Making Sense of 'E-knowation' –

Exploring the relationship between emerging strategy, innovation and entrepreneurial nets of critical capabilities and resources

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Abstract

This paper argues that successful innovation within *ICT-based knowledge services* is a process of collective sensemaking. Successful entrepreneurs are those who are able to create and sustain networks in a process of ongoing sensemaking. This is an emerging and unfolding process. Although it is characterized by a high degree of arbitrariness, it likewise requires a high ability, from central actors, to translate the emerging business concept and align actors to collectively make sense of the innovation. The paper explores these perspectives by first presenting three thesis on the basis of different theoretical approaches: 1) To create and sustain networks of critical capabilities and resources is crucial in processes of innovation. Successful networks are those which are able to adjust, and enrol critical resources, as a consequence of an emerging strategy. 2) The likelihood of a network to actually succeed in the creation of an innovation is highly dependent on the networks ability to collectively produce sensemaking in the process. 3) The success of an ICT based knowledge service is obviously depending on the ability to explicate and codify knowledge. However, since all explicit knowledge is based on tacit assumptions, this must be reflected in the business concept and in the innovation process of the specific innovation.

Secondly I present an explorative case-study of an e-based realtor which have innovated ICT based knowledge services. The narrative presented in order to explore the theses elaborated previously.

Introduction

The research conducted is part of a project that focuses on the innovation and role of ICT-based knowledge services[1]. The main research issues in the e-service project are: 1. Description of use of ICT-networks (e.g. internet, mobile solutions) in service production and delivery. 2. Description of the form and the degree (based on existing characteristics and value parameters) of entrepreneurship. 3. Analysis of drivers and impediments behind the new ICT-based forms of entrepreneurship. 4. Analysis of the firms' strategies concerning entrepreneurship and the use of ICT-networks in their service production and provision. 5. Analysis of customer involvement in innovation and entrepreneurship activities. 6. Analysis of the use of external networks, particularly with research institutions and universities, in the entrepreneurial activities. This paper in particular emphasises the strategizing as an ongoing practice of building collective sensemaking within small networks of entrepreneurs and related actors. This also includes an exploration of how drivers and impediments transforms the ICT based innovations at stake. During the paper I refer to ICT-based knowledge services, in general as well as in practice, as *innovation.* However, sometimes I also use the term *business concept* and *business model* about the innovations. This use emphasizes the contextual character of the innovation. It highlights the role of the customers and the strategic requirements needed to be reflected in order to make the innovation sustainable at the market[2].

Thus the paper emphasises how ICT-based services within small networks are developed along with a strategically oriented approach to align human resources and capabilities. The paper takes a micro-sociological approach to explore how human resources and capabilities are enrolled, and managed within, a network, in order to develop and sustain a particular innovation.

The paper will explore three theses, extracted on the basis of different theoretical approaches: *First* networking is increasingly important in processes of innovation. Further more the strength of a network is dependent on the ability to mutually adapt the business concept and

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[1] http://www.eservice-research.dk/
[2] market is understood broadly: for instance labour unions innovate services for their members in order to increase the members market value at the labour market – but also to increase the *unions legitimacy* at the market so they can attract more members.

enrol human resources and capabilities. This requires strategic management, not strategic planning. *Secondly*, in the process of creating a sustainable business concept collective sensemaking is a critical factor. This implies that relevant agents scan and notice environmental cues (for instance market disequilibria, new market opportunities, promising technological opportunities, human resources that provide new capabilities etc) and are able to translate and enrol these into the emerging business concept. One challenge is that most sensemaking is said to be made retrospective, while strategizing implies an imagined future direction. As the *third* theses I suggest that the success of ICT-knowledge services require a fundamental capability to explicate and codify *knowledge*. However, as important is the understanding of the omnipresence of tacit knowledge that all explicit knowledge is based on. A sustainable business concept for ICT-based knowledge service needs to take this into consideration in all processes throughout design, planning, programming/production, marketing etc. Users and customers must be able to make sense of the knowledge service provided, thus the codified knowledge pro-duced on screens etc. must hold the qualities that makes it possible for the customers to combine and internalize the knowledge as a part of their own knowledge repository. This seemingly banal statement plays a great role in the sensemaking process of strategizing and of building the network in innovative processes. Sometimes the role is explicit and users are enrolled in the process of developing the innovations – sometimes the role is more implicit and the users are imaginary. In both stances the interaction between the ICT knowledge service and the (imagined) users help create a sense of direction in the innovation process. As it occurs, however, the innovation may also in itself create opportunities of interactions that were not thought of in the design, planning and production process of the ICT tool. This underlines the unfolding and emerging character of innovation processes.

