Business Networks
Self-creating Relationships of Entrepreneurs

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Abstract

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Title: Business Networks: Self-creating Relationships of Entrepreneurs

Definition: Organization learning (OL) is a process comprising intuiting and interpreting at the individual level, integrating at the group level and institutionalizing at the organizational level. Information technology (IT)

Problems: 1. What are the particular ways that entrepreneurs use to create and maintain relationships in business network?
          2. How do the organizations concerning supporting business start-ups, such as Idélab in our case, affect speed of the relationships?

Purpose: This research would be useful for the new business start-ups as in the earlier stage of starting business, some entrepreneurs have creation, innovation and a ready-plan for their own business; however, it is necessary to be related in business network where the relationship with customers, suppliers and institutions can be founded in order to accelerate their business to grow faster.

Method: Qualitative research

Target: Start-ups, especially entrepreneurs

Conclusion: Relationships of entrepreneur vary automatically over time; however, entrepreneurs themselves are the ones who create relationships. This process requires self-motivated action in order to gain good relationships and trusts. In this research, the particular ways that entrepreneurs use to create relationships with customers, suppliers and financial institutions follow each step of interest, commitment, adaptation and trust. The authors find that entrepreneurs use both similar and different methods in each stage depending on type and size of their business. In addition, we examine how organizations supporting entrepreneurs to start business influence the networking of entrepreneurs. The authors select Idélab as our case study. During joining Idéláb’s activities, the attendants would gain more relationships from both inside and outside of Idélab which are apart from their backgrounds and experiences. Therefore, the entrepreneurs attending Idélab reach more relationships than entrepreneurs who do not.

Key words: Self-Creating Relationships, Business Network, Supporting-start-upped organization, and Idélab.
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1. Introduction and Objectives

1.1 Background

Ronald S. Burt suggested that it is necessary for entrepreneurs to have a social capital - a good relationship with other actors in business network such as customers, suppliers, and financial institutions - in order to gain and exchange advantages to each other (Burt, 1993). In addition, knowledge and experience is an important factor for doing business; as a result, entrepreneurs are in the situation that they seek the opportunities to gain that knowledge to implement skills and experience in order to excel the performance of business activities (Håkansson, 2001 and Pahlberg, 2001). One factor that may accelerate entrepreneurs to gain and exchange knowledge is to be in business network where knowledge is always transferred among partnerships. In the formal business networks, companies exchange knowledge with customers, suppliers and financial institutions. This could help the company to learn both from current business activities and also some other related business activities throughout the business network.

Some studies have shown some advantages of business network toward entrepreneurs; however, less seems to pay attention on how they create that network in particular way. Believing that business network cannot automatically constitute by its own, our research will focus on how entrepreneurs create relationships among actors in business network in particular way as entrepreneurs themselves are the actors who develop relationship and finally gain trust with surrounding organizations. We would like to discover some particular methods that new entrepreneurs are applied for in order to constitute their relationship in its organization set.

Furthermore, at present, there are several organizations concerning business start-ups, which support entrepreneurs, give them some advices and take them to the right direction of starting business. Those organizations also have impact on entrepreneurs in business network perspective as during training, they meet some other people and build personal relations until it can be developed to business relationships.

Idélab is a creative meeting place founded in 1999 and is a nonprofit unit of external relationships with Mälardalen University. The area of activities covers the students, personnel and researchers of the university who would like to get help with developing and to start companies. Idélab runs and arranges several projects and activities. During the process, Idélab contributes through knowledge, networks, creativity and qualified management and development of ideas, from thought to completed business concepts. It influences to catch, stimulate and drift forward ideas of students, personnel and researchers. This could happen in their own direction or collaboration with external companies and organizations. Idélab has influenced approximately 2,400 ideas and 244 companies have started. In other word, every year about 300 ideas come into Idélab and 30-40 companies are started.
1.2 Purpose with the Study

As previous researches generally paid attention to how business network is useful to actors in that network, we are interested to do research and discover some more information concerning particular methods or processes that actors – entrepreneurs – use to create relationship and build the whole network in final. This research will also be useful for the new business start-ups who plan to have their own business, which they will probably in the stage of being rely on business network in order to exchange knowledge and share profits with other actors.

Our research investigates how entrepreneurs create relationships with customers, suppliers and financial institutions in earlier stage. As in the earlier stage of starting business, some entrepreneurs have creation, innovation and a ready-plan for their own business; however, it is necessary to be related in business network where the relationship with customers, suppliers and institutions can be founded in order to accelerate their business to grow faster. Our investigation with at least three small companies along with the extensive information collected from the Idélab in Mälardalen University, where the students gather together and share ideas of their business plan, will be used to explain how formal business relationship in the network starts, continues and keeps when the time goes by. The data from the Idea Lab will be used to present how organizations concerning business start-ups influence the speed of creating relationships in networking.

1.3 Problem Statement

What are the particular ways that entrepreneurs use to create and maintain relationships in business network?

- With customers
- With suppliers
- With financial institutions

How do the organizations concerning supporting business start-ups, such as Idea Lab in our case, affect speed of the relationships?

1.4 Target Group

Our target groups are new business start-ups, especially entrepreneurs, who are the owner of the companies - can be both local business and international new ventures. They are the start-up entrepreneurs who have creation, innovation and a ready-plan to start the business and are in the stage of developing some particular methods to create the relationship with customers, suppliers and financial institutions.

