes people listen: “[...] no matter who we write, it being Google or another funded startup, they will answer when

IKEA's innovation lab writes an e-mail" (KA, p. 141). The interface of SP10 also opens up the possibility of working with smaller studios, as the sheer size of the IKEA normally confines selection to only the large agencies and consultancies, where SP10 mostly collaborate with smaller talented studios, resulting in a more rapid and agile process.

Another positive result of their network approach, is their access to different communities around the world, as Kwadwo Adu explains: "We work very community driven, that is how it is in the company, so the focus is on collaborators" (KA, p. 142). According to Garud et al. (2013) the networks and communities are perceived as a great opportunity, as they are considered to be venues for ideas for which a market has not yet emerged or niche markets that are not yet commercially viable. This is very much aligned with SP10's focus on exploring future trends, and something they actively practice in their exploration processes. One example is a collaboration with the University of Singapore, where they hosted a hackathon for the students, harvesting the ideas from the students and "really figured out everything from what they are passionate about to how the popular apps are distributed in Asia" (KP, p. 112). Tapping into communities is a great opportunity to leverage the power of outsiders, and in the same way that SP10 challenges IKEA, the communities may challenge SP10 in their ideas and assumptions. The approach of SP10 has similarities to the approach Pisano and Verganti (2008) describes as the 'innovation mall', where the problem area is defined, as with the macro trends of SP10, and anyone can propose a possible solution. This approach is preferred when you need ideas from many parties which is especially relevant for SP10's exploration process and as Kaave Pour explains, the hackathon in Singapore was part of a larger exploration process: "[...] And here we had a long exploration which was very broad. Everything from talks, and screenings and hackathons and desk-research and university collaborations" (KP, p. 112).

### **5.8.2 Diversity and Innovation**

When selecting collaborators and assembling teams in SP10, diversity is very much on the agenda, as Creative Director Kaave Pour accurately states: "The challenge is to get to be a diversified group of collaborators and not just a lot of white dudes from Copenhagen" (KP, p. 114). The same agenda goes for the employees of SP10, as Kwadwo Adu explains that they comprise an extremely diverse workforce, where it is almost the case, that not two come from the same background (KA, p. 18). This diversity appreciation is based on two basic ideas, the



first is that diversity is an enabling factor for innovation, and the second is that when tackling complex problems that are geographically focused around the world, it also makes sense to work with and employ people from around the globe. Creative Director Kaave Pour explains, how focusing their attention on specific nationalities is one approach to finding collaborators, as it may grant access to new networks of talented professionals and knowledge within these networks:

“When somebody from a region who we are extremely interested in, connects with us and comes up with a proposal, I would lie if we didn’t look a little more interested in that project, than if someone from Copenhagen approached us” (KP, p. 114)

Informed by proximity theory, we know that when it comes to building teams, a homogenous workforce diminishes the coordination costs, but also decreases the capacity for innovation, relatively to teams with higher diversity (Boschma, 2005). As the statements from SP10 depicts, there is a more or less explicitly stated understanding of the need for a diverse workforce, to extend the organisation’s network and to gather a diverse perspective to elucidate the explorations at hand. The SP10 employees argue, that they play an active role in engaging with diverse and external collaborators, as it is perceived to be integral to their work to draw on expert knowledge, due to their collaborative network driven approach. This is very much aligned to their mantra stating: “If you are the smartest guy in the room you are in the wrong room” (KP, p. 102). As a consequence, the diverse team structure yields a wider perspective for innovation and feeds into the culture supporting the work environment. Furthermore, SP10 is organised in a very flat structure, allowing the different labs to more or less govern themselves, as CEO Carla Cammilla Hjort elaborates: “I have been the leader from the beginning, but I really like the flat structure and shared leadership” (CC, p. 25). The structure bears the resemblance of Stark’s (2009) heterarchy, as they allow multiple principles of evaluation in the individual labs, and finds it an inherent characteristic of the innovation they work with, not to force a single principle of evaluation on to the organisation.

Our respondents from SP10 depict strong and tight social relations between the SP10 employees and also towards the collaborating partners, which they accentuate as an organisational advantage in facilitating the collaborative process. However, this may also negatively impact the organisation as this could lead to conflict-averse behaviour, which can hinder the process, resonating with the proximity theory of Boschma (2005). Furthermore,

when attracting and choosing the collaborators and employees of SP10, it was mentioned that it was important to have the right personality, one that mirrored the traits appreciated at SP10. This view of homophilia stands as a strong contradiction of seeking diversity, as the preference of personality traits will distort the process of choosing diverse people (Boschma, 2005).

According to De Vaan et al. (2015), diversity in itself is not a precursor for successful innovation, as the presence of structural folds in the network overlap, is the enabling factor. If SP10 blindly focuses on finding diverse partners, a potential pitfall would be that it proves to be too difficult to collaborate and the outcome often ends up being too distinctive and not viable for implementation or commercialisation (De Vaan et al., 2015). On the other end of the continuum, if SP10 relies too much on the same collaborators within their own network, there is an inherent risk of creating conform solutions with the lack of novelty and real innovation. Instead, the middle-way calls for a cognitive diverse team with overlapping networks, ensuring that the heterogeneous team are successful in collaborating due to the structural fold in the network, and hopefully resulting in a novel solution that is also implementable. When examining the network of SP10, it is evident that the previous collaborators become part of the SP10 “global, collaborative network of experts and forward-thinking partners”, deeming repeat collaborations and referrals through their personal network:

“We definitely see that we build a community beyond the borders of Copenhagen, by having residents from all over the world, and I mean, a lot of them I still chat with once in a while on Facebook or they write me if they have a new project or if they want to introduce me to somebody” (KP, p. 114)

This speaks to the advantage of the innovation process in SP10, as the overlapping structural folds will pull the diverse members together, while the cognitive diversity will ensure that the current practices in SP10 is challenged, as well as questioning the activities and processes that are sometimes taken for granted (De Vaan et al., 2015). The community stretches out globally, which naturally increases the network of SP10 and raises the opportunity of finding diverse partners with structural folds to the organisations.

The term structural fold is an extension of Burt’s (2004) term structural holes, describing the gaps in network structures where information is kept apart, due to the lack of a common connection. Structural holes constitute a possibility for companies to use their position in a

network to create value (Burt, 2004). As many of the above-mentioned examples indicate, SP10 deliberately uses their network properties in order to position them with optimal access to new ideas, by placing them on the borders of emerging fields and technologies, in order to try and solve some of the greater challenges for the future. Hence, they are practically and ‘ideologically’ organised to carry out their exploration approach with an open mind and without any well-defined goal, but only guided by their overall macro trends. With their collaborative network approach and small inhouse team, the exploration process is effectively guided by SP10’s network. The network of SP10 spans structural holes of isolated social networks and disparate fields of profession, and therefore constitutes an essential resource for SP10 to maintain their high level of creativity and sustain innovation. A firm’s absorptive capacity encompasses the ability to recognise the value of new, external information and therefore has a strong correlation with leveraging insights gained through the structural holes. The culture of SP10 is very much contingent on the recognition of seeking out new knowledge and exploring the potential and applicability in a variety of settings. According to our findings, this suggests that SP10 is in a desirable position close to structural holes, while remaining in an optimal position by having the ability to recognise and exploit the value gained by the new insights. This position is a result of their successful positioning in the creative community, and nurturing and retaining the relations of collaborators as part of their global creative community. In return, the network capabilities of SP10 and the network span itself, are enabling factors in attracting potential collaborators, who wish to be part of the network and work in an environment of innovation and emerging technology.

As outlined above, the network perspective is very much a strategic and deliberate action, and the boundary spanning activity is highly essential to their business. The term boundary spanning is an extension of the structural hole concept and describes an individual, connecting various parts of a network within a company or with other networks outside the organisation. The boundary spanning role in SP10 is not reserved to one individual and many of the employees exhibit boundary spanning characteristics as they connect and span several networks of different professions and disseminate knowledge from these to SP10. However, the most salient boundary spanner is the Creative Director Kaave Pour, who sees it as one of his key tasks to reach out and develop relations with individuals and companies outside SP10, with the purpose of exploration and finding potential collaborators. The role of the boundary spanner is a key position for SP10, as he will lead the creation and sustaining of the relations, that give SP10 the favourable position in the network, which they currently enjoy. It therefore

constitutes an essential resource in leveraging the structural holes, enabling SP10 to find and exploit them. The criticality of this position is something that Kaave Pour is aware of, as he states:

“It may be, that the most important work we do, is to pick the right people to work with us”

(KP, p. 107)

All of the above-mentioned network properties of SP10, play an important role in their core business of exploration and radical innovation, and thereby creates indirect value for IKEA. One of the additional effects of the SP10 network approach, are the strong and weak ties created to a long range of collaborators and partners as a consequence. Following the seminal perspective of Granovetter (1973), if SP10 has a strong tie to an external partner and has a strong tie to IKEA, the external partner and IKEA will also be connected. The likelihood of this being true, increases proportionally with the strength of the ties. In this perspective, SP10 brings a non-salient valuable contribution to IKEA, by facilitating the access to a long range of talented partners, that IKEA can draw upon in various contexts. Conclusively, the network approach and properties of SP10 plays an integral part in their process and success hereof, but is also a source of value for IKEA in terms of facilitating access to companies, talented employees otherwise unattainable and a diverse crowd of creatives and problem-solvers, that increase the possibility of coming up with novel solutions for the future of IKEA.

This concludes the first part of our analysis, as we have outlined the inherent characteristics of SP10 that are perceived as successful for IKEA, together with an in-depth analysis of the constellation of the external innovation lab. The above-mentioned characteristics are examined and outlined, as they serve as the foundation for the negotiation of value between IKEA and SP10, which will be our area of focus in the second part of our analysis.

## **5.9 Value - When Odd Sizes Meet**

The question of value is inherently subjective and contextual, but nonetheless an essential part of running a successful business, as it is typically linked to the production of some sort of value (Haywood et al., 2014). The process of identifying and quantifying value in a company can be lengthy and difficult and may sometimes result in adhering to an economisation perspective on

value, with the consequence of missing critical elements bringing value to the company. This process is time consuming, seldomly practiced actively and difficult when performed in an organisation - imagine what happens when employing the valuation practice to two very different organisations as in the case of IKEA and SP10. Informed by the perspective of valuation studies, we perceive the valuation practice as socially constructed and as such, we are interested unravelling the process of value with the surrounding negotiations and processes in mind. In this section we will outline the differences of the organisation of IKEA and SP10 relatively, and how this may influence the perception of value internally, in an attempt to set the scene for our subsequent analysis of how value is constructed, perceived and negotiated in relation to SP10.

As we have outlined in our case description, the organisation of IKEA and SP10 are like night and day and some of the most prominent arguments behind the establishment of SP10, remain the same characteristics that are diametrically opposed to the characteristics of IKEA. SP10 is organised in a way so they are flat, small, fast, network-oriented and with very few formal requirements and processes, where IKEA's characteristics are roughly the opposite. Just in sheer size the +200.000 employees of IKEA versus the 30 people of SP10 paint a good picture of the differences between the two, but the question remains, with such different starting points, how do you measure and negotiate value in a way that resonates in both organisations? In the words of Kaave Pour, Creative Director of SP10, he exemplifies the gap between the organisations: "If you want to make a deal within IKEA it takes them at least three months politically and bureaucratically to pass a deal. Three months before you have even started" (KP, p. 5). This stands in sharp contrast with how things are carried out in SP10 as he elaborates: "In the sense that we are successful in removing 'red tape' so we can move faster and are able to work with creatives around the world and speed the processes up, by not being caught up in politics and bureaucracy" (KP, p. 5). The narratives from SP10 depicting the IKEA organisation, paints a vivid picture of an organisation that, unsurprisingly taken the size into consideration, is highly bureaucratic, influenced by tedious legal procedures and internal politics, that according to CEO of SP10 Carla Cammilla Hjort, resemble the political TV series *House of Cards* (CC, p. 27). This notion is also supported by the accounts from IKEA, where Henrik Nielsen makes a very similar remark:

“We always think that projects should take several years and involve 400 people. Or else it is not a real IKEA project. SP10 knows how to deliver on the basis of three meetings where we would have ten meetings and not reached nearly as far” (HN, p. 57)

On both sides of the table, the depictions of the organisations are not framed as a critique of IKEA as a bureaucratic static organisation, but rather focused on the consequences of its sheer size, revenue, employees and procedures and conversely, the capabilities of SP10 as a smaller and external organisation: “We are a 30 people organisation, so it’s vastly smaller than IKEA, which allows us to move way quicker and to be more agile” (BP, p. 41).

As the statements above indicate, the process of valuation, internal political battles and other procedures are an inherent part of the IKEA organisation, where the process of valuation would resemble many large organisations, with formal procedures for project reviews, valuing strategic projects etc. However, while the SP10 organisation adhere to some formal requirements from IKEA, the organisation is largely fluent, agile and rapid to fulfil their purpose of being an innovation lab. With the two organisations having widely different characteristics, it is not hard to imagine that finding a common process of valuation that satisfies both organisations is not simple, and is very much an effort of negotiating the value of SP10 and communicating the value to IKEA. This is exactly why we find it interesting to study value, when the subject of observation is two vastly different organisational actors in almost every possible sense. In this thesis, we have set out to both map out the value SP10 creates for IKEA, but also understand and contextualise how value is created and negotiated when the goals are not strictly dollars and cents, nor x amount of innovation projects. Rather we have observed an intricate setup with multiple facets and possible channels of value, that due to the entanglement and loose setup, is not always evident and communicated across organisations. The loose setup and autonomy is explicitly and strongly stated as an inherent and essential characteristic of the SP10 organisation, and in the following section we will explore the reasoning behind this apparent *carte blanche* from IKEA and what the consequences are for the process and organisation of SP10.

## **5.10 Carte Blanche**

In this section, we will use the word *carte blanche* to describe and explain the large degree of freedom of SP10 and the absence of legitimisation pressure. The establishment and foundation

of SP10 stands in strong contrast with the normal working procedures of IKEA and since the beginning of SP10, the founders have advocated the importance of freedom and autonomy from the IKEA organisation. However, it is still unusual, and to an extent, a very bold move by the IKEA management, to actually grant the freedom to SP10 and allow their existence under radically different premises from the rest of the IKEA organisation. In our section on the external innovation perspective, we elaborated and discussed the effects of the freedom and autonomy, but what are the further implications and traits of the so-called *carte blanche* from IKEA? As founder and CEO Carla Cammilla Hjort remarked: “It is unheard of to think of how much freedom we have relative to the amount of money they are investing. And how few KPIs we have connected to the financing” (CC, p. 27). This is largely due to the IKEA management’s vision behind SP10, which has paved the way for this loose setup, from the initial stages of the collaboration. IKEA’s Henrik Nielsen is convinced that having the management onboard from the get go, has played an integral role in setting up SP10 successfully: “You just need the backing from the highest levels and SP10 felt that support from the beginning. To see the needs and to set up a way broader framework than usual and than ever experienced in IKEA” (HN, p. 48).

As such, the active vouching and freedom granted by the management, is not only contained to the loose organisational characteristics, but also stretches to the monetary expectations from SP10 and the alternative channels of value, which we will elaborate on later. SP10 Head of Digital Kwadwo Adu, finds that this freedom and the *carte blanche* is essential to SP10, but is also a consequence of the value being notoriously difficult to measure: “Then again, you can hear it on their statements, it is not like they are expecting a revenue of an extra half billion from SP10 and it remains much more loose. I also think it is because it is so difficult to measure this” (KA, p. 18). This is also supported by Henrik Nielsen of IKEA, who explains that IKEA strategically and purposefully has tried to leave out the direct economic expectations, in a realisation that the quantitative goals of delivering x number of projects or products, would inhibit the value creation, as he questions the quality and relevance of such projects forced onto SP10 (HN, p. 51). It is evident that from the managerial perspective, it is widely understood and prioritised to provide SP10 with leeway and autonomy, where Henrik Nielsen hypothesises, that it would be highly contradictory, to grant freedom and autonomy while expecting elaborate reporting, as he explains:

“They can’t have autonomy if they at the same time have to adhere to a reporting system where they need permission to do things. There has to be a high level of freedom in this and the advantage with this is that they do things that we have never imagined they would do”

(HN, p. 48)

The management and especially former CEO of Inter IKEA Systems B.V., Torbjörn Löof, has paved the way for the initial stages of SP10 in the IKEA organisation, and is an integral part of the carte blanche they are working under. Another essential part of this carte blanche, that has played an important role in the subsequent legitimisation of SP10, is the earned media value that they provide IKEA with. The earned media encompasses every form of communication around the IKEA brand and include mentions, articles, reposts and shares, and is something that SP10 excels in with their narratives and strong aesthetics. The earned media is the accumulative buzz created by SP10 around the IKEA brand, and according to Creative Director Kaave Pour, is enough to justify the investment alone:

“Around May every year, approximately seven months into our contract, we have already cleared the investment solely in earned media value. Plain and simple. Right now we experience so much exposure that this value alone, surpasses the investment in us. That is when I think to myself, okay, we are over-performing at the moment” (KP, p. 72)

As we will elaborate later in this section, the earned media value is one of the tangible ways to measure the value of SP10 and since the size of the media value contribution surpasses the investment, we argue that this position further stipulates the carte blanche from IKEA. If we stimulate this view, the earned media value pays back and justifies the investment for IKEA, and the rest is ‘extra value’ for IKEA. Naturally, this is an exaggerated position, which fails to take the purpose of SP10 into consideration, which is to explore future living trends and radical innovation, and not only generate positive brand value for IKEA. But the idea of the investment being paid back solely in earned media value, is thought provoking and undeniably influences the view of SP10 from IKEA. When justifying their existence by the earned media value, CEO Carla Cammilla Hjort explains: “It is without a doubt, a valuable card to be able to play. Also because it is something everyone understands. You can’t really argue against it. It is what it is” (CC, p. 38).