The approach is eclectic, and is based on hermeneutic reasoning between the empirical work and theoretical discussions. The paper explores the processes of emerging innovation within ICT based knowledge-services innovation (e-knowation)[3].

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[3] one of the cases is in progress – as such the presentation and analysis is tentative

Methodological perspectives and research setting

Semi-structured interviews and observations as well as desk research has been used as the basis for collecting empirical data. The empirical work is collected by means of explorative case-studies with an abductive approach to develop an emerging discussion between the field study and the theoretical concepts. Although the data collection methods do not fulfil all the detailed ambitions within micro-sociological approaches (ethnographic studies, longitudinal studies etc) the interviews has been carried out as to delve and probe into episodes which gave an elaborated understanding of the practice of innovation. As such the approach is inspired by micro-sociology, by practice-based and activity-based approaches which are applied in contemporary studies of a range of related fields, for instance in the fields of strategy-as-practice (Johnson et.al. 2003), organizing and sense-making (Weick 1995), social construction of technology (Bijker1997) and which also have been called upon within entrepreneurship research (Jennings 2005).

A broad range of theories from both interpretative and functional sociology have informed and inspired the analysis. The analytical approach however is interpretative (Burrell & Morgan 1979). This is often said to be in opposition to the functional approach. But interpretative approaches may provide us with new understandings of the translational and emerging facets of the innovation processes[4] which have implications for the functional and prescriptive approaches.

In the paper the emergent business concepts and ICT based knowledge services is followed: how are networks emerging in order to develop and sustain the innovation. By applying a sensemaking perspective I explore how actors make sense of their business concept as an ongoing interpretation of their external environment and how, as a result, resources are intentionally and strategically enrolled in the network. This process in return develops the business concept. This is interpreted as a process of enactment of cues extracted from external environment – it resembles an ongoing, often retrospective, pragmatic SWOT analysis by the actors. The interpretation of the environmental opportunities guide the actors, thus enable them to choose a direction. The further process of selection and retention may result in a process of institutionalisation of the business concept. 'Sensemaking is the feedstock of

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[4] For a discussion on alternative perspectives on entrepreneurship research also see a special issue of Entrepreneurship Theory and Practice (Jenings et. al 2005)

institutionalization' (Weick 1995, 36). If achieved successfully a degree of closure will occur (Wieck 1979: 118) While the approach is somewhat different there is a shared understanding of the consequences it produces within the social construction of technology (Bijker 1997). However, this is dependent on whether some actors can align critical resources and capabilities within the network as to follow a canonical practice.

It is probably neither new nor surprising that, to realize a vision, more resources is necessary, than those provided by the agent who got the idea. However, entrepreneurial research sometimes do emphasise the 'entrepreneurial prince', thus come full circle in self-fulfilling prophecies of the qualitative character of the entrepreneur. This is why I insist to follow how networks emerge – to explore the character of *the network*. The history is written backwards – as most sensemaking. Looking at an innovation and the entrepreneurial idea that made this come into being, challenge our intellectual ability to understand how the network actually has been able to succeed. The reason is that we often explore the narrative of the 'winners', since it is the innovations that has succeeded which we are able to study. As scholars, we follow the prince and may challenge our bias by not only probing into how it came into being, but also why it might be that the innovation did not become something else. Looking at whatever issue – organizing, strategizing, innovating – as practice is a difficult path, because we must acknowledge describing these episodes in details as everyday practice that may in the first instance look banal. It challenges our desires as scholars to create something generally applicable. We may renounce this (generating general applicable knowledge) as our task, and make ethnographic inspired *thick descriptions* which provide silent actors a voice. However, I do not renounce the task of generating knowledge that is general applicable. Instead I insist that we need to dare delve into practice and the seemingly banal. I have to trust that 'in there' – in the tacitness of everyday practice – we as scholars, who for the most of our time is engaged in rather abstract discussions, can find something valuable and unique. This is why I engage in presenting a narrated version of the case-study in this paper.

The empirical research of an e-realtor, RobinHus, was conducted in 2004-5. It is based on interviews with each of the entrepreneurs, the customer relationship manager, the IT developer and a real estate agent who is part of the network associated with RobinHus. All interviews have been approximately 1½ hour. As part of the interview with the customer

relationship manager we spent an hour together in the virtual space: RobinHus consists of four IT platforms: a) The website itself – for (potential) buyers and sellers. b) My Advertisement – for sellers. Here the customers that want to sell their estate have a work bench, where they can set up and improve their advertisement. You may create a slideshow. Set up new Open House Arrangement; order newspaper advertisements (extra), follow statistics on how many have visited the site etc. c) The RobinHus Internal Dashboard. Practically everything can be controlled from here. Advertisements, follow up calls for customers, standard e-mails (for instance if necessary to correct a wrong use of the different types of advertisements), control of material that are sent to customers (advertisement material, signs to put in front of houses etc). d) RobinHus Estate Dahsboard – the dashboard from where the local estate agents operate on – and together – with their customer's sites.