1.5 Delimitation

This research is designed on the principle of validity. Purpose with the study is focused on the particular ways that entrepreneurs use to create and maintain relationships in the first stage and continue to the present. This research is restricted to the subject of availability, which are theoretical perspectives and empirical data. To clarify, there are many perspectives related to
business networks such as different cultures and networking structure from one country to another. This could make the differences in the strategies to create networking of entrepreneurs. Also, the information was gathered only from five companies in Sweden, particularly in Västerås and Eskilstuna cities.

Our case study, Idélab, is selected by the convenience of data collection. Idélab is one of the organizations concerning the importance of supporting business start-ups in Sweden. Idélab would be a good selection of examining the influence of organization that helps entrepreneurs to create networking. Idélab would also helps us to develop a well-researched study.
2. Literature Review

2.1 Entrepreneurship

Many scholars support that the driving force of new entrepreneurial business significantly helps current business world. Entrepreneurs are significant as it is increasing an amount of new and small firms rather than the bigger ones who are the main providers of new jobs. Countries with a great increasing of entrepreneurship rates tended to exhibit a greater the consequence of decreasing in the number of unemployed people rates. During the 1990’s the fast growing of the firms play significant role to job creation. Research suggests that entrepreneurship contributes a positive to economic growth. Entrepreneurship performs well in the perspective of foster people in the countries which is lagged in development. It supports economic activity, creates job and pulls put people from being unemployed. (The green paper of the Commission of the European Communities, 2003) This entrepreneurship no matter what it is individual, a group of people or a network of companies brings about social change (Hjorth et al, 2003). Entrepreneurs are also perceived as the engine which drives the growth of economic and leads social development to be changed in a better way (Acs and Sudretsch, 2003). Therefore, entrepreneurs are important to the society especially in the economic perspective.

People can both be born and shaped to be entrepreneur. They can be born to be entrepreneur with the special characteristics of entrepreneurship. However, they can also be shaped to be entrepreneurs by their life experience, background, culture in the society in which they are brought up. Some cultures and societies encourage entrepreneurial activities, while some do not. Therefore, even that person was not born with entrepreneurs characteristics, that person can learn and be shaped to be an entrepreneur. (Burns, 2005,) Therefore, anyone can be entrepreneur if they are in the environment that encourage with entrepreneurial characteristics.

Many scholars examine the entrepreneurial identity. Entrepreneurs are normally people with survival instinct as they have the need for independence, internal locus of control and ability to live with uncertainty and take measured risks. They also have the growth instinct with opportunistic, innovative, self-confident, proactive and decisive with high energy, self-motivated and vision and flair. (Burns, 2005) Entrepreneurship concerns individual’s motivation and capacity. Those motivation and capacity can happen independently or within an organization by identifying opportunities and pursuing those opportunities in order to create new value or achieve economic success. Entrepreneurship is parallel with creativity and innovation as it needs something differentiated in order to compete in the existing market, to change the existing market or even to create a new market. With the proposal to turn the business idea into reality and become successful, it is necessary that person with entrepreneurship ability needs to blend creativity and innovation with the management strategy and make a business adaptation to optimize its development during all stages of its life cycle. Therefore, entrepreneurship goes
beyond daily or routine management. It is related to business ambition and strategy. (The green paper of the Commission of the European Communities, 2003)

2.2 Business Network

To gain competitive advantages in doing business, it is necessary that business men should have three capitals. Ronald S. Burt stated that actors implement three kinds of capitals to the competitive arena. They may need more than three but he stated that three capitals would be sufficient. Firstly, it is financial capital that the actors have no matter cash in their hands, loan from the bank, investments coming due or lines of credit. Secondly, the actors need resources or human capital that has formal education, working skill and job experiences that bring excellent jobs and achieve goal of a certain task and the whole plan. Thirdly, it is necessary that the actors have relationships with other actors whom they can obtain the opportunities to use their financial and human capital that mentioned above. This is social capital or we can call it relationship among the actors in business arena where they share and exchange benefits. (Burt, 1993)

Relationship is a consequence of interaction process between the two actors where connection between the two actors lead to mutual orientation and commitment. This relationship arises between the two parties because the interdependence of outcome on economic subject. (Håkansson and Snehota, 1995)

Concerning business network, it can be regarded as sets of connected firms (e.g., Astley and Fombrun 1983; Miles and Snow 1992) or alternatively, as sets of connected relationships between firms (e.g. Cook and Emerson 1978; Håkansson and Johanson 1993).

Ronald S. Burt also stated that there are two routes into social capital perspectives. The first is related to a network as the actor’s access to people with specific resources and create connection and correlation to each other. The second concerns social structure as capital in its own right. (Burt, 1993)

To clarify, the first approach is in the area of power, prestige, social resources and more recently concerning social capital. Normally, people create and develop relations with people who have something similarly as themselves. Ronald S. Burt gave the example that wealthy people create relations with other wealthy people in the society. Educated people develop create relations with educated people. Young people develop ties with young people and so on. The reason that these people who have similarities usually make ties to each other is because similar people, even they have independents interests, usually spend time in the same places. The relationships are emerged in the places, where even more socially similar people have more shared interests. Moreover, those relationships are maintained. (Burt, 1993)

The second approach explains social structure as capital in its own right. It explains how networks themselves can be described as a form of social capital. The primary measure of network range is the size of it. To illustrate, Boxman et al. (1991) presents that people in the larger networks usually gaining a higher paying positions than people who are in smaller
networks. Some social support researches also present a similar finding that persons with larger networks have a tentative to live longer than people in smaller networks. Here in the network, people will gain more benefits than standing alone. (Berkman and Syme 1979)

In business networks, there are three important elements taken into account, which are actors, activities and resources in the sets of relationships. Actors are people who perform business activities and employ resources (Henderson and Quandt, 1971). These three elements have functions that are interlinked to each other as Anderson et al stated that “corresponding to activities, resources and actors are efficiency through interlinking of activities, creative leveraging of resource heterogeneity and mutuality based on self-interest of actors” (Anderson et al., 1994, p.2). The linkage of actors, activities and resources are shown as figure 1.