The freedom and autonomy associated with this *carte blanche*, indisputably is a key characteristic in SP10's model of innovation, but the natural counterpoint is the urgent question of the possible consequences. It is interesting whether it can be dangerous to rely too much on the earned media value and furthermore, what happens to the value process and outcome, when you do not have to legitimise every action in the process. Internally in IKEA, most projects and decisions are based on budgetary concerns, strategic implications, rigorous stop/go processes which has the disadvantage of pulling out all the speed and to some extent hindering novelty (Garud et al., 2013). However, it does have the advantage of a well documented legitimisation of every step and process made. On the other hand, you have SP10, that in the name of external innovation and protected by the earned media value, does not have to legitimise every step of their process. This raises the question whether the *carte blanche* to some degree serves as a shelter for SP10 and as a consequence they do not perform as well as their potential. The picture we want to convey, is whether the lack of legitimisation and procedures, potentially could be a hindering factor for SP10. The answer is hard to definitively pinpoint due to its hypothetical character, but the question should stay in our minds throughout this study, as it helps contextualise the role of SP10 in relation to IKEA, and is a sound reflection as a counterpoint to the autonomy that we developed in our previous section on freedom and autonomy.

Another implication arising from the *carte blanche*, is the lack of transparency and communication towards the internal IKEA organisation. This can be viewed as a possible consequence of the absence of formal legitimisation from SP10, as the legitimisation of actions and adhering to formal procedures, would lead to a more transparent SP10. The Concept Manager, Josephine Meijaard of IKEA, voiced her critique and concerns about this lack of communication: "Where I think they could be better? I think it has something to do with how they have been presented in the organisation some time ago, as a little bit of a secret. A little special place somewhere out there where amazing stuff happens" (JM, p. 82). She depicts SP10 as being this cool, hip and secret part of IKEA, without knowing exactly what they do for the organisation. As SP10 have proved highly successful in fulfilling one of the KPIs of branding IKEA as a more innovative company externally, it seems that it would prove beneficial to sharpen the communication efforts internally in IKEA. In the case of Josephine Meijaard, the lack of transparency has led to a somewhat critical view of SP10. This serves as a juxtaposition, as several of the SP10 employees have accentuated the employer branding effect of having SP10 on-board and emphasised how it brings a sense of proudness and coolness to the IKEA employee. If SP10 is to succeed on this deliverable, the communication efforts should be

strengthened internally, in order to counterpoint the effects of the pronounced freedom and autonomy.

The freedom and autonomy granted by IKEA is an unusual and unique opportunity for SP10, but as we have outlined in this section, there are several reasons why it should be handled with care. The reliance on the earned media value, presents an extremely fragile foundation of value, as the media landscape that generates the value, is characterised by uncertainty and fragility. So far, SP10 and IKEA has been very satisfied with the model, but in the future it will be a topic of discussion how to strike the optimal balance and middleground between constraint and autonomy.

### **5.11 Negotiation of Value**

The much debated topic of value, presents a number of different views on the matter, however through our theoretical research we have chosen to operate with three accounts of value that inform our analysis of the negotiation; value experienced in the process, value experienced in the outcome, and value experienced in the evaluation. A significant characteristic of the ‘value debate’ is that even though the different perspectives fundamentally vary in their understanding of value, they are all well acknowledged, leaving researchers and practitioners indecisive in terms of defining one coherent direction.

In the previous chapter we have scrutinised and presented why it is interesting to study, and what value is in relation to our case. We will now go more into depth with the specific questions around what goes on in the process of defining value within the constellation of SP10 and IKEA. To understand how value is defined, and the characteristics and outputs that are defined as valuable in this context, we examine the different evaluation processes, including the selected KPIs, set up to continuously evaluate the cooperation. We believe that the processes of assessing the cooperation and its deliverables, will help us uncover how the different actors perceive value and where they believe it is delivered. Additionally, we also look into more unofficial and casual assessment elements, as we have found that these are also quite significant in the process of understanding the different aspects of value. Consequently, our basis for examining value corresponds to the perspective of Helgesson and Muniesa (2013), seeing value

as a social construct, in which it is perceived as an outcome of multiple social processes and activities with the objective of making things valuable.

### **5.11.1 Valuing the Unknown**

Setting the right stage to understand the inter-actor negotiations of what is valuable in this constellation, requires us first to revisit the overall foundation, reasoning and purpose of the collaboration. In the process of uncovering how value in SP10 is defined, it is important to know that the project initially was launched to explore and innovate around macro trends covering societal development, which was IKEA's proactive response to secure the future relevance of the business. According to Luisa Flor et al. (2017), radical and disruptive innovation often involves an explorative element, as new knowledge and insights will help facilitate the process of coming up with something different and novel. This is rather substantial, as an explorative approach naturally contains a feature of something unknown, searching for something you cannot know what is in advance. This presents a situation, questioning the concept of Muniesa's (2011) contextual anchoring of valuation, as the element of an unknown purpose makes it difficult to value a business activity in relation to it. However, you can also argue that the overall purpose of exploring, is to uncover and generate new knowledge. To stipulate this, it seems that every outcome of any given activity, as long as it results in new information, will be perceived as a success to the business. Nevertheless, the lack of predefined goals creates a situation that complicates the process of locating value, and determining the value created in the projects of SP10, as it is difficult to set up criteria of value for a unidentified objective. This line of thought is supported by SP10 Head of Digital Kwadwo Adu, when he expresses the following:

“We are not only meant to make things succeed, we can easily just try something out that doesn't really work out and doesn't make sense for IKEA, but that doesn't mean it is not successful, it is just another form of success. But some of the things are just really difficult to set up measurements for” (KA, p. 14)

The perspective of Kwadwo Adu, is coherent with the theory of Haywood et al. (2010), stating that you should be open to experiment with different ways of assessing value in varying circumstances, especially being focused on each individual process and what you can take away

from it. You can argue that this experimental approach of Haywood et al. (2010), constitutes a good match to the explorative methods of SP10, as both contains central elements of trying out things and obtaining new information. Additionally, you can argue that an obvious possibility in relation to the explorative and experimental approach, is to assess the success of SP10's projects, based on the learnings obtained throughout the processes. A method that would make a lot of sense, in the light of the argument presented by Luisa Flor et al. (2017), that the acquisition of new knowledge will improve innovation processes. But then again how will you assess learnings? In terms of number of learnings, depth or perhaps applicability of learnings? It is really difficult to determine, when you do not know the kind of information you will find.

### **5.11.2 Ambiguity of Value**

Generally, our findings show that you cannot talk about value as one isolated unity in this constellation, but instead it is implied that it contains both tangible elements and elements of intangibility. As stated by the SP10 CEO Carla Cammilla Hjort, she believes: "[...] that generally it is very individual what you assess as being a success, and there is definitely a lot of different answers to this matter" (CC, p. 32). This is supported by following Muniesa's (2011) thought, that valuation is a contingency of people's own character, personal skills and individual knowledge, thus embodying a highly subjective character. This could potentially set the stage for a rather complicated valuation process, considering the number of actors involved and the differences in character due to very diverse backgrounds. Furthermore, as expressed by the Creative Director Kaave Pour: "It is more difficult than you think to explain what the value is, and what you can actually deliver. Because some things are very soft values and other things are extremely hard values" (KP, p. 2). This tension is perhaps an unavoidable product of dealing with radical innovation, with such a high level of exploration. When the outcome is not predefined, and when value in its essence does not have an objective character, it seems like you have to look at each case or project isolated, to assess the value appropriately. Hence, in our case we see a position in line with Haywood et al. (2010), in the difficulty of defining value, as it can be a mixture of many things, and overall is a combination of, on one hand very measurable effects and on the other hand non-quantifiable benefits. IKEA's Concept Innovation Analyst Henrik Nielsen, raise a similar concern in relation to the cooperation: "The goals we have right now are not that measurable. So we do not have any strong KPIs at the

moment but that is actually on purpose. Because it is very difficult to apply KPIs for what we are doing here” (HN, p. 51).

Although it is evident how both organisations exhibit an issue in encapsulating value and setting up parameters for evaluation, we still see that they have chosen to set up two overall KPIs for SP10’s work: (1) Help positioning IKEA like a more innovative brand and (2) inspire and foster the internal innovation culture of IKEA. However, it can seem a bit contradictory to impose KPIs for something you do not feel sure about how to evaluate. As touched upon earlier, the formation of KPIs in the first place, mainly seem to be the result of IKEA as large and historical organisation, with a conservative framework of assessing value in all its activities. As expressed by the Creative Director Kaave Pour, SP10 believes in the opposite stance:

“We are talking about organised chaos here, and I believe that is one of the main points with SP10. In the beginning it was a lot like, no one understands what we are doing, and I don’t believe that this is always a bad thing, that everything is not so damned clear and distinct. Because then it also gets a lot easier and more intuitive to take a stance toward it, and for example, it gets easier to demand some clear objectives. And we had a conscious ambition and intention of making SP10 chaotic from the beginning” (KP, p. 78)

This remark is an example of how SP10, quite differently to the traditional IKEA approach, do not wish to measure and weigh everything, but rather want to work in a diffuse environment that does not kill the creative momentum and workspace. However, throughout our research, we have encountered a situation where both organisations and involved actors, have argued that the two KPIs are to be understood very fluent and broad, in terms of how to translate them. In relation to Muniesa’s (2011) argument that individuals identify very subjective things in a valuation process, this open definition of the KPIs can potentially create a discussion around the value, in spite of this, the following showcases a moment of harmony in the negotiation. As described by actors at SP10, they believe that the involved people within the two organisations are aligned in their definitions, and that people at IKEA generally understand the importance and the beneficial elements of not having too stringent and traditional KPIs (KP, 63; CC, p. 31). This is also substantiated by IKEA’s Concept Innovation Analyst Henrik Nielsen explicitly stating: “[...] if we set up some kind of quantitative goal, that they have to deliver something to us, then we know that they will deliver a number of projects or products, but no one can guarantee the they will be good or relevant. We have deliberately tried to take

these things out of the equation” (HN, p. 52). The shared understanding of the two organisations becomes even more accentuated, when Henrik Nielsen continues: “It is really problematic to measure research. It is based on a gut feeling and a trust in that these people can actually deliver what we want them to deliver. There has always been a large element of trust” (HN, p. 55). We will return to the element of relational trust shortly, as this constitutes a significant component in the negotiation of value.

### **5.11.3 Value in soft Key Performance Indicators**

Due to the different nature of the two organisations, we view the agreed KPIs as a reached compromise, and a solution to the tension in two fundamentally different ways of working. On one hand, the action of setting up KPIs complies with IKEA’s old fashioned and stringent approach, and the flexibility within the KPIs accommodate SP10’s emerging approach towards creative freedom. Following the philosophy of Haywood et al. (2010), it is key to sustain an approach to valuation moving away from a sole interest in economical and quantifiable effects, and opening up to different processes with a stronger emphasis on less tangibility. This concurrently emphasises an increased focus on different elements achieved by an activity, aside from economical ones. Furthermore, this element of flexibility around the KPIs, also presents a situational understanding, that adapts the valuation as an act anchored in the given situation, and rejecting historical traditions in respect to the measurement of value. An approach much in line with the pragmatist valuation process described by Muniesa (2011), where actors will use alternatives available to them for comparison, as an indicator for the value of the current situation.

However, we argue that it would actually be straightforward to set up measurements, to monitor the development of the two KPIs, which is also mentioned by Head of Digital Kwadwo Adu: “You can quite easily measure if IKEA has been branded as being more innovative, it only requires that you carry out some simple market research” (KA, p. 18). Furthermore, we argue that it would also be possible to measure the development of the internal innovation culture at IKEA, by for example registering how many innovative proposals IKEA employees contribute to their managers, and further how many of these ideas actually are implemented in the business. However, the two organisations have chosen not to micromanage these KPIs, which is emphasised by the Creative Director of SP10 Kaave Pour when he says: “[...] but to be

completely honest it is not the most structured process where we consider the two KPIs every time we initiate a project and ask ourselves 'okay, what are we doing with this project'. We can't do that. I believe we are running around 50 to 100 projects simultaneously in here, so we can't do that in every project without sucking all the energy out of the business" (KP, p. 70). Nevertheless, it is still the overall experience that SP10 meets the KPIs, explained by IKEA's Concept Innovation Analyst Henrik Nielsen: "I already believe that they have delivered to the KPIs satisfyingly, and that is a general feeling among people, or else they would not still be funded by us" (HN, p. 53). But how can SP10 fulfill the KPIs when they are not considering them explicitly in the projects? One explanation for this, is the point made about the KPIs being quite loose and open for interpretation and consequently it can also be unclear and hard to determine when the KPIs are actually fulfilled. Another explanation can be found in how the Creative Director of SP10 Kaave Pour explain the KPIs:

"So the KPIs are more something we have in mind when looking at our big portfolio of all our projects every third or sixth month maybe, and then we ask ourselves if we are on the right path and if we are going in the right direction?" (KP, p. 70)

However, we have also observed a less satisfied opinion within IKEA as Concept Manager Josephine Meijaard states: "No I don't believe that they have been able to develop the internal innovation culture of IKEA. Like I said before. They are too isolated. So I don't believe that seed has been planted properly anywhere – how can we learn from their ways of working and how can we apply it?" (JM, p. 85). A higher focus on the KPIs at SP10, might elevate the perception internally in IKEA, but will conflict with the point of Kaave Pour, that you cannot assign the KPIs too high a priority, without killing all the energy in the projects.

We believe this should constitute an area of concern, if the perception of fulfilling the KPI's is only shared by the management at IKEA and not the employees. However, since the management at IKEA, adhere to the perspective that the value cannot be captured by measurements, it seems they will rely on the gut feeling in determining the value delivered. Following the idea of Muniesa (2011), this process makes sense, as the valuation process is a matter of guesswork, although the guesswork is supported by elements of evidence for the determined value. So even though that the general feeling in IKEA, or at least at a executive level, is that SP10 are fulfilling the KPIs, we instigate that the valuation of the collaboration is contingent on another elements.

#### 5.11.4 Relational Ties of Commitment and Trust

“Obviously it requires a enormous level of reliability and trust from the IKEA management to run a project like we are doing. Because they can’t control us in the same way they are used to with their processes and initiatives. They have to believe and trust in that the people they have chosen to do this, understands the values and visions the management wants to move the business toward in the long run, and secondly, that we have the skills and resources to do this” (KP, p. 63)

The inter-organisational relationship between IKEA and SP10 exhibits the positive traits of a social contract of trust, and multiple social contracts of trust between the involved actors. This enables the setup with loose KPIs and contributes to a creative performance space, which allows the team of SP10 to unfold their skills in a satisfactory manner. A concrete example of such a bond, is exemplified by the Concept Innovation Analyst Henrik Nielsen, stating that: “[...] the trust has been supported by the actual relation that Carla has to my boss, Torbjörn, and to others as well. So it has been based a lot on personal relations” (HN, p. 55). The nature of these social contracts, parallels to the B2B relationships described by Ngoc Luu et al. (2016), arguing that relational ties between partners, are preserved and enhanced by elements of commitment and trust. As touched upon previously, we see it as a general perception that the actors involved in this collaboration experience and express a large degree of trust. Furthermore, CEO of SP10 Carla Cammilla Hjort also states that she believes “it has a lot to do with IKEA understanding and supporting the idea. If they want to get the best out of these talents they need to show them freedom and trust. And they get that” (CC, p. 33).

Revisiting the other element of commitment, to preserve and enhance relational ties presented by Ngoc Luu et al. (2016), we see that the Creative Director Kaave Pour praise the commitment of IKEA, when stating: “Just when hiring people within your own organisation you need to let go and let them work on their own, and on top of that hiring an external company, in your name, to make all sorts of noise, that really takes some courage. And then you invest a considerable amount of money in it, so it definitely requires someone with a vision and courage for this to be doable” (KP, p. 17). We consider the large investment mentioned here and the courage referred to multiple times, as salient accounts of the high level of commitment from IKEA. Additionally, we see that Concept Innovation Analyst Henrik Nielsen express that:



“[...] there is trust on both sides and a really close cooperation. And it has to be like that. From the beginning we have said that we would not treat them like a supplier, but instead we want to see them as something else. And they have paid us back in terms of making IKEA look good, and also in that they feel something for the brand and I am under the impression that they also experience this as something special” (HN, p. 58)

We further argue the exhibits of true commitment, as IKEA wants to see them as something else, something bigger, and also in that IKEA are able to provide the freedom needed for SP10, based on the trustworthiness stated by Henrik Nielsen. It is important not to recognise that this as a one-way commitment, as we also see a commitment from SP10, when IKEA feels that they are 'paying them back' and improving IKEA, which might partly be explained by what Henrik Nielsen observes, that the SP10 team experiences the setup and collaboration as something special, and thus are devoted to succeed.

It is interesting to look a bit further into why this commitment and trust exist, as these are key aspects of fulfilling the KPIs, and therefore also for the perceived value in the collaboration. To understand where the devotion originates, it seems that we have to return and study, not specifically the social contracts previously mentioned, but rather the entire inter-social relations of the collaboration. The CEO of SP10 Carla Cammilla Hjort explains the following when describing her connection to IKEA: “I have always said that every professional matter truly also has a personal relation included in it, and that it's a bit like a (romantic) relationship. And it was just like that with IKEA. At the first meeting it was just love at first sight” (CC, p. 27). This shows that Carla Cammilla Hjort is also involved in the cooperation on a personal and emotional level, which is further substantiated by her perception of Göran Nilsson like a really close friend and the contact with Torbjörn Lööf as something unique (CC, p. 30). According to Shi et al. (2009; in Ngoc Luu et al., 2016), strong and familiar relations between organisations form the basis for commitment and trust, and as such, it is interesting that Carla Cammilla Hjort describes actors at IKEA like personal friends and people that she has unique relationships with, as this will enhance the affective strength in the relation, making it feel valuable to maintain. Kaave Pour supports this argument as he explains: “The other thing is a feeling. It really is. If they like you. If they are in a meeting with you and are thinking this guy is smart, this is a good idea, I like this – go. It is not more complicated than that” (KP, p. 76). This is an example of how the personal affection for one another can play a significant role in the process of appraising the value of a B2B relationship and consequently the value of SP10.

In this case, our findings suggest that key actors at both organisations, deeply involved in the cooperation, experience a rather large degree of affective strength towards each other. However, as an opposition to this finding, Shi et al. (2009; in Ngoc Luu et al., 2016) argue that economical and more tangible elements of cognitive strength, are needed in the relationship to increase the loyalty to and retention of the partnership. The importance of economical and tangible outcomes is also salient in our case, as the Concept Innovation Analyst of IKEA Henrik Nielsen explains: “[...] it requires a lot of patience from the organisation to wait, and we have also been put under pressure like; yeah okay, all this is fine and you are probably having a good time, but when are you actually delivering something for all the money we are throwing at this” (HN, p. 50). Therefore, the following section will look more into such aspects, in order to get closer to an understanding of the perceived value of SP10.

### **5.11.5 Tangible Elements of Value**

As previously mentioned in the network chapter, one of the essential tangible elements provided by SP10, is the capability of connecting IKEA to creative communities and potential collaborators. The act of serving as liaison to talented individuals and creative communities is a tangible and valuable element. It is also argued that IKEA would not be able to find and set up agreements with the small and talented companies that SP10 are able to. These networking capabilities of recruiting people, engaging in the right partnerships and creating possibilities of future feasible collaborations, are therefore seen as very tangible outcomes of SP10’s work. While it might be difficult to calculate the specific economic benefits around these competences, it presents a comprehensible concept for IKEA. This argument is substantiated by Carla Cammilla Hjort saying: “Scouting new talents and working with them is also kind of embedded in a KPI. [...] Creating the community of experts and forward thinking partners, as we call it, is also one of the things mentioned when justifying SP10” (CC, p. 35). Another tangible aspect is based on the idea that SP10 was created to explore future business opportunities. Due to this foundation, Kaave Pour states: “It has always been our primary focus to deliver value to them in terms of the right research, which they can use as basis for decision of the right design solutions to meet new customers or markets” (KP, p. 2). This is where the explorations are fundamental, in order to make SP10 capable of providing IKEA with guidance and advice and the acquisition of new knowledge is perceived as vital because “IKEA does not only buy into the output, they also buy into the learnings and processes in relation to all of the stuff that we are telling them not to do” (KP, p. 70). The IKEA Place app is a very concrete

example of where this process was critical and showed its applicability. Again it might be difficult to estimate the economical value of the activities that do not materialise in a product such as the Place app, but it is still a very comprehensible outcome of the collaboration. The outputs of the exploration are used to support strategic decisions at the executive level, but additionally, it is also argued that SP10 use the information to improve the knowledge of IKEA's existing employees by hosting workshops (KP, p. 6). This is a significant aspect in terms of fulfilling the KPI of fostering a stronger innovation culture within IKEA, and despite the fact that Josephine Meijaard, Concept Manager at IKEA, feels that SP10 have not managed to do this, SP10 will argue otherwise, as Creative Director of SP10 Kaave Pour states, that some way or the other they have had 3.500 IKEA employees through SP10 since it was launched (KP, p. 72).

Of tangible outputs where the economical benefits are impossible to oversee, the success of IKEA Place is a salient example. The success around the whole process of developing the idea, creating the application and launching is one thing. However, an even more tangible part of the success is described by Head of Playful Research Bas Poel, explaining: "The fact that we developed the most popular and most downloaded AR app in a non-gaming category, and that it was featured by Tim Cook as his favourite AR app on America Today, was a huge success. Also, we have been named number one AR app by both Apple, CNET and bunch of others" (BP, p. 43). The potential of IKEA Place, is further supported by the fact that Apple is going to release AR glasses within the next few years and where Magic Leap just released their version of one (BP, p. 46). Hence, it is not unimaginable that Place could become a very important aspect of IKEA's business in the future.

Yet another tangible outcome, which has also been mentioned previously in the section 'carte blanche', is the earned media value that SP10 create through most of their activities in relation to press, talks and publications. This is closely linked to the KPI of branding IKEA as a more innovative brand, and even though no specific numbers have been set in relation to when this KPI is successful, SP10 have still chosen to measure this, as their performance within this parameter alone, can justify the investment in SP10. This outcome is extremely comprehensible due to its economisation aspect, as the surplus can and has been calculated, meaning that it is an element providing high cognitive strength to the relationship of SP10 and IKEA. The positive impact of this activity is further substantiated as Kaave Pour elaborates: "[...] there

are no negative stories, so we do not constitute a liability for the brand either. Perfect” (KP, p. 74).

All of the listed elements form the basis for a large degree of cognitive strength between the partners, as the tangibility and the economical gains are rather significant and obvious. Following the perspective of Ngoc Luu et al. (2016), the distinct amount of outcome value delivered by the activities of SP10, will result in a trade-off perceived by IKEA as being beneficial. Furthermore, Ngoc Luu et al. (2016) argues that the increased economical attachment to a partner, consequently also will increase the loyalty to the partnership and the perceived transaction costs in relation to terminating the partnership, meaning that the chances of IKEA staying in the collaboration are concurrently increased as the relation seems more valuable. However, according to Ngoc Luu et al. (2016) a strong B2B relationship also requires process value, which is argued to be even more relevant than outcome value, as it simultaneously contributes to cognitive and affective strength. A large degree of process value is potentially present in and around both the tangible and intangible elements presented until now, due to the cognitive and affective strength identified. Since process value is described as all the positive experiences a partner perceives during an encounter, we will look further into exactly what SP10 explicitly does, to keep IKEA happy in the relationship.

#### **5.11.6 Keeping IKEA Happy**

The negotiations of what value is and how it is generated in the cooperation, was especially prominent in the process of establishing SP10, with a clarification of the purpose and selection of KPIs. It has been argued that IKEA and SP10 initially reached a shared understanding of the partnership as a long-term investment, where explorations should focus on creating the basis for radical innovations and the development of IKEA’s internal innovation culture, by challenging the traditional IKEA approach. An essential condition to enable this, was to ensure a rather loose relationship and that SP10 should not adhere to any measurable targets set for their activities. However, some of these initial agreements seem to be changing as Carla Cammilla Hjort states:

“I do not report at all, at least not in the classical sense, but I know that recently we are all meant to do it. We did not do that in the beginning, but due to this new DMC process, that

have been implemented, we are now all supposed to report. And all of our labs and projects have also been forced to follow this” (CC, p. 30)

Thus, it seems that IKEA have abandoned some of the initial agreed terms of not measuring on the activities of SP10, and by demanding reporting, instead IKEA have leaned towards an economisation perspective of value as mentioned by Haywood et al. (2010), believing that things can and should be measured. The integration of SP10 into the DMC process, goes against the original thought of seeing and treating SP10 as something different, which was one of the cornerstones of initiating the external innovation lab. It can be difficult to figure out exactly why IKEA have chosen to impose this process on IKEA, as we did not get the chance to interview the CEO of Inter IKEA Systems, but also because IKEA from the beginning agreed to a more loose framework for SP10. Assuming that IKEA are happy with the contribution of SP10, a possible reasoning behind the shift, could be explained by an increased need to oversee the work of SP10 and further exploit their capabilities internally in IKEA. Following this assumption, IKEA might have tried to accommodate this by implementing continuous reporting and the possibility of drawing directly on the capabilities of SP10, by imposing the DMC process. Another explanation can be that the executives of IKEA have felt the need to make the employees of the two organisations work closer together by implementing the same process internally and externally, including more reporting, resulting in increased interaction, in an effort to capitalise more on SP10 and to increase the short-term results. Following the conceptualisation of Ngoc Luu et al. (2016) this increased collaborative environment can potentially create a higher level of process value, as co-created solutions generated through shared experiences, will enhance a satisfied feeling of being included. On the contrary, it is worth remembering that the initial reasoning in keeping SP10 outside of the organisation, was that they should not get too influenced by the IKEA mindset and way of doing things, in order to maintain a capability of being able to challenge IKEA and focus on the long-term value of radical innovation.

Another assumption could be that IKEA somehow have been unsatisfied with SP10's deliverables or maybe just been under the belief that it was possible to make their work more efficient. A solution to such a issue could be placing SP10 in a process setting higher demands of reporting on progress. Following the argument of Caniëls and Rietzschel (2015), on constraints in relation to creative processes, such interference by IKEA can possibly motivate the team of SP10 and make their output more creative. It could be expected that SP10 would

oppose such a change, as autonomy and freedom is perceived as important to SP10. Interestingly, we see the CEO of SP10 Carla Cammilla Hjort, expressing acceptance toward it when stating: “[...] and with that process arrived a new reporting system that I have looked through quickly, and it looks relatively manageable. In general I’m not the biggest fan of reporting as it takes up time but rarely is applied in a context. But of course IKEA needs to have an overview of our projects and it’s a small price to pay for the freedom it gives us in the other end” (CC, p. 30). We see this as an acceptance of IKEA’s changed understanding of value in the collaboration, as SP10 unresistingly comply with the new conditions, even if they do not see the value in it. Furthermore, we see that SP10 are willing to enter this compromise in order to keep IKEA happy in their partnership, consequently enhancing the relation’s cognitive strength through positive experiences, increasing the partner’s overall value perceived according to Ngoc Luu et al. (2016). In our conclusive remarks on the collaboration, we will revisit this perspective and discuss it regarding a larger give and take process, where the previously mentioned spatial and temporal anchoring of value, govern the negotiation between the two actors.

Another example of how we see that the agreed value of the cooperation is a continuous implicit negotiation process, emanating from the Place app. Due to the successful launch of the Place app, IKEA’s Concept Innovation Analyst Henrik Nielsen raise a concern in relation to the future state of SP10 as he says: “That’s my worry with the DMC process, where they will have the role of a supplier whenever we need them for a development project, because we know they can create something really fast. If it stays like that, I think we are using them in the wrong way” (HN, p. 57). Even though the current situation still allows SP10 to carry out their exploration process, it is still salient that IKEA’s expectations to SP10 are shifting, as the success of the Place app elucidated the potential tangible value of SP10, by involving them in current development projects in IKEA. This is a practical example of the similar concerns raised by Haywood et al. (2010) where a commitment to the economisation perspective will make you choose the luring measurable profits today over less distinct intangible assets in the future, of potentially larger value. This issue is emphasised by Henrik Nielsen stating:

“The fact that we have placed them in this DMC process is a sign of that you haven’t quite understood this trade-off. Because the risk that they will only be used the wrong way is present. To put it extremely, this means that they shall wait for us to tell them what to do. And then they will not be challenging us anymore, because we will have defined what needs

to be examined and developed. But that's not their strength. To me this is already a issues at hand" (HN, p. 55)

This constitutes an interesting finding, as SP10 does not explicitly challenge this shift in the understanding of value. The reason for this, may be explained by the trade-off SP10 actively engages in, where projects closer to the IKEA current business, is pursued in an attempt to secure more freedom to work on their long-term and more visionary projects:

"Our main focus is to build different future scenarios and potential new business models, however we also work on projects that are closer to the current business, like the IKEA Place app. That might not be a project that makes the world better but the technology behind it could potentially be applied in other ways and in this way it also makes sense for us to lead projects like Place. Finally it's a way for us to get a stronger buy-in internally in IKEA and it gives us more freedom to also work on the more visionary projects" CC, p. 29).

An inherent risk of the strategy SP10 undertakes in this implicit negotiation of value, is the risk of performing too well within the development projects and delivering tangible value, to the extent that this will increase the demand from IKEA, as economic benefits are easily assessable and comprehensible. However, Carla Cammilla Hjort contributes with an interesting comment to the future state of this trade-off and to the continued negotiation of value, as she argues that it is not viable if IKEA starts to value SP10 based on a monetary perspective:

"[...] not measuring things in relation to an economical output it is still quite new. Maybe you can measure the impact in ten years, and say 'okay this had an enormous effect, but we cannot predict it now. So really it comes down to the question of, is this generating enough brand value? Do our explorations generate enough inputs to the business of IKEA, and enough inspiration and drive to feel that they are moving forward?" (CC, p. 38)

Carla Cammilla Hjort argues that the partnership needs to return to its basis of not measuring any economical output, return to the question if the alternative value streams of SP10 are sufficient to sustain the collaboration. This resonates with Vatin's (2013) perspective on valuation, as he believes that the processes are inherently economic, as the subjects of value only acquires its value through supply and demand when entering the market. Thus, Vatin's (2013) point can be used to question the entire process of trying to encapsulate the value of

SP10 through valuation processes, due to the fact that their core activity of explorations in itself, are never supposed to hit the market and therefore never acquires any value, as understood by Vatin.

It seems that the negotiations of value do not happen at one specific point in time, and then act static in their given form, until another point in time when they explicitly are brought up for review, which naturally could be when assessing the agreement. Instead our case exhibits a situation where the negation of value is a dynamic and continuous process throughout the collaboration, where actors deviate from the original agreements of value and how it should be delivered. What triggers these shifts can be explained by Muniesa's (2011) argument, that individuals and business are in a constant state of change, thus what seems valuable today might not be valuable tomorrow. This process increases in complexity by including Heuts and Mol's (2013) perspective on registers of worth, as the contextual categorised elements of value are difficult to draw conclusions upon, as experts in the valuation process will disagree of what is valuable. Meaning that some will prioritise one category over others, and others will perceive the situation differently. In relation to our case, this explains why it seems difficult to capture the essence of the value in the collaboration, as some of the social actors perceive the categories of exploration and future inputs for the business as more valuable, and other actors view the economical assets and project outcomes as the most valuable registers. These different perspectives constitute a potential scene for misunderstandings and disagreements in the partnership. We argue that these will be difficult to overcome, as the changed perspective of the actors happens sometimes consciously, and at other times unconsciously, further implicating that the degree of explicitly sharing a new stance, is determined by the level of consciousness and the individual character of the actor.

## **6. Discussion - Towards Understanding the Societal Impact of Innovation Labs**

Value does not have one essential size. It cannot be objectified as one entity that can be quantified or measured with an objective result, and it rarely come in forms of one to one, cause and effect relationships. Instead, the essence of value is a contingency of the negotiations taking place in the social processes, between all of the actors involved in or connected to the thing that are being valued. The negotiations of value in relation to external innovation labs are especially influenced by a spatial dimension and a temporal dimension, in terms of physical



location and the anchoring of value in time. Our discussion of the broader societal implications of innovation labs, is based on the assumption that external innovation labs are inherently similar to SP10 in their offset, recognising that this may not be the case in all instances.

On the basis of this study, we have determined a number of value generating elements for IKEA, in having an external innovation lab. To contextualise the value, it seems that a lot of the value created, or the potential value of SP10, is not only directed IKEA, but instead other actors. This might be why it can be difficult for IKEA to understand and distinguish between the value created in the collaboration and the value they are receiving, and it constitutes an interesting perspective to look into whether it would be possible for IKEA to capture even more value in the collaboration. However, the value bypassing IKEA might be due to the organisation not having the absorptive capacities to handle some of these value generating aspects, as they are not destined for IKEA. Due to the fact that the general themes played out in the different labs at SPACE10, are based on societal macro trends, we see that the work of the innovation lab have a much further reach than of IKEA's current business and markets. Operating with themes this wide, means your market-scope become proportionally larger, consequently seeing value created for other societal actors in the shape of other organisations, institutions and communities. The key aspect here is innovation, however, not only innovation limited to the areas of IKEA, but in a much broader spectrum. Accomplishing innovation within these areas, inevitably creates innovative value for society and other businesses.

To understand why some of the value created in SP10, naturally exceeds the scope of IKEA, some specific examples of what SP10 have delivered to societal actors are the three projects of Tomorrows Meatballs, Building blocks, and Hydroponics plants. These projects are closely linked to the overall themes and are essentially projects that have showed people, that it is possible to create a better world in the future, and it presents an interesting opportunity to look into the societal impact of these projects. Buying into the conception that the projects contain value in their execution, the societal impact seems to be about the reach of the learnings. Hence the real question might be, how far can the impact reach? First of all, the people who follow SP10 on social media or attend their presentations, talks or festivals, will spread the ideas presented to them. Secondly, the reach of both SP10's and IKEA's network can enable spreading the word of such projects. Thirdly, due to SP10's very collaborative and open innovation processes we could possibly see other businesses benefitting from the knowledge shared by SP10 and the learnings made in the projects, by participating in the projects. Finally,

and perhaps most essential in connection to the reach of the impact, other organisations, communities, networks and institutional agencies, will potentially be inspired by and elaborate on these solutions, so these will not be perceived as finalised projects, but instead as the launch something bigger. Therefore, it seems that the value exceeding IKEA and benefitting society actually are quite big and potentially even be bigger than the value absorbed by IKEA.

These societal rewards become even more significant when embodying a wider perspective, asking ourselves what kind of phenomenon it is that we are examining. As presented in the introduction, it is obvious that SP10 is not the only innovation lab that the world has seen. There are many organisations following the same tendency as IKEA, who are establishing innovation labs, thus SP10 are part of a bigger global ecosystem. As the number of innovation labs seemingly keeps on increasing, the societal effects can also be enhanced, and might be increasing exponentially as the collaborative and open innovation approaches, assumingly applied by these labs, can act as a self-perpetuating force of the effects of innovation labs, when they start working together. This notion of societal impact is further amplified by the fact that the themes of exploration, are rooted in the future macro trends of our society. Although innovation labs in the general sense, are not necessarily linked as explicitly to the societal benefits as SP10, they may still present an element of societal value in the exploration and development of novel solutions.

Looking at this from the societal perspective, it seems obvious that the effects of innovation labs is solely experienced in the form of positive impact, as society is not exposed to any risk of being the facilitator or investor of these labs. However, can it be assumed that the popularity of these innovation labs will keep on prospering? In relation to the discussion above, why should the companies be inclined to set up innovation labs, when they are the ones taking on all of the risks, and if a lot of the value funded by the business, actually exceeds the scope of the organisation? To discuss this from the vantage point of the businesses establishing innovation labs, we can ask ourselves what the link is between a discount, furniture retailer and the topics of digital fabrication, natural resources and urbanisation? This tension is possibly best understood by examining the business of IKEA, exemplified in the building blocks project of SP10. The objective of the project is to explore opportunities to design low-cost, adaptable and sustainable homes that could be applicable globally and designed to be manufactured locally using a digital fabrication tool, which potentially can democratise the homes of tomorrow. This encompasses the recognition of the societal value, but at the same time

constitutes a huge business opportunity for IKEA, as it is not hard to imagine that that the world's largest furniture retailer will profit massively from millions more homes being established. Thus, undertaking a deliberate shift in our point of view, moving away from an isolated IKEA perspective into a much broader perspective of the global society, we see that the business model, implicate real benefits both for society and the organisation behind the innovation lab, and provides us with the critical link between the societal benefits and the profit of the organisation in question. It could be interesting for future research to look deeper into the correlation between the two beneficial elements, as the outcome of more tangible assets in long-term explorative projects, can contribute to the legitimisation processes of innovation labs, due to tensions in the temporal dimension being minimised. Another important perspective to remark in this discussion, is the market position and vast size of IKEA, as an enabler of creating real change. IKEA presents a large production apparatus and a global distribution network, meaning when they succeed in producing concept that have a positive influence on society, the results are amplified by the size of the organisation and the possibilities herein. In essence, it gets really interesting when the innovations of societal impact are anchored in real business opportunities and a possibility of broad impact through an already established organisation.

Acknowledging simultaneous benefits for society and businesses, is not a novel thought and draws a natural link to Corporate Social Responsibility (CSR). The general idea of CSR is that corporations should perform activities providing beneficial elements for society, in order to legitimise the separated business activities' infliction of pain on society. However, the difference in the idea of innovation labs, should be identified in the negotiations of value and the related streams in connection to what type of value is created. The purpose is no longer to do good in order to tolerate the bad elements of the business, instead innovation labs are ideally focused on rethinking the entire business model of the corporation, in order to present business models where the success of a business, is linked to societal benefits. Hence, one can ask if the origin to the fundamental difference can be identified in the varying point of departure within the two phenomena. CSR emerged out of businesses generally having a 'bad' point of departure, with a strategy focusing only on profit maximisation, as opposed to innovation labs that are emerging in a time where corporations are obligated to higher standards of having a 'good' strategy aiming at doing right by society. A natural reason to the increased standards, is that the impact of CSR has caused this general shift in the strategies of corporations by gradually having changed the practices within. Consequently, perhaps innovation labs can be

categorised as a new wave within the field of first philanthropy and later CSR, or at least as an element of a new movement within the area. You can argue that a new era has been long under its way, considering Porter and Kramers (2011) critique of CSR and their extended conceptualisation of Shared Value. In its essence, CSR lack an anchoring in how the business can profit of such initiatives, hence traditional CSR politics does not make any sense, as it traps the business in an outdated and narrow approach to value creation, keeping businesses focused on optimising short-term financial output, they neglect the largest needs in the market as well as the broader influences on their long-term success (Porter & Kramer, 2011). On the basis of this tension, Porter and Kramer (2011) look into three ways of how a shared value between businesses and society can be created. However, the SP10 and IKEA constellation is about creating a innovation lab external to the organisation and placing it in a larger network and ecosystem, hence letting go of the control in a whole other way than suggested by Porter and Kramer (2011), why the initiative of SP10 and IKEA is different to their redefinition of the CSR model. The point of departure for innovation labs as SP10, is not to create an activity decoupled from the core business, but exactly that of innovating on how the core business becomes based on doing well for society. Porter and Kramer (2011) is concerned with the idea of creating shared value outside of the business, while we hypothesise about taking it one step further, and look at how it is all about changing the core business – how can we build business models inherently creating value for society in their core product.

The strong vision and emphasis on creating a positive business for the society, speaks into a broader context and trend, that has its spill-over effects on what motivates employees today. It is an observed tendency by SP10, that employees are more purpose-driven in the selection of potential employers and many of the SP10 collaborators and employees, willingly accepts large pay-cuts and long hours, to be able to work for a greater purpose. This notion is further supported in the strong employer branding campaigns launched by companies in ill perceived industries such as oil, gas and tobacco, provoked by the difficulty to attract and attain talented employees. SP10 experiences this, in their own ability to attract talented employees, as they experience purpose-driven companies are much more appealing to especially the young candidates, who are looking for something different than advertising, consulting or something classical marketing-based. In the meso-perspective, IKEA experiences this on their own organisation, as the young candidates have lost their interest in IKEA, but find it highly motivating to work for SP10, largely due to the strong purpose. This presents a valuable perspective regarding employer branding and, as we have already elaborated, depicts a vivid

picture of the inherent possibilities for organisations to look into business models with an inherent positive influence on sustainability and our society.

Returning to the nature of the overall themes for investigating the SP10 and IKEA constellation, it is interesting to consider how these are not only solution-oriented but also constructive of the future. As touched upon previously in this chapter, these themes might seem very distant to the current business of IKEA, but in a long-term perspective they can actually be seen as closely connected to how IKEA shall act around their core business in the future. A concrete example of this is seen in relation to self-driving cars:

“It may not be very apparent today why a certain trend might be relevant to IKEA. For instance, when you talk about self-driving cars, inside IKEA you may wonder why should we involve ourselves into that, but it will change so much and basically self driving cars will be a space on wheels so then it certainly becomes relevant” (BP, p. 42).

This is a good example of how businesses can benefit from a long-term perspective trying to link solutions from their core business to something in the future that immediately seems too far away. The themes are solution-oriented as they have been set up today with the objective of anticipating the future and coming up with solutions to upcoming issues recognised. At the same time the themes and especially the future solutions, are seen as an element implemented to construct the future. The constructivist research perspective of this study is interesting in this connection, as there exist a rhetoric around that of the future being something that we are constructing now, hence the things we do today are very decisive, and the themes IKEA are choosing to explore, are influential in relation to how the future will look. IKEA are forced to consider the future in all of its actions and creations as they are constructing it here and now.

## **7. Limitations and Future Research Directions**

In our study of SP10, we have chosen to study the value of an external innovation lab informed by the perspectives of valuation studies, network theory and theories on the organisation of innovation. This has allowed us to define and highlight the underlying characteristics that are essential to the success of the innovation lab, which concurrently founded the basis of the subsequent analysis of the value negotiation as a social construct. Revisiting our theoretical

framework, is one way to explore future research avenues and the limitations of our study, as we recognise the influence of our theoretical framework on our findings. There are several directions that are immediately apparent, which we briefly touch upon in our thesis. Of these, we believe that it would be interesting to explore the effects on employee attraction for SP10 and IKEA and the employer branding effects of having an external innovation lab such as SP10. Another prominent perspective, would be to further explore the societal effects of external innovation labs such as SP10, and explore SP10 from a CSR contingent perspective.

One of the implications of our single case study, is the areas of future research in the wake of our findings. In our perspective, the wider applicability of the research constitutes an interesting future direction, as our findings raises a question of the conditions for this type of organisation and if there could be sector specific conditions relating to this. To stipulate this view, we argue for the importance of cross-sectoral research in this topic, to determine whether the characteristics are unanimous or sector specific and if value is articulated differently in other sectors. The latter is highly relevant to explore regarding our findings of the temporal anchoring of value, as we hypothesise that sectors with a long-term expectancy of value of their core business, will be more successful in cultivating the long-term perspective of value in their innovation labs. Examples of relevant sectors in this context could be the financial- and pharmaceutical sector, that relative to the retail sector, has a longer time horizon on their projects.

Another topic constituting an interesting area of future research, is the pressure for accountability on organisational actions, understood as the need to account, legitimise and explain actions and how this seems paradoxical to the organisation of innovation labs without these characteristics. Finally, we find that our results are highly context dependent and more research is to be done on external innovation labs, to be able to generalise on the essential characteristics of these. As such, more research is needed before we can start defining a model for the external innovation labs and this may even be contingent on the completion of above-mentioned sector-specific research.

## 8. Conclusion

The case of SP10 and IKEA is one of ambiguity, paradoxes and a complex web of value, in a continuum that spans from the very tangible outcome of the earned media value and the IKEA Place app, to the long-term impacts on their business model and the explorative approach. The negotiation of value is, as of now, very contingent on the management of SP10 and IKEA, who from a top-down perspective buys in to the overall perspectives of SP10 as the main legitimating factor of the external innovation lab. In this thesis, we have attempted to unravel the complex dynamics of value in SP10 and map out the different value streams, that represents the foundation of the negotiation of value, and identified a complex paradox of temporal and spatial anchoring of value that informs the discussion. Our research has been structured around the overarching perspective of the value SP10 creates for IKEA and structured around the perspectives of external innovation, the properties of networks and the negotiation of value.

Our findings indicate, that there exists a common conception of the outside perspective as a necessary prerequisite to radical innovation, which we argue is informed by the internal failed attempts of radical innovation in IKEA and the ascribed necessity as advocated by SP10. The experienced internal barriers to the radical innovation in IKEA, speaks of the internal resistance of disrupting business practices, as this figuratively speaking, sometimes means digging your own grave and making yourself abundant. Furthermore, we found that the organisational characteristics associated with the large organisation of IKEA was perceived to be inhibitive for radical innovation, as bureaucracy, legal procedures and internal politics hindered the process. Therefore, it is understood as an essential attribute for SP10 to embody the external perspective, and depart the current business practices of IKEA to pursue a long-term strategy of innovating the business. In this regard, it is important to notice that the initiation of SP10 is highly regarded as a product of visionary management from IKEA, who recognised the need to invest in the long-term sustainability of the IKEA Concept, despite the autonomous setup and forecast of a long-term conception of the value contribution. The external perspective is considered a fundamental characteristic of SP10, and we have found that the value of the external perspective is leveraged through a range of processes targeted IKEA. The external perspective is recognised to challenge IKEA in their internal organisational mind-set and assumptions by introducing new perspectives from SP10, that are disseminated into the organisation through the novel solutions developed, and workshops facilitated by SP10.

A further complexity of the valuation process, is the anchoring of value which we have found to be influenced by a spatial and temporal dimension. When examining value in IKEA and value in SP10 we find that the anchoring in time, is one of the most prominent diverging points of value, which addresses the time horizon that projects and initiatives are carried out in the relative organisations. The temporality of value is found to be contingent to the organisational perspective in relation to value and time. In IKEA, their core business focuses on their retail products of cheap accessible furniture and homeware, and the value of development projects and R&D, is usually bound to a much shorter timeframe than the case is with SP10. This presents the challenge of seeing value as a long-term outcome, as it diverges significantly from the usual expectancy of value in the organisation. To further stipulate this point, it is experienced by SP10, that IKEA understands the long-term implications in theory, but still expects to see some sort of value stream in their direction in the short-term despite this. As a result, this becomes part of the negotiation process, as short-term value is presented to IKEA, in order to secure the long-term perspective that is integral to the approach of SP10. This is further explained by the paradoxical nature of IKEA's sense of urgency to react to the outside pressure and the inherent nature of SP10 being a long-term investment. The fixture of divergence presents a paradox, as SP10 should be seen as a long-term investment and thus, should be valued accordingly, anchoring the value perspective in the long-term. The second dimension is the spatial dimension relating to the temporal anchoring of value, as SP10 is placed in a spatial context with diverging demands. On the one hand, there is a need to retain and keep the external perspective to secure their explorations and radical innovation, as part of their core basis of existence. On the other hand, we find the force pulling SP10 closer to the organisation, in order to produce more tangible results that are closer to the current business, as well as engaging the IKEA organisation and fulfilling the KPI of facilitating a stronger innovation culture. In the case of SP10, the spatial dimension is linked to the temporal anchoring of value, as the temporal perspective of value decreases the closer SP10 is pulled towards IKEA.

In continuation of the underlying characteristics contributing to the value of SP10, we have identified the network properties as a key enabler in their innovation approach and a strategic interface for IKEA to attract talented employees and collaborators. SP10 enjoys a strong positioning in the global creative community, which they have attained through vast media attention, curating the future trend festival Made in Space and giving keynote speeches across the globe. Combined with their collaborative network driven approach, they present a strong



interface for IKEA to attract talented individuals, that otherwise would not be interested in working for IKEA. In the same way, they enable access to communities that present a pool of ideas and is an example of opening the innovation process completely. We have found that this network approach is a key resource for their innovation process, as their approach focuses on seeking out diverse partners to access novel ideas, expand their global collaborative network, and present an outside perspective to SP10 in the same way that SP10 presents an outside perspective to IKEA. As such, this presents a sustainable approach to securing a continuous outside perspective of the SP10 organisation. Furthermore, the global network is a way of ensuring the structural folds in their teams, which is essential to leveraging the diversity, as they utilize the network to call for repeat collaborations and referrals of potential partners through this global creative community. As a non-salient value, the strong and weak ties of SP10's network, may in fact prove to be highly valuable for IKEA, as they through SP10, are connected to a long range of potential partners.

In our analytical progression, we have prioritised understanding the underlying characteristics and criteria that form the basis of the valuation process, in order to grasp and understand the scene of the negotiation of value. By examining the different processes of valuing the collaboration, we have ventured out in unravelling how value was perceived and constructed between the actors involved. As such, we view the value as a social construct between the organisational actors of IKEA and SP10 and value as the outcome of multiple social processes. The valuation process is a tightly intertwined web of actors, and our findings suggest that the involvement of multiple actors, is heavily represented in defining the ambiguity of value, as value is contingent on people's own character and as such, is not of one essential value. Both organisations have recognised that value will remain a diffuse and tricky size, and although they do not keep track on the performance, the institutionalisation of KPIs in IKEA has affected SP10, as they have formed two KPIs: fostering a stronger internal innovation culture and branding IKEA as a more innovative company. The insistence of working with KPIs is perceived as an unlikely compromise between the two seemingly different organisations, and is a mean of stipulating alternative streams of value, apart from the overarching long-term value expected as a result of the exploration and radical innovations. Hence, the KPIs are to be interpreted very loosely and depict a valuation process dependent on the mutual trust and gut feeling of the respective managements.

As we looked further into the interrelations of the actors, it became evident that the actors seem to have engaged in a social contract of trust with each other and a commitment to the project they have ventured out in together, thereby enhancing the relational ties between the organisations. This relational tie in return, has a large impact on freedom and autonomy in SP10 that is integral to their exploratory and innovative work. Going one step further, we have found that this commitment and trust was rooted in the strong personal relationship between the key actors in the collaboration, especially between the founding members of SP10 and the CEO Torbjörn Lööf and Concept Innovation Manager Göran Nilsson, who are some of the key decision-makers of Inter IKEA Systems B.V. The relations have continuously developed throughout the collaboration, stipulating the levels of trust and commitment and furthermore, the strong emotional ties between the two organisations result in a large degree of affective strength, making the partnership seem more valuable to the actors involved. We have found, that while this affective strength increases the perceived value of the partnership, the elements of affective strength is not sufficient to stand alone, as IKEA recently have started to increase pressure demanding more tangible outcome, with the inclusion of their DMC process sidelining SP10 as a resource to be leveraged when needed. Although the strategic reasoning of SP10 has their value anchored in the future, we have found how the elements of more tangible and economical character, such as the earned media value, helps accentuating the value of SP10.

The showcasing of more tangible results is somewhat contradictory to their basis of existence, but is recognised by SP10 as an instrument that will grant them freedom and time to pursue their long-term perspective. The tangible results that are highlighted in the negotiation process are: (1) serving as an interface for talented individuals, collaborators and communities; (2) providing IKEA with advice and guidance, based on their explorations, on emerging opportunities; (3) sharing their knowledge of innovation with more than 3.500 IKEA employees through workshops and visits at SP10; (4) tangible project outcomes such as the IKEA Place app and (5) the earned media value. These parameters are considered more tangible relative to the long-term goal of sustaining the IKEA Concept, but it is still hard to measure the exact economic gains of some of the outputs. Instead, they contribute to the overall impression that SP10 does deliver short-term value, which is leveraged in the negotiation between the management of IKEA and SP10, and proved to be beneficial in securing the loyalty and retention of the partnership.

The enabling parameters for a successful setup in this context, was from the initial negotiation of value, regarded as the loose setup, freedom and that the performance of SP10 should not be quantified. Since the first study of SP10, we have observed a gradual eroding of the initial perspective, as the new CEO of Inter IKEA Systems B.V. have chosen to include SP10 in the new DMC process, side-lining them with the rest of the business units in IKEA. This in an exemplification of how the perception of value is fragile within IKEA and how it is highly contingent on the individuals involved, exemplified by the shift in CEO's. With the integration into the DMC process, we see the paradox of spatial anchoring of value in play, as the implementation will increase the level of interaction and create short-term value in terms of impacting the internal innovation culture, and working on digital development projects as a resource for Inter IKEA Systems B.V. They will however miss out on the long-term value, produced by the outside perspective, as they will gradually assimilate with IKEA and miss out on the external capability of radical innovation. We find that the demand for SP10's digital development capabilities, is a consequence of the successful innovation of the IKEA Place app, as it is seen as a showcase of SP10's capabilities leveraged in the best way. IKEA has exhibited a demand for similar results, and from the perspective of SP10, development projects will to some extent work in the same way as the more tangible outcomes, in ensuring the freedom of the long-term perspective.

A prominent key finding is, that these processes remain implicit in the negotiation of value, and maybe even somewhat subconscious, as the give and take process of accepting tangible value in order to attain freedom to pursue their long-term perspectives, remains implicit and is not the subject of explicit negotiation. It is important to notice how this negotiation is an expression on the duality of IKEA articulating their commitment to the long-term perspective, but are hesitant in going all in. We argue that the hesitation may be influenced by the IKEA organisations anchoring in short-term value. Conversely, the fact that SP10 accepts the deliverables of short-term value and DMC process, is their way of ensuring room to pursue their long-term vision. These apparent compromises are a contributing factor in strengthening the affective and cognitive strength, which in return helps secure the continued collaboration. Furthermore, it is expected that the process of valuation between SP10 and IKEA will become easier, as the strengthening of ties inevitably will increase the homogeneity between the actors.

The negotiation and compromise have their implications, as a non-salient consequence in the long run, will be that SP10 is moving closer to IKEA in the spatial dimension, by their inclusion in their DMC process, and unawarely will lose some of the critical outside perspective. As the social process of negotiations will continue, a point of concern will be if SP10 will be seen gradually moving towards a R&D department of IKEA and thereby lose the initial foundation and essential characteristics of an external innovation lab.

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