RobinHus (GB: RobinHouse) was a website launched in 1999. It was a business concept founded on the idea that buyers and sellers should meet each other directly on a market – a virtual market place on the internet. The founders reasoned that the costs associated with real estate transactions could be reduced overwhelmingly if customers went around traditional estate agents. In order to do this three important criteria should be fulfilled: a) a willingness of customers to engage in some degree of self service – for instance instead of using real estate agents to show the estate for sale, the sellers themselves show the estate for potential buyers. b) some counselling with regard to legal documents is necessary and usually is provided by the traditional estate agents (deeds of house etc.) Since the intention was to find a way round traditional estate agents this service should be provided by others. Lawyers are the only one who by law is allowed to do this besides the traditional real estate agents. Therefore customers should purchase this in association with engaging in trade on RobinHus' site. c) a meeting place – a market – where buyers and sellers could meet should be created.

The entrepreneurs had considered all of these aspects. The site was *primarily* designed to fulfil the last aspect, thus providing the fast growing application of the internet (this was in 1998-9) with one more opportunity of transactions within everyday life. The legal counselling could be purchased at a lawyer as an alternative to the real estate agent. By regulation only lawyers and real estate agents can legally confirm the deed of a house in Denmark. At last it

was anticipated that the prospect of a heavy reduction in price for the transaction, customers would be eager to provide some degree of self service.

The interviews and observations are all semistructured towards being open-ended. The 'semi'structure came as a result of the theoretical hypothesis that is raised as part of the overall e-service research project in which this is taking place, namely exploring how e-services are developed, how innovation and entrepreneurship occurs and explore how societal and political aspects links up with this process

## E-knowation as emerging networks

In this section I present theoretical perspectives on three theses I intend to explore in the case-study to be presented afterwards. The *first* hypothesis is about networks – 'entrepreneur nets'. Networks are increasingly important in processes of innovation (Sundbo 1998, Sundbo & Gallouj 2000) as well as processes of institutionalised organisation (Snow, C. & R. Miles 1992). The strength of a network is dependent on the ability to adapt and transform it self – and the business concept – in the emergent process of analysing strategic opportunities and threats. While entrepreneurship often is ascribed to individuals that has remarkable aspirations and are motivated by desires to create and realize a vision by creative destruction (Schumpeter 1975/42) or to conquer disequilibrium at the market (Kirzner 1992), I find that neither of these can stand alone, however none of these can be missing. Both are necessary for entrepreneurship to occur. Both have to be enacted and followed by relevant actors within a network that realize a specific innovation. The network is nothing without the entrepreneurs – however the unfolding entrepreneurial activities cannot be sustained without the collective net agents that apply more of their resources in creating and establishing *sensemaking* rather than to merely realize the knowledge they have appropriated before. Building a network that may produce a sustainable business concept is also about *strategic management of human resources and capabilities* (Hamel & Prahalad 1994). While strategic management of human resources and capabilities in general are seen as critical factors in the knowledge economy this should be particularly relevant for nets of actors and organizations that innovate within (e-based) knowledge services (Lengnick-Hall & Lengnick-Hall 2003, Wright et.al 2005, Salaman et. al. 2005). A process of innovation depends on the network's ability to bridge the

emerging business concept – as a result of analysing the opportunities and threats – with the human resources that is enrolled and retained in the network. While this most often will be reflected in visions and strategic business plans for developing innovative service packages, we know that the actual processes often is more emergent, and less rationally followed[5]. This leads me to combine the strategy making with an ability of the network to collectively make sense around the emerging business concept: The second thesis thus is that process of innovation, is really a process of continual *sensemaking* (Weick 1979, 1995). Which cues are scanned, noticed and enacted by the relevant actors and actor groups is decisive for how the process and emerging business concept unfolds (Dougherty et.al. 2000).

Weick has proposed seven properties of sensemaking which are important in exploring processes of organizing (1995), which I shortly will relate to the process of innovating. First sensemaking is about *identity construction.* Individuals who engage in processes of innovation engages in realizing desires – on the basis of the past experience, knowledge repertoire and social capital they explore opportunities of realizing their dreams and desires. Entrepreneurs may have localised market disequilibria, technological opportunities etc. which they imagine they are able to utilize by realizing an entrepreneurial idea. However, the realization also is dependent on their ability to engage in collective nets that provide different resources (financial, knowledge, technological etc.) that together forms synergies to realise the opportunities and defeat the threats and weaknesses. Thus, a successful innovation is dependent of the net to continually build a sort of collective identity – a sense of direction – as well. *Secondly* since the world is filled with too many meanings, equivocality, sense is made retrospectively. This is a very delicate matter when we want to explore processes of strategizing and to explore the process of how entrepreneurs realize (and continually translate) the ideas they have. Most often we assume that actors act in accordance with the reasoning they make: they get an idea, transform this into a goal and make a plan to fulfil the goal. Then they act in accordance. However, the retrospective aspect of sensemaking suggests that actors more often first (en)act, and then reason. Enactment thus occurs as a result of the interaction with the sensible environment, the *third* aspect mentioned by Weick. Innovation occurs as a process, where individuals and nets of actors engage in sensemaking processes produced as a result of continual interaction. This to some degree resembles the framework suggested by

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[5] a stream at the EURAM conference 2006 was devoted to exploring strategy *as practice* in which these issues were highlighted. Also see special issue of Journal of Management Studies 2003 (January)

Bijker (1997 - with a heritage to the symbolic interactionists), where technological frames is established as a result of recursive processes between relevant social groups and the technological artefact at stake. The fourth and fifth propositions of sensemaking are about sensemaking being *social* and *ongoing*. These propositions are clearly related to my first theses, that to understand processes of innovation requires sensitivity towards entrepreneurial nets and the unfolding character of innovations. As the sixth proposition Weick suggest that sensemaking is focused on extracted cues. Because of equivocality individuals and nets need focus on some cues, making other peripheral. People extract cues and 'take faith' in them as a means of achieving sensemaking. If this does not succeed the network will be dispersed and the potential synergies within the collective network will get lost. Which cues are extracted is decisive for the unfolding and emerging innovation. In the process the enactment of cues may result in canonical practices that institutionalises a wide range of characteristics that together forms the basis of a successful innovation: a strategic vision, an organizational structure, a technological artefact, a piece of software, a marketing program, a relevant customer group etc. This is said to be driven, as the seventh property of sensemaking, by plausibility rather than accuracy. I will not delve into this, however just referring to the statement '… that accuracy is nice, but not necessary' (Weick 1995: 56).
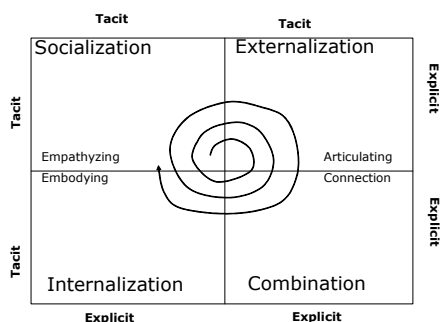
The *third and last hypothesis* is about how the success of ICT-services requires a fundamental capability to explicate and codify *knowledge.* While explication and codification is a prerequisite, it is important that we understand the omnipresence of tacit knowledge that all explicit knowledge is based on (Nonaka 1994, Nonaka & Takeuchi 1995, Tsoukas 1996). The SECI model (Nonaka & Takeuchi 1995), where '…knowledge creation is apprehended as a spiralling process of interactions between explicit and tacit knowledge' (Nonaka & Konno 1998) is important in order to grasp the balance between tacit and explicit knowledge. Through the ongoing process of socialization, externalization, combination and internalization knowledge is created within organizations thus creating value. However, I suggest that the model may be extended to include the customer and user: In order for ICT knowledge services to create value for the customer/user

(and thus creating a potential sustainable business concept from the perspective of the innovating/entrepreneurial network), the design and codified knowledge must consider how the user may be able to create a unified space that includes the physical space, the virtual space and the mental space. It is a prerequisite for the knowledge service to become successful that the customer/user segment targeted are able to make sense and create value by *interacting* with the service, thus engaging in a process where information and data becomes relevant knowledge through socialization, externalization, combination and internalization. In an organizational setting Nonaka and Konno (1998) refer to this as *ba*, which can be thought of as 'a shared space for emerging relationships' or 'a context that harbors meaning'. (op.cit: 40). In the extension of the model, embracing the customer, it is important that the customer/user may be able to experience this knowledge producing process when engaging with the knowledge service provided.