![Figure 1: Basic structure of business networks](image)

The three elements of basic structure of business networks shown in figure 1 are explained as follow:

**Actors**
Actors can be individuals, group of people, parts of firms, firms and groups of firms who have responsibilities in controlling activities and employing resources. They have five relevant characteristics.

First, they control activities since they make a decision which activities to perform and what directions of activities that they will perform. They also decide which resources are to be utilized when perform the activities.
The second characteristic of actors is that they develop relationship with other actors through exchange process. When they gain relationship, it will let actors to be able to access other actors’ resources.

The third characteristic of actors is that actors base their activities on control over resources. They can control over resources directly or indirectly. They control directly when they have the ownership for those resources; on the other hand, they control the resources indirectly when they control other actors’ resources by having association with them after gaining relationship. In addition, each actor has different knowledge and experience, so when they control resources, they may have different view and perform differently depends on those knowledge and experience.

The forth character of actors is that they are goal oriented. The general goal of actors is to increase their control over the network. The assumption about this goal is that controlling-directly or indirectly-can be used to achieve other goals. Network control can be reached by having control over resources. Therefore, actors do not only control over their own resources, but they also try to increase direct controlling over other actors’ resources by creating more relationship. In addition, relationship also reduces the indirect control by other actors, which is autonomy.

Finally, actors have different knowledge toward activities, resources and other actors in the network. This knowledge can be developed through experience by performing activities with other actors in the network.

**Activities**

Activities are controlled by actors. Activities occur when those actors combine, develop, exchange or create resources by utilizing other resources. Due to the reason that actors have different characteristics, there are two main kinds of activities – transformation activities and transfer activities. Transformation activities are always controlled directly by one actor who has the ownership toward the resource. Transfer activities are transferring direct control over a resource from one actor to another actor when the actors develop relationship to each other. As a result, transfer activities connect transformation activities of each actor to each other. Transfer activities are never controlled by only one actor and are affected by the relationship between the actors involved by resources.

**Resources**

Resources are necessary when the actors perform both transformation activities and transfer activities. Performing transformation activities requires transformation resources and performing transfer activities requires transfer resources. Resources are controlled by actors either by single actor or joint actors who have developed relationship. Resources are heterogeneous as they can be used by unlimited dimensions depending on knowledge and experience of the actors.
The three elements of actors, activities and resources constitute the three layers that can be identified in business relationship. The first is activity layer. Relationship is built up for the activities that link the two parties together. The link of activities affects the outcomes of the relationship between the two parties. The second is resource layer. Developed relationship can lead to the connected resources where one actor can access to another actor and the two parties control those resources together. As a result, the resources are tied. The last layer is actor layer. Connected actors are the result of relationship that has been developed. Connected actors also implement the bonds between the actors which affect how the actors perceive and treat each other. (Håkansson and Snehota 1995) The substance layers of business relationship are shown as in figure 2.

Figure 2: Interplay of the three substance layers of business relationships

Consequently, the actors exchange relationships for the economic propose. Meanwhile, the resources that are controlled by the actors will interdependence to each other, which lead to the network governance in production system of the firms. The figure 3 below from Johanson and Mattsson (1992) shows the model of network governance in the industrial system.
Johanson and Mattsson explained the network governance according to the figure 3 that “In production systems, resources are employed, combined and transformed in industrial production. Coordination and direction of activities in the production systems takes place through governance structures. The production system together with the governance structure constitutes the industrial system. The term production is taken in a wide sense to include all the different kinds of activities needed to create and use products and services (R&D, manufacturing, marketing, distribution, purchasing, etc.).” (Johanson and Mattsson, 1992, p.184)

The three elements can form the structure of network. Actors develop and maintain relationship with each other. Meanwhile, they require knowledge in order to understand the situation of actors and actors’ relationship. When the actors have relationship to each other, they perform the activities that are related to each other, while the resources are also shared and employed. The three elements are bounded together by some important forces as follow:

- **Functional Interdependence:** The resources are heterogeneous, so they can be used differently by differences of knowledge, experience and demand of each actor. Therefore, actors, activities and resources are functionally related to each other.

- **Power Structure:** In controlling activities and resources, there are important power relations between the actors. Therefore, the performance of activities and resources are under the power relations between actors.

- **Knowledge Structure:** Decisions on using resources and activities is bounded together by knowledge and experience of present and earlier previous actors. There, knowledge of each actor is related to each other as each actor exchange knowledge when they develop relationships.
Intertemporal Dependence: The network is the result of its history such as investment in relationships, knowledge, routines and etc. Therefore, changes of network must be widely accepted by actors in the network and all changes will be still related to the past. (Håkansson and Johanson 1992)

**How business network is constituted**

We can distinguish three types of business network learning (Håkansson, 2001; Pahlberg, 2001.). Firstly, when the firms do business in customer and supplier relationship, they learn some specific knowledge that they can get from each partner such as the partner’s way of reacting to certain kinds of action or the roles and performances of different individuals in the partner firm or the willingness and the ability of the partner firm to adapt in various ways. They learn how to co-operate their business activities in or to strengthen their shared or joint productivity. They also learn to know more each other so that it can enable them to develop tighter relationship. Such tighter relationship development among the actors can lead to the further commitment (Håkansson, 2001; Pahlberg, 2001).

Second, when the two partner firms interact in a relationship, they learn some useful and specific skills that they may be transferred to and applied in other set of relationships. Therefore, the two partner firms obtain some new knowledge and receive new skills regarding how to reach other new partners and also some various steps that can be brought to develop relationships. The firms will gain experience in developing relationship with more partners. This kind of skills and experience will be useful when the firms develop relationships with other customers, which in some ways are homologous. Those homologies may concern partner size, technologies, or cultural and institutional setting (Håkansson, 2001; Pahlberg, 2001).

Third, when interacting in a relationship, the partner firms gain some knowledge how to co-operate business activities in the relationship with other partner firms in another relationship. Such co-operation may concern various supplier relationships, for example, just-in-time deliveries. Also, it may concern coordination between a supplier and a customer relationship so that they can increase the speed of value chain. The partner firms develop their network in this way where they link each relationship to each other (Håkansson, 2001; Pahlberg, 2001).

Finally, after building a relationship with one partner, gain some skills in developing relationship and develop or link more relationship with another partner can lead to the consequence that the firms learn how to build new business networks and connect them to each other (Chen, forthcoming), (Håkansson, 2001; Pahlberg, 2001).

Leif Linnskog stated that “Typically relationship development starts out from a situation where two parties have only superficial knowledge about each other, but where one of the two (or both) nurtures an idea, although perhaps vague, about some potential benefit that may result should business exchange between them materialize” (Linnskog 2007, p.154). Therefore, in order to
gain more knowledge and understand each other between the actors, they need to start to develop the relationship. Our tentative model is the model that can describe since the first step that the entrepreneurs start to make a relationship until they can keep that relationship for long. The model is developed by Leif Linnskog as figure 4.

From the figure 4, the actors or the entrepreneurs start to create relationship by finding the parties that they are interested as there is the potential to share the profits to each other. After that, the relationship develops to the second step that they believe in advantages and would like to make a commitment by making an agreement to do business together. Commitment then implements adaptation where the actors try to adapt themselves to each other in order to fulfill satisfaction. Finally, trust is developed in the last step that they have a reciprocal invest and a common interest in each other. The four steps then bring about the mutual interdependence where the two parties rely to each other. (Linnskog, 2007, p.155).
3. Conceptual Framework

3.1 Definition of Main Concepts

Our research focuses on entrepreneurs as individual or a group of people who starts their own company with innovation and creation on the products that has never existed in the market or who seeks new market (The green paper of the Commission of the European Communities, 2003).

The authors focus business network as formal relationship and connection with customers, suppliers and financial institutions that support entrepreneurs to do business. The formal relation that entrepreneurs create is the relation that should implement them information, knowledge, skills and experience. Exchanging information among actors, entrepreneurs would have alternative for the best decision making. In addition, informal network such as friends is also investigated in the perspective that how informal network bring about connected relation with other formal actors.

3.2 Conceptual Framework

From the network governance, actors exchange relationships and interdependence to each other. Here in between each actor, firstly, we would like to find the particular method that entrepreneurs use to create relationships. In our analysis, we develop the figure of Interest-Commitment-Adaptation-Trust sequence from line process to be cycle process. In the line process, the actor ends the relationships process with trust. To illustrate, in our circle process, the ended trust will be continued to interest again from new product development or new innovation and also after entrepreneurs create trust with another business, “word of month” will spread and help entrepreneurs to make relationships with others. Relationships between two actors develop over time through experience. New technology and business idea gain interest from one actor to other businesses repeatedly. To keep business relationships also reconstruct again and again. During the business cycle, entrepreneurs will get more relationships with surrounding business from the connections among existing customers, suppliers and financial institutions. We keep the concept describing networking process but we develop its figure to be more dynamic.
At first step, actor 1 finds actor 2 – customers, suppliers and financial institution – that is interesting and then tries to create relationship. After learning to know each other and they can share advantages, the two actors will make a commitment. Commitment will bring about adaptation which the two actors are flexible in proposal in order to reach both of two actors’ goals. Finally, the two actors trust each other, which lead the actor 1 to have credibility and let him/her to make contact with the interesting actor 2 repeatedly. In addition, the actor 1 can also use the credibility gained from the actor 2 to contact and make relationship with another interesting actor 3, which we call it “word of mouth”. Thus, the step of creating and maintaining relationship would repeat when time passes. Meanwhile, trust can increase more actors in network. In each step of interest – commitment – adaptation – trust, our research will investigate the particular method that entrepreneur develop to create the relationship and gain trust in the final step.

Secondly, organizations concerning business start-ups, such as Idélab in our case studies, will be investigated how they impact entrepreneurs in creating relationships with other actors concerned. The authors use the same model to compare and contrast the differences between entrepreneurs who create relationships by their background and experience and entrepreneurs who create relationships additionally from Idélab.
4. Research Methodology

4.1 Exploratory Research Methods

Entrepreneur is the main person who has the activities of creating relationships among customers, suppliers and financial institutions. The most tentative answers should be gotten from the entrepreneurs who have the real experience on this matter. The history from the past like what they did since they started business could be the way to answer the thesis questions. Therefore, we decided to use the interview as method of data collecting.

Another source of data could be gotten by the Idélab since this kind of organization supports the entrepreneurs who have their business plan to start business including creating business network. The interview with the entrepreneurs who have been incubated from the Idélab and have their own business at present could be the tentative answers for the thesis as these entrepreneurs are also people who have the real experience in creating business network.

Therefore, the best fit method of our research is doing interview to get the answers from the real experience of some entrepreneurs. To clarify, the way of conducting information is semi-structured interview, which generally the schedule of questions about business networking was used to remind the entrepreneurs as the main issue and topics that need to be covered by the interviewee. Some questions were asked openly, while some were closed.

The process of planning the interview is as follow:

1. Roughly sorting and listing the area of questions.
2. Editing and prioritizing questions.
3. Considering the methods that will be used to analyze the questions.
4. Deciding on which questions are going to be opened and closed.
5. Putting questions into sequence.
6. Checking the questions that are relevant to the research topic.

The interview was conducted from some Swedish entrepreneurs, which the definition of these entrepreneurs will be according to the conceptual framework. In order to be practical and technical aspects of conducting the research, there were two parts of the interviews. The first part of data derived from the interview with some entrepreneurs outside the Idélab who have the real experience on creating business network. Another part of data was collected by the interview with some entrepreneurs who have the real experience also, but are supported by the Idélab. We interviewed two entrepreneurs from Idélab and three entrepreneurs outside Idélab. After that the two parts of interview were examined how the entrepreneurs create relationships and business network. The answers are compared and contrasted how the entrepreneurs create business network since this kind of Idélab organization can maybe help accelerate the business network creation. The information was gathered as much as possible from these two parts of the
interviews. The qualitative method was applied to analyze our research after data collecting. Data from the interview was gathered between 23rd of April and 25th of May.

4.2 Companies List

Our companies that we interviewed are some entrepreneurs in Västerås Technology Park and some entrepreneurs who attended Idélab’s project and activities as follow:

1. Caviltool AB

The company provides a patented method which is faster than regular injection-moulded plastic that has been used in present market. This process could help the customer save manufacturing cost and time.

2. Profdoc Joliv AB

The company has innovation that they create the software for medical care focusing mainly on home care service, while the other medical software companies mainly produce for public and private hospital.

3. VG Power AB

The company provides equipment in building hydro power stations. This company specializes in designing in order to suit specific places.

4. Hint (from Idéab)

Hint has the creativity that they focus the customers in public environment. They are also differentiated that they give the customers the feeling of the touch of home in their interior design.

5. Nestor AB (from Idéab)

The company emphasizes sustainable development in business planning. The company also helps the customers to improve their business management by giving them consultants.
5. Empirical data

5.1 Companies’ Information

Profile of Companies and Background and Experience of Entrepreneurs

VG Power AB

Billy Forsberg: Marketing Manager Hydro Power

The 14th of October 2002 VG Power was founded by key individuals within the hydro power business. H. Wilhelmsson implements the infrastructure and recruits key players with long experience and special expertise within Hydro Power refurbishment and Service. Billy Forsberg is one of the five starters. They all have work experience and long history in ABB company for around 20 years; however, VG Power is the first business that they started by themselves.

VG Power is an organization supplying different service orders and completing rehabilitation of hydro power generators with associated equipment. They undertake commissioning on generators provided by the entire original manufacturer. (www.vgpower.com)

Cavitool AB

Björn Wasell: President

Björn Wasell established the company in 2002. He had never started his own business before Cavitool.

CaviTool enhances the efficiency of the manufacturing process for injection-moulded plastics. The patented method was originally developed at ABB. Since 2002 CaviTool have been an independent company with extensive experience in automation of both the plastic and metal industries.

Today CaviTool is a global company, head quartered in Västerås, Sweden, located fifty minutes from Arlanda Airport with non-stop international services. CaviTool is building international presence in line with new commitments; An Asian agent sales office is located in Tokyo, and a sales office is established in London.

CaviTool provides a patented method, saving significant manufacturing cost in plastic injection moulding. The low investment and immediate positive return delivers benefits for both manufacturers and purchasers of plastic goods. (www.cavitool.com)
**Profdoc Joliv AB**

**Christian Strömblad: VD**

Christian Strömblad started his business about products development with another friend when he studied at MDH. In the year 2002, he decided to buy the self-care equipments company by his own capital and managed it under Profdoc Joliv AB in Västerås.

Since the start in 1985, Profdoc has built up a strong trademark and influenced the health care systems development in Scandinavia. There are 40,000 users from more than 4,500 unit’s working with Profdoc’s IT-solutions to handle clinical, administrative and financial health care tasks.

The software and services of Profdoc are based on extensive knowledge and experience from more than 20 years of work with the Scandinavian health care system

- A product mix of innovative, safe and user-friendly systems.
- Communication and integration, services for safe electronic communication and shared patient-data within the different health-units.
- A custom-made ASP-solution has been developed for the health-units that want to outsource their whole IT-environment.
- The customers are guaranteed continuous development to meet the markets demands and needs of change and our systems are supported by a first class and available support-line. ([www.profdoc.se](http://www.profdoc.se))

**Nestor AB**

**Eric Sönderberg: Consulter**

Eric Sönderberg has work experience at the airport in Västerås. He did system environment and launched the policies for the people to do the right things. The activity in Nestor started in the autumn of 2003 by Eric Söderberg with direction on environment-communication, environment information and integrity of management system. He started the consultant business idea at Idélab in Malardalen University. After year 2005, he attended click start program at Technology Park in Västerås. He has never started business by himself before, Nestor is the first company that he started by himself.

Nestor offers consult services within business developing, activity developing, project management and internationalizing. The mission is a tight grip on the management system, organization, staff, production, quality and environment.

Nestor’s consults all have a stable/genuine work relationship with many years experience within their own areas of work. Nestor takes personal responsibility for the whole mission progress from the starting demand-analysis and agreement over the mission’s layout, through the implement all the way to the follow-up of the result and quality.
Since 2007 there are 5 partners which all are active business-consults within business
development, activity developing, project management and internationalizing. The clients are
found within the power supply industry, the manufacture industry, services and service-help.

Nestor works with the meaning to long-term improve the clients’ profits and also, depending on
the mission’s character, offer a full solution for the client’s management system, organization,
staff, production, quality or environment.

Because Nestor is a part of Västerås Technology Park, Technology village; Nestor has rich
network of consult colleges with complement information within engineering, economy, logistics
and staff-questions. Through networking-co-operations, Nestor can offer the right qualifications
for the client’s project. (www.nestor.se)

**Hint**

** Åsa Hendberg : Interior Designer**

Åsa Hendberg started interior business with other two friends at Idélab in Malardalen University.
They all have no work experience before.

Hint is the interior designer who works for public environments such as restaurants, universities
and etc. Hint gives the customers about how a room can be shaped and used Decoration,
exhibitions and graphic design are the parts that Hint works with. It is important that the
customers’ companies and their trademarks are clearly shown in the room where they take in
visitors. Hint can be with the customers from everything, since idea proposal, project
management to implementation. (www.hint-rum.se)

**Relationships with Customers**

**Interest**

**VG Power AB**

The customers of VG Power AB are power stations generating electricity power. There are three
main customers, Vattaten Fall, Fortum and Eon. After doing a research, VG Power AB found
that these three power stations are the potential customers; therefore, the company started to
contact them. VG Power AB first called the power stations and introduced themselves. Knowing
that sometimes the power station cannot generate power in time, VG Power AB made a
suggestion to the power stations to upgrade the old system so that they can maximize power
output. Especially during the spring time, it is the low season for generating the power as the
water is not sufficient and the other companies generating hydro power will be out service. VG
Power AB therefore tried to make the customers to be interested in their products by calling and
offering them an assistant in generating hydro power.
Cavitool AB

Cavitool AB searches for the customers related in plastic business on the internet and gathers customers’ information. The customers also come from the power of word of mouth by the existing customers. Cavitool AB contacts the potential customers by telephone call and introduces their products. They also ask the potential customers for the meeting in order to present more about their products and innovation.

Profdoc Joliv AB

The customers of Profdoc Joliv AB are the whole self-care centers such as in hospital, which are from both the public sector and the private sector. Regarding the public sector, the center is in Eskilstuna, where there is networking in itself. The public customers are the important source of word of mouth for the company as there is a development seminar where business men from other regions attend the meeting concerning self-care products. For the private sector, it is not the source of word of mouth comparing to the public sector. Profdoc Joliv AB contacts the customers in this sector by calling and sending them the references showing credibility, which are the existing customers list that Prodoc Joliv AB are working with. The process of contact the customers is identifying the potential customers, listing the customer’s names, contacting them by telephone and lastly offering to assist them.

Nestor AB

Eric Sönderberg has been keeping contact with his colleagues at the previous work place all the time; as a result, he obtains the first customers from this connection. In addition, the connection among people from Idélab, where he began this business, has been useful for him. He gains the customers from Idélab both in Västerås and Eskilstuna. To extend network, Eric Sönderberg also attends the network meeting where various business people meet and shake hands in order to gain relationships. In addition, he attends the workshop to get the opportunities to meet with people who maybe become interested in his business.

After he has a management plan and be ready to present to the customers, he contacts the customers by telephone call. He introduces himself, presents his business plan and gives the customers some advices.

Hint

Hint found the first customer from the Idélab where they started business. At Idélab, they met many of people from various fields of business. There was one person became interested in their interior idea and asked them to design.

In addition, Hint finds the interested customers from exhibition and job events concerning interior. Hint also searches for the customers from magazines. When Hint found that those public environments such as restaurants can be the potential customers, they start to contact those customers.
customers by telephone call. Moreover, Hint goes to BNI, which is the networking meeting, where various, small and large companies come and exchange relationships. Hint attends BNI and presents themselves as the professional in interior with the differentiated idea in public environment design.

At Idélab, Hint developed their business plan idea. They meet various people in Idélab. Idélab also gave them a chance to present their jobs in many events, supporting them to gain the potential customers. Moreover, Hint also has the relationships with other students at that time, which those students are networking supporting Hint to find the customers at the earlier stage. Hint still keeps contact with those students for the future work task. In addition, at Idélab, Hint could learn from the coach how to create relationship and present their work to the customers and suppliers.

Commitment

VG Power AB

When both the company and customers are interested to each other, the customers will give a specification to the company and require the information of price. The company then makes a quotation and also gives some suggestions to them. In this case, when the customers are satisfied with the specification and the price, they will commit to do business together by signing an agreement paper.

Cavitool AB

Cavitool AB always keeps close contact with customers in order to keep the long relationship with customers. They also follow up with their products.

Profdoc Joliv AB

After the customers feel interested in the products, they will sign the lease contract with Profdoc Joliv AB. Then, the customers will have the right to use the self-care software according to an agreement term.

Nestor AB (From Idélab)

Nester AB has the goal that they must perform the best on the consultant duty in order to convince the customers to commit with their service. Eric Sönderberg said that keeping contact with customers are also very important because the person works with consultant needs to help the customers whenever they are in need. Therefore, performing well on giving them a consultant and being available all the time can make the customers decide to commit with Nestor AB, leading to an agreement to have Nestor AB as the consultant in a long term.
*Hint Interior (From Idélab)*

Normally, the customers take a service from Hint only single time as the business is about interior design. However, Hint still keeps those existing customers in record. For the existing customers, Hint will perform the best in order to keep the interior work go on until the end of process. Hint will treat the customers well and make those customers feel like Hint is their room.

**Adaptation**

*VG Power AB*

The company co-operates and works together with the customers. They work with mind-opened and listen to the customers. If the customers have problems, the company will give some advices and help to solve those problems.

*Cavitool AB*

Sometimes Cavitool AB has a negotiation with customers when they are not satisfied with the price. Cavitool AB may reduce the price as they can in order to keep the customers.

*Profdoc Joliv AB*

Profdoc Joliv AB always listens to the customers’ opinion and adapts themselves in the way that they can. Sometimes, they have a negotiation about the price with the customers.

*Nestor AB*

Eric Sönanderberg said that being a good consultant needs to listen and accept the customers’ opinion even sometimes they are not absolutely right.

*Hint Interior*

Hint can adapt their plan in order to serve the customers need.

**Trust**

*VG Power AB*

Trust is the main point that the company tries to maintain. The company gains trust after they work well with the customers. The company tries not to fail with generating the power because it will be a big problem as it will cost a lot of money if the customers cannot generate the power. Therefore, the company needs to have a good solution all the time in order to maintain trust. They also never stop giving a contact to customers.
**Cavitool AB**

Cavitool has a quality control in their products in order to gain trust with the customers. If the products have a problem, then the company may lose trust. The company also tries to deliver the products to the customers as the appointed time.

**Profdoc Joliv AB**

Profdoc gains trust from the customers by always keeping contact. Profdoc also meets the customers three times in every year in order to catch up with their products. Profdoc also said that always being available with the customers is very important. As the company is small, so it is easy to always be available with the customers comparing to the bigger companies. The customers can contact with the people concerned directly, which Profdoc found that having a strong individual relationship can build trust with the customers.

**Nestor AB**

To gain trust from the customers, Nestor tries the best to do a good job for the customers. The customers must have a better situation in management. Also, Nestor is serious with working. The consultant must work with moral and good ethic.

**Hint**

Hint always keeps contact with the customers. They will be available during the necessary time. Hint will not change plan before the customers know. They always keep talking and keep their agreed schedule. Hint also keeps their interior work to be finished as the appointed time. Hint said that as they perform well, the customers help them to spread word of mouth.

**Relationships with suppliers**

**Interest**

**VG Power AB**

As there are many equipment parts in generating hydro power, the company orders equipments from suppliers in Sweden and many countries around the world such as Italy, Poland, Brazil, China and etc. The company chooses the suppliers that they are interested in the product and price. The company will contact the suppliers and inform them about the problems that they have and the equipment that they need. At first the company selects the suppliers that can offer the low price; however, if the qualities of the products are not satisfied, the company will switch to another supplier. The company will contact the suppliers and inform them about the problems that they have and the equipment that they need.
Cavitool AB

Cavitool has to contact with mechanical suppliers. They try to find the suppliers in close area for the convenient in transporting products. The company normally contact with the suppliers by telephone call.

Profdoc Joliv AB

Profdoc only needs to buy a developing license from the supplier. Therefore, Profdoc has not many suppliers. Some others are the computers for working.

Nestor AB

The suppliers of Nestor are the under consultants who help Nestor to develop business plan idea before presenting it to the customers. Nestor found the suppliers from the click start program at Technology Park, where Eric meets lots of people from many fields. Nestor also finds the suppliers from the internet and sends an e-mail to them. If Nestor is interested in that supplier who has a good idea in business plan, they will call to contact that supplier.

Hint Interior

Hint goes to the exhibition such as furniture exhibition where they meet sales person. If Hint becomes interested in those suppliers, Hint will contact them by telephone call.

Commitment

VG Power AB

The company sends drawing to supplier and asks about the cost. Also they ask about the delivery time, because it is very important to get the product in time. If the products, price and delivery time are satisfied, the company will sign the contract with the suppliers.

Cavitool AB

If the suppliers do business well, delivery products in time and the products are qualified, Cavitool will make commit to that supplier by order the products in the long term.

Profdoc Joliv AB

Profdoc sign the contract with the developing license.

Nestor AB

If the suppliers perform well in business idea plan, Nestor will commit to those suppliers in order to get more business idea plan.
**Hint**

Hint will keep using the products from suppliers if they found those products are qualified and do not cause problem.

**Adaptation**

**VG Power AB**

The company found that the suppliers also make adaptation to them as the suppliers also create and produce the products that the company need. Also, the company is given a guarantee for the products from the suppliers because it will cause the problems when generating the power and cost lots of money if the products do not perform well.

**Cavitool AB**

Normally, suppliers adapt to Cavitool. They always impress Cavitool by doing accuracy. The suppliers also make it easy for manufacture. There are around 20 suppliers for Cavitool, if one supplier cannot provide the products, then the company can switch to another that is available.

**Profdoc Joliv AB**

Profdoc does not need to adapt themselves to the suppliers.

**Nestor AB**

Nestor does not need to adapt themselves to the suppliers. They may accept the price of business plan that sometimes it is not that much satisfied.

**Hint**

Normally, the suppliers will adapt to Hint. For example, they will negotiate about the price until both of them are satisfied.

**Trust**

**VG Power AB**

The company also needs a good relationship with suppliers. The company gain and maintain trust as same as they gain and maintain it with the customers. To maintain trust with the suppliers, those suppliers must know well with the company’s business and need.

**Cavitool AB**

Cavitool and the suppliers gain trust to each other by always discuss about products. Cavitool also always tries to make payment as the appointed time.
Profdoc Joliv AB

Profdoc follows the agreements term with the developing license and make payment as appointed time.

Nestor AB

Nestor gains trust from the suppliers by trying to be in time to pay for the given business idea.

Hint Interior

Hint gains trust from the suppliers by being on time for the payment.

Relationships with Financial Institutions

Due to Cavitool, Profdoc, Nestor and Hint are small companies; they do not require much investment. The four companies invest their own capital for the business. VG Power is the bigger company with complication in mechanical production; therefore, the company needs a big capital from financial institution.

Interest

At earlier when VG Power was formed, the company support themselves by their own financial capital; however, the own capital was not sufficient. The company was also supported by ALMI financial institution, which is the main financial capital. The company also took a loan from the banks.

The company knows the reputation of ALMI as it is well-known financial institution in Vasteras. The company also knew the person who worked in ALMI as that person used to work together in ABB before, and that person is the vice president of ALMI.

At first, the company made a business plan to present to ALMI. The company shown five years strategies to gain trust from the ALMI that the company will survive if they give the company a loan. The company had to show how many employers they will have, the income they will get in the five years.

Commitment

The company signed the contract to make a loan from ALMI and banks.

Adaptation

The company does not adapt themselves to ALMI and banks. They just try to make the payment as an appointed time.
**Trust**

VG Power gains trust from ALMI by following the business that they present. Also, they try to make the payment as an appointed time.

**5.2 Idélab**

Idélab is a creative meeting place founded in 1999 and is a nonprofit unit of external relationships with Mälardalen University. The area of activities covers the students, personnel and researchers of the university who would like to get help with developing and to start companies. Idélab runs and arranges several projects and activities. During the process, Idélab contributes through knowledge, networks, creativity and qualified management and development of ideas, from thought to completed business concepts. It influences to catch, stimulate and drift forward ideas of students, personnel and researchers. This could happen in their own direction or collaboration with external companies and organizations. Idélab has influenced approximately 2,400 ideas and 244 companies have started. In other word, every year about 300 ideas come into Idélab and 30-40 companies are started.

![Figure 6: Idélab process](image)

Figure 6 illustrates the process of Idélab consists of four cubes (four steps). The first one is the inspiration cube, which students have their own ideas and inspiration to start their own business. The second cube is the idea meeting. Students with business ideas are welcome to come and join the meeting with each other in order to exchange and develop their business ideas. The third cube is pre-incubation, which is likely to the business course. Students will be provided with their own business coach and practice their business ideas with some other students. The last one is incubation cube. In this process, there will be various creative workshops together with students and personnel in order to encourage them to have further ideas concering entrepreneurship and creativity. Consequently, Idélab is the private society that motivates students to think differently; in other word, to activate them to think outside of the box.
During the idea meeting, Idélab activates the participants to get structure on the ideas. It motivates students to develop the existing idea into business idea. Students are given a chance to meet each other on five Monday evenings. The first time of meeting, students will be motivated to turn the existing idea into business idea. The second is to motivate students to look at their goal and their vision, for example how the business’s goal and destination in five years. The third lesson is to motivate students to reach the target groups. The fourth time, students will meet with the person from the company who come to teach about SWOT analysis. Until the fifth time, the groups of Idélab in Västerås will meet the groups of Idélab in Eskilstuna. This time students have to present their ideas to everyone. After that they receive the diploma that they have achieved the pre-incubated cube.
6. Analysis of Finding

6.1 Particular Ways that Entrepreneurs Use to Create Relationships in Business Network

How entrepreneurs create and maintain relationships with customers

According to the interviews with five entrepreneurs, internet is the basic sources for entrepreneurs to search for the potential customers. The power of word of mouth is very crucial for entrepreneurs to obtain more customers. The small companies, such as Cavito AB, Profdoc Joliv AB, Nestor AB and Hint, rely on word of mouth. In addition, background and previous work experience also support the entrepreneurs to gain more connections. For example, Eric Sönderberg, the founder of Nestor AB, has the connection from people in previous work place and brought him the first customer when he started the consultant business at earlier. As well as VG Power AB, the five founders of the company have work experiences at ABB before; as a result, VG Power has the connection with customers from ABB. Furthermore, Organization concerning business start-ups such as Idélab influences the sources of customers for entrepreneurs. Nestor AB and Hint started their business within Idélab; consequently, they found the customers from the relationships that they have created during attending to Idélab. Lastly, workshops and networking meeting are also the sources for the potential customers. Nestor AB and Hint always keep attending this kind of meeting in order to get more connections from various business people.

Moreover, the particular way that entrepreneurs contact the customers who share the common interest is to reach them directly by phone and e-mail. However, there are two different methods subject to their product. First of all, the companies engaging in particular products and services are the companies that have specific customers. Their potential customers are limited by type of goods. Entrepreneurs in this type of companies have already had the ideas concerning which customers they should start to contact and present the products. For example, VG Power AB, which is the hydro power generator, has specific customers which are power stations. In addition, Profdoc Joliv AB, which is a provider of computer program for health care center both in public and private sector, has customers only in home-care medical organizations. Therefore, these two companies contact the customers from the list of those specific customers either by phone or e-mail. The second is the companies who provide general products and services. They need to pay attention more on presenting their products in order to expose their differentiated qualifications to the customers. For instance, Nestor AB, which provides consultant service, needs to do the research for the potential customers and present them the company’s qualifications in managerial process.

In addition, the examination also shows that the five entrepreneurs make a commitment with their customers. The particular method that entrepreneurs use to commit with the organizations that they are interested in is normally signing a contract. Contract is the tool for the entrepreneurs to keep business relationships under both companies’ agreement. The contract is necessary to the
companies that need to co-operate in the long process and have high investing resources both capital and human such as VG Power AB. From the interview, VG Power AB has to contact its suppliers to purchase costