

# Editorial: Aligning Multiple Stakeholder Value Propositions: the challenge of new companies committed to scaling early and rapidly

Guest Editors: Tony Bailetti, Christian Keen & Stoyan Tanev

Welcome to the April issue of the Technology Innovation Management Review. The Value Proposition (VP) development practices of a company are an expression of the most fundamental organizing principles of its business (Webster, 2002). It has been defined as “a strategic tool facilitating communication of an organization’s ability to share resources and offer a superior value package to targeted customers” (Payne et al., 2017). At the same time, the concept has been often used casually and applied in a trivial fashion rather than in a more strategic, rigorous and actionable manner. According to Eggert et al. (2020), “despite its frequent mention in the business and academic press, the value proposition concept remains poorly understood and executed”.

The present special issue focusses on discussing some of the challenges of VP development in new companies committed to scale early and rapidly. The reason to focus on new scaling firms is twofold. First, most new firms are facing the scale up challenge. This is especially true for Canada where a recent report by the Toronto Board of Trade has recently pointed out that “Canada is a terrific start-up nation but a dismal failure as a scale-up nation” (Crane, 2019). Second, most of the extant research examines the context of established companies. However, the reality faced by new companies committed to scale is quite different because of the challenges they face in engaging with external resource owners to access, combine, deploy and align internal and external resources, they need to operate across borders, innovate relentlessly, adopt emerging artificial intelligence (AI) and digital technologies as part of their scaling mechanisms, and negotiate with investors to enable the execution of capital investment programs that could help them meeting their scaling objectives (Bailetti et al., 2020). Thus, new scaling companies need to adopt an explicit multiple stakeholder perspective on VP development and explore how AI resources and digital capabilities can help them enhance the scaling potential of their VPs. In other words, the context of such companies offers an opportunity for both - further advancement of VP research and shaping practical actionable insights for executive managers focusing on business scale-up.

We are particularly grateful to Prof. **Adrian Payne** and

**Pennie Frow** who have agreed to answer our questions as part of an interview titled: Discussing value proposition research in the context of new companies committed to scale early and rapidly.

Payne & Frow emphasize that the term VP was originally conceived as a proposition for customers and it is clearly indigenous to marketing. It is only later that the concept has been adopted in other disciplinary areas such as human resource management (through the concept of the employee VP), business strategy (as a component of the business model), and in the context of shareholder relationship management. According to Payne and Frow VPs can be shaped in more implicit rather than explicit ways, but frequently, existing explicit company VPs do not meet the established research criteria for strong and resonant VPs. At the same time, some companies can be extremely successful with implicit or informal VPs.

For these two leading scholars in the field of VPs, the context of new companies committed to scale early and rapidly is clearly a special case and an area of considerable research interest which deserves serious attention. The ecosystem perspective is one focal perspective that can be adopted in addressing the VP practices of new scaling firms. Considering how VPs in one level of the ecosystem impact all other levels offers a powerful approach to examining the VP process. An ecosystem perspective helps also in conceptualizing how tensions between the key stakeholders and the business scaling objectives of a company can be successfully managed.

Payne and Frow highlight several current research priorities: a) the nature and extent of VP adoption across industry and at different stages of enterprise development; b) the impact of VPs on customer perceptions; c) the impact of brand reputation and customer relationships on the success of VPs; d) how VPs stimulate innovation and co-creation between organizations and their customers; e) best in class practices for identifying functional/cross-functional mechanisms that will encourage the development of superior VPs; f) the impact of VPs on the effectiveness of marketing strategy implementation.

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Their key messages for practitioners are as follows. They should: (a) put more efforts into understanding the complex managerial tasks of identifying designing, developing, and operationalizing VPs; (b) assess the appropriate level of VP granularity - at the firm level, at a specific stakeholder segment or individual customer level; (c) determine where responsibility lies within the firm for VP development and implementation; and d) allocate appropriate resources and ensure monitoring by top management.

The article by **Hakanen** and **Wolff**, *Managing the Mobility-as-a-Service disruption: How to align the value propositions of key ecosystem players*, focuses on the emerging Mobility-as-a-Service (MaaS) sector as an example of an industry context where the shaping of new VPs requires an alignment between established players and new entrants. According to them, the study of MaaS ecosystems is still in its infancy, and there are many open questions on how local authorities could support their emergence. One of the challenges, which is of high relevance for the special issue, refers to the ways of decomposing the focal offering of the MaaS ecosystem into complementary VPs for the key players of the industry. The article presents the results of a constructive design research project which builds on interviews with a leading MaaS provider and some of its key stakeholders representing national and local authorities in four European cities. The findings indicate the need to balance a shared desire to disrupt the conventional ways of offering mobility services against the reluctance to overturn the industry's public and private incumbents. The authors propose a co-design framework including five steps focusing on shaping MaaS ecosystems by managing the strategic interaction between local authorities and various players in the mobility ecosystem. In addition, the article builds on ecosystem research insights to emphasize the need for the alignment of the VPs the multiple stakeholders involved in the process. The study suggests that the shaping of reciprocal VPs by key stakeholders in the mobility sector provides a prominent empirical context for future ecosystem research.

The article **Yat Ming Ooi** and **Kenneth Husted**, *Framing stakeholders' value propositions: A wicked problem lens*, adopts a wicked problem lens to explore the specificity of the challenges faced by firms

mediating seemingly contradictory value propositions. The authors use two dimensions from wicked problem research domain - complexity and complicatedness - to study seven technology ventures from Australia and New Zealand. They categorize the types of configurations of the stakeholder value propositions used by these firms in their scaling-up process, suggesting that the challenge of mediating conflicting value propositions can manifest itself in two types - complicated configurations of value propositions and complex configurations of propositions. Complicated propositions are thorny, but with structures and processes in place, they can be addressed adequately. Contrarily, complex propositions consist of too many unknowns and require firms to co-learn with stakeholders to derive outcomes that align with other stakeholders' propositions and scaling-up objectives. Thus, the key message for both scholars and practitioners is that they need to examine first the degree of wickedness and the type of the VPs, before they focus on considering their mutual alignment as well as their potential alignment to firms' scaling objectives.

The article by **Prabaharan**, **Bliemel** and **Tanev**, *Value Proposition Misalignment and the Failure to Become Born-Global*, summarizes the results of an inductive study that explores the factors that affect the failure of new and innovative firms to achieve born-global status. According to the authors, born-global studies could be characterized by a survivorship bias and paint a favourable picture of how innovative and well-funded new ventures internationalize early. To counter this bias, the authors focus on innovative ventures that expressed very early their intentions to become born global but failed to do so. The findings reveal that such new ventures fail in two ways. Either they underestimate the need to tailor an aligned portfolio of value propositions and over-extend their efforts across too many markets, a pattern called "baby born-global". Or, they over-commit to one market at a time, thus limiting their capacity to develop value propositions to similar markets, a pattern called "micro multinational." Thus, the theory that could emerge from this paper is that firms are likely to fail to achieve born-global status if they commit too many resources to a very limited number of international markets or under-commit resources across too many markets. Instead, a more balanced portfolio of markets, VPs, and investments therein would likely be more fruitful. It was also found that a common barrier for the firms in the study was a

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reluctance to reallocate resources from the domestic market towards international markets to avoid falling into these not-quite born-global ruts. In this sense, they suffered from a twofold problem - first, trying mechanically to "copy paste" a domestic customer VP to an international market context and, second, not investing in, allocating or mismanaging the resources necessary to align their customer VP to the VPs of their key cross-border stakeholders. The study highlights how a firm's VP development practices, global managerial vision and proactiveness can be essential in facilitating their strategic global expansion.

The TIM Review currently has a Call for Papers on the website for a special edition on "Distributed Ledger Technologies and Smart Digital Economies" (June 2021). For future issues, we invite general submissions of articles on technology entrepreneurship, innovation management, and other topics relevant to launching and scaling technology companies, and for solving practical business problems in emerging domains. Please contact us with potential article ideas and submissions, or proposals for future special issues.

Tony Bailetti  
Christian Keen &  
Stoyan Tanev  
Guest Editors

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Citation: Bailetti, T., Keen, C., & Tanev, S. 2021. Editorial: Aligning Multiple Stakeholder Value Propositions: the challenge of new companies committed to scaling early and rapidly. *Technology Innovation Management Review*, 11(4): 3-5.  
<http://doi.org/10.22215/timreview/1431>