The point to be made here is not so much to discuss the actual process of creating the knowledge, as is the importance for this to be acknowledged as a part of the ongoing process of creating a sustainable business concept. In the process of strategizing, adapting the business concept, and enrolling human resources the (imagined) customer plays a role. In the process of sense making within the entrepreneurial net this is important. This role may be tangible in so far as customers are enrolled in the innovation process or more intangible, as an imaginary reflection of how the potential customers *may* interact with the service provided. However, either way they will play an important role for the emerging innovation process as well as for the realization of the particular technological artefact – the knowledge service per se. The hypotheses thus address the relationship between potential users/customers and the innovation. A sustainable business concept for ICT-based knowledge service needs to take this into consideration. It is clearly a prerequisite for ICT based knowledge services, that knowledge is made explicit in order to be codified in programming. It is important to acknowledge how the codified knowledge are presented through design in order to transcend the level of being merely data or information, when (potential) users are interacting with the knowledge service provided. As a result the process of creating a successful innovation has to continually reflect the imagined users/customers needs. The SECI model may actually be important to understand the phenomenon whereby 'E' becomes 'e', whereby the success of 'clicks' has been acknowledged to be closely related to the ability of building on the

'mortar'. The point I want to make I, that the success of the ICT-based knowledge service to actually help customers acquire and use the knowledge provided, is linked to the knowledge service's ability to let the customer engage in all these (SECI) processes. And this process, which also relates to sensemaking and identity construction at the user/customer level, is linked to social relationships and community building.

Below I will present the case-studies in narrated versions. The narratives are based upon the empirical data collected as described previously, but are presenting episodes that make it possible to explore the themes and theses presented in this paragraph. To summarize the three theses:

> 1) To create and sustain networks of critical capabilities and resources is crucial in processes of innovation. Successful networks are those which are able to adjust, and enrol critical resources, as a consequence of an emerging strategy.
> 2) The likelihood of a network to actually succeed in the creation of an innovation is highly dependent on the networks ability to collectively produce sensemaking in the process.
> 3) The success of an ICT based knowledge service is obviously depending on the ability to explicate and codify knowledge. However, since all explicit knowledge is based on tacit assumptions, this must be reflected in the business concept and in the innovation process of the specific innovation.

Creating an e-realtor business

> *'We are neither inventors nor geniuses. We are simply utilizing the opportunities that exist right in front of us all.'*

The statement describes how the entrepreneurs and innovators of an e-based realtor service reflect upon their innovation[6]. It also implies their own reflection on how their role has been to manage a net of resources consisting of human resources, market and technological opportunities etc. The entrepreneurs began their journey while the dot.com hype surged – in 1998. Today they have created a business that is quite different from the visions and

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[6] both in interviews but also in newspaper articles the entrepreneurs have been describing this

intentions they had in 1998. Today eight people work at the office in Copenhagen to provide the Internet service. Despite the initial ideas of being primarily a meeting place for buyers and sellers, they now also have a loosely coupled network of 20 independent realtors in different areas of Demark. They realtors provide some financial resources to RobinHus who in return provide a brand name, an ICT infrastructure etc.

The ability to adapt, translate and 'revision' the business concept and their ability to build a network of human resources and capabilities may in fact be the reason why they still are in business. The concept and idea is like an amoeba that unfolds as it meets new barriers and challenges – that is if the actors are able to translate the original business concept and by that means accommodating the challenges. Also the amoeba unfolds as a result of successes and opportunities that support the direction – makes enactment further possible.

Driven by the desire of 'creating' something new, two entrepreneurs were scanning the environment for 'wholes' in which they could create new paths based on the opportunities within ICT-services. Their desire was not to primarily do 'big business', but to seek out opportunities for reducing the transaction costs, by creating an ICT-based platform where seller and buyer could meet. Without any educational knowledge on realtor business, but with degrees within respectively management of technology and law as well as design, the entrepreneurs began their journey to try out new paths. As such it was a crusade against what they found was a market failure. The innovative journey has been a process characterised more as one of 'trial and error', an ongoing process of scanning the environment for resources or opportunities to solve practical problems as they arose, than one of 'design and planning'. They created a network of participants with specialised resources. In the process, however their original ideas as a result of unresolved opportunities, is transformed. They create a more traditional organizational base for the further development of the business concept.

Interestingly though, is it, that the success, is not based on the entrepreneurs ability to focus on their initial vision and blindly follow this. The success is a consequence of their ability to

continually build a network and enrol new knowledge and let it be reflected in the transformation of the business concept.

Entrepreneurial desires

In 1999 two young entrepreneurs together founded the webbased real estate agency RobinHus. Torben and Frederik had known each other for a long time, and often discussed the opportunity to create 'something' lasting as entrepreneurs. Their desire was to create something from the ground. Their desire to *create something* was however neither based on a specific idea, nor was it directed towards a particular market. However, their first aspirations were formed by the hype surrounding the Internet. The aspirations towards the internet and the information technology – although not necessarily focused on entrepreneurial notions – had been forming the trajectories of their formal education.

Both were brought up in families with traditions of being independent business men. Torben had recently finished a degree from the business school in Management of Technology, specialising on innovation in knowledge intensive businesses. Frederik likely had finished his formal education within Law with a master thesis on 'Electronic presentation of digital information services'. Furthermore, he had been travelling and had achieved a degree as haute couture designer in Paris and Milano.

After their formal education Torben and Frederik quickly found positions

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The products offered – and a taste of the unfolding innovation

The first advertisement type mentioned below is the one closest to the original idea. The second and third has been incremental innovation as a result of the emerging business concept. The last is the one which make up most of RobinHus' turnover today

- The Start Annonce (Start Advertisement) includes a picture of the house, a plan (drawing) and a description. This does not give a direct match with the buyer card index. It is for free.
- The Pro Annonce includes the same as the Start Annonce, however it also provides the seller with the opportunity of uploading more pictures, slideshow etc. Furthermore you have access to discount on Newspaper advertisement. In the system you may fill out an estate agent's sheet of information. As such you provide the same information to potential buyers, as traditional estate agent services, would do. As customer (seller) you need to provide the information yourself, which may create grater risk of failures or misinformation. Most importantly you have access to the buyers card index that match your real estate with potential buyers and automatically send them an e-mail – that is if they have chosen to be active. The price for this service is a flat rate around 133 Euro
- The RobinHus Estate Agent service is closer to the traditional estate agent. In a network of estate agents that are associated with the back office, you receive nearly the same service as you receive at traditional estate agents. The agent sets up the necessary sheets of information etc. The difference is that you – as seller – show of your real estate to potential buyers. The price was a flat rate price on 3351.- Euro of which the 670 Euro had to be paid up front.

within each of their specialities. Torben took a position as controller within a large financial

institution. He was particularly oriented towards evaluating new business concepts suggested to the board. Frederik took a position as legal counsel on an internet service called Netdoctor – specialising in providing knowledge on health issues.

It was the hey-days of the dot.com's. The opportunities of creating lasting innovation seemed to be endless. The optimism was high. If everything went well, although it was not merely the criteria for success, they would be able to sell the concept later - harvesting large revenue.

Utilizing disequilibrium in the real estate market – the conception of an idea

The entrepreneurial idea was conceived as Torben was about to sell his apartment. His experience was that the costs associated with selling the apartment was way beyond the service associated with the transactions which were provided. While having no professional knowledge on real estate business Torben and Frederik discussed the 'market disequilibrium'. Their judgment told them that the internet provided opportunities for creating a market-platform – a virtual space – in which buyers and sellers of real estate could meet and make the necessary transactions making traditional real estate agents superfluous. The legal services required by law in real estate transactions could be provided by lawyers who should be associated as partners on the website. While they did not themselves have knowledge within realtor business, they did have access to it. Close relatives had been engaged with estate transactions during many years as a lawyer. This provided them with some resources, but more important it provided them with insights to acknowledge where the opportunities and the limits for codifying knowledge were. They quickly named their upcoming business 'RobinHus' (eng: RobinHouse), which implied connotations to the folklore of Robin Hood - who as we all know was eager to conquer the disequilibrium of distributive justice. This connotation also was given a practical meaning since RobinHus offered the service for free[7].

Keep it simple – let the internet do the thing

The platform Torben and Frederik began with was very simple, thus keeping the costs and financial requirements low. A public accessible website, the knowledge service per se, and a

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[7] this free service implied a 'market place' on the site only. As we shall see, the concept came to include a broader range of services with a charge. However, this charge was a flat rate as opposed to traditional realtor's commission. The RobinHus services implied a degree of self service which made it possible to keep this charge very low comparatively to most commissioned charges.

simple internal dashboard where tasks were summarized in order to be prioritized and later implemented. At the time all content were developed by Torben and Frederik them selves – description of content, design of the website and also marketing material. They worked to increase accessibility by users, by means of appearance in for instance search engines etc. The programming/coding of the website were outsourced, purchased at an IT consultancy. A transaction that the two entrepreneurs felt was one of their small initial successes, since they were able to acquire it for at fixed negotiated low price. They made a contract with all the necessary requirement specifications and that provided them with a low price but high quality (relatively to their wishes at the time) website.

The entrepreneurs had confidence in their idea and expected the internet to provide the opportunities for accessing a great customer base. In the first phase the entrepreneurs participated in a network of entrepreneurs, *First Tuesday*, where the members' only common interest was to utilize the opportunities of the internet. The network, however – I suggest – fuelled the entrepreneurial desires and hopes, supporting the collective process of sensemaking. Although taking a very little role, when history is written backwards today, the network at the time did perform a kind of glue for the business concept. It supported the experience of trust in the sustainability of the business concept. The confidence also included a belief that the prospectively growing customer base would further provide them with support to attract further financial opportunities through venture capital, and by selling banners on the website to relevant businesses associated with real estate transactions (that is furniture removers, architects, interior designers, carpenters, plumbers etc.)

In this first phase RobinHus was driven by the two entrepreneurs with an organic expansion whereby a student were hired on hourly basis to do telemarketing, later becoming a fulltime customer service manager. Also they hired an IT consultant to develop the website. The person should only make the requirement descriptions and they outsourced the programming – however later on they insourced the programming as a means to control the incremental transformation of the site.

Meeting the wall – how to codify trust?

The two entrepreneurs did not have to wait long to recognize that they may have overstated the ability of the idea in itself to attract customers, venture capitalists and advertising clients. They experienced how many of their kindred spirits within First Tuesday were declared insolvent and went bankrupt as a result of the dot.com-recession. While the name RobinHus fitted well in the beginning and provided them with a high degree of good press, being a welcomed challenge to the traditional realtor business, they also found that the medal had a flip side – which for a little part had to do with the brand name but first and foremost with the business concept: *Lack of trust* seemed for them to be the flip side. This in fact underscores a challenge of codifying knowledge. If we acknowledge that the practical knowledge associated with real estate transactions also implies the tacit dimension of establishing a trust relationship, we better understand why this e-realtor is passing through a process which can be characterized as a process form big 'E' to little 'e', from only 'clicks' to embrace 'mortar' represented by the counselling of realtors. An anecdotal example was given by the entrepreneurs whereas friends that had praised their initiative, when it came to their own transactions, chose traditional realtors. They did not really trust the internet as the best means of engaging in a transaction that only occurs few times in a lifetime. The service provided in face-to-face interactions with a traditional realtor, and the tangible paperwork associated with it increased the experience of trust in the deal, thus giving the customer a sense of certainty and security in the process of making a deal.

As a result the entrepreneurs chose to translate the business concept. They started building up a network of local realtors who were associated with RobinHus as independent realtors, meanwhile taking degrees as realtors themselves. As a consequence they began to provide services that were much closer to the traditional realtors (se previous text box).

Organizational sensemaking within the newly established network

RobinHus enrolled a net of independent realtors. They provided estate agents, previously working for competitors, with an opportunity of achieving a high degree of independence, but also a brand and a 'spinal cord' represented by the ICT platforms. Even though the income for the individual estate agent in many cases was lower than that offered by competitors, RobinHuss did not meet difficulties in attracting the realtors. The reasons for this, as

expressed by one of the interviewed estate agents, were the possibility of achieving higher flexibility and independency. Also the enrolled real estate agents expressed an experience of contributing to reducing market disequilibria, which the interviewee expressed as a moral perspective – and which I interpret as a means of identity construction that was supported by the brand name of RobinHus (Robin Hood). This actually characterized the overall culture in RobinHus, where several employees expressed the feeling of serving a greater purpose in providing this – in their interpretation – unique low price high quality service. However, the brand name also had a flip side, since the connotation of Robin Hood – although the folklore implies a noble and underlying greater good – after all has to do with theft. As a result the name was no longer used to position the company – as it was in the first years – as the impertinent competitor within the overall realtor market. Contrary the company in the latter phase, up until the case study were undertaken, emphasised their role as a serious and equal competitor on the market. This, for instance was supported by a more direct marketing strategy in the traditional realtor advertising spaces: newspaper advertising. Whereas previously, it was considered that the internet was the only necessary and important place to appear, the strategy now was to be considered as a more serious and 'mature' – less impertinent – competitor by appearing in the traditional landscape of realtor advertising.

Discussion and conclusive remarks

We may question whether this service today actually is a distinguished ICT based knowledge service as compared to traditional realtors in so far as the service provided is much alike traditional realtors. Most realtors provide a great amount of the services on the internet today. However, the spinal cord in this company is based on the internet, while in traditional realtors it is an '*add on*'. The most distinguishable aspects from the perspective of the customer probably is the cost reducing aspect: people who wants to sell their real estate through RobinHus is engaged in showing their estate for potential buyers (reducing the cost of having the realtor present); they themselves can design the presentation on the net; select the amount of advertising efforts and costs; and monitor the process by having access to statistics and activity on their individual presentation-site. From a production perspective the whole organization of RobinHus and the enrolled realtors is based on the internet, which distinguishes them from their competitors. The customer relationship is managed on the

internet, but in a larger degree than first envisioned, also supported by a face-to-face contact as well.

In the paper I have set out to explore three different, but also overlapping theses'. The first thesis was that it is crucial, in processes of innovation, to create and sustain networks of critical capabilities and resources. It may be argued that in exploring innovations which have demonstrated sustainability, this will be a self fulfilling statement. 'Critical capabilities' and 'critical resources' are abstractions that by definition distinguish successful strategies from unsuccessful strategies, and successful innovations from unsuccessful innovation. The thesis also included the statement that successful networks are those which are able to adjust, and enrol critical resources, as a consequence of an emerging strategy. This statement may be rendered guilty of the same objection, but when we set out to explore the translation of the emerging business concept we may acknowledge the interrelatedness between the internal strategy, the business concept, the specific innovation on one hand and on the other hand the external opportunities and threats which mutually transform each other. In the paper I have explored this by inspiration from micro-sociological accounts. I have described in a narrative presention of the case-study the processual and emerging character of the innovation process. As such I described how the e-realtor translated the business concept from being merely a web-based meeting place towards being a more traditional realtor, although with a generic internet-based infrastructure. In the initial phases the desires of the entrepreneurs were fuelled by the opportunities provided by the internet. This was indeed a process of sensemaking where cues, in the form of technological opportunities, market disequilibria, was extracted and formed a basis for enactment and further institutionalisation of the emerging network of resources. Both entrepreneurs had internalized knowledge within the ICT domain as a result of their formal education within law and management of technology, although not having the technical competences. Instead they were building a strategy around a concept utilizing what they found was disequilibria in the market, and outsourced the creation of the more tangible website.

The social capital in form of 'entrepreneurship-desires' seems to be important in order to form and sustain the network. The entrepreneurs' confidence in their own ability to realize the business concept was important. But more important was their competence to 'read' the limits

of the internet, thus translating the business concept towards a little 'e'. This meant that they did not meet the same destiny as many of their kindred spirits within First Tuesday: becoming insolvent as a result of a unilateral concentration on the opportunities provided by the internet.

The second thesis I wanted to explore was that the likelihood of a network to actually succeed in the creation of an innovation is highly dependent on the networks ability to collectively produce sensemaking in the process. RobinHus was initiated by the desires of two entrepreneurs, for whom the idea of creating 'something on their own' in the business landscape was much more important than what this business should be about. That it was the realtor business they entered was by no means a planned strategy, but came into being as a result of a practical experience when one of the entrepreneurs engaged in his own estate transaction. The 'pushy environment' enforced a cue, in the form of an experienced 'injustice' or disequlibria, which were then enacted collectively by the two entrepreneurs. They set out to conquer this disequilibira and created a business. Almost as David against Goliath, it made sense to them *and the employees* they enrolled in the network in the consecutive years: They applied a distinguished technology to compete against competitiors that were way beyond themselves in size, turnover and resources. They did not use the narrative of David against Goliath, but they had considered themselves as the impertinent 'boy in the class' in the early phase. This cultural identity was still an important character of the organizational culture in the office in Copenhagen as well as in the relation to the independent realtors. It was an important narrative to create a collective sense of identity. However, it also was a dilemma since it did not necessarily was congruent of building a client-trust-relationship. On one hand customers liked the notion of supporting somebody who were up against a large conservative business culture (traditional realtors), however these potential customers on the other hand, were reluctant to engage with the impertinent boy.

I recknognize that I am adressing the institutionalised *organisation* and makes it equal to a network. It could be argued to be misleading in at least one sense: As have been described the entrepreneurs did have a business concept which at least in the early phase embraced venture capitalists and where they expected to achieve a return on investment through banner advertisement. However, they were not able to sustain the business concept. This was actually a break down in the collective sensemaking process. But the result was a translation of the

business concept as described previously, and as such it confirms the notion of the interrelatedness between an emergin strategy, the business concept and specific innovation.

The last thesis stated that the success of an ICT based knowledge service obviously is depending on the ability to explicate and codify knowledge. While this is an obvious prerequisite I suggested that a sustainable ICT based knowledge service must be sensitive towards the tacit dimensions of all explicit knowledge. This sensitivity should feedback on the emerging innovation. In the service provided by RobinHus it seemed as if *trust* was a decisive attribute to the service. An attribute which it was difficult to codify and represent on the net. This was an important driver for the translation of the business concept and for the strategic change which made RobinHus embrace traditional realtors thus becoming a click and mortar business.

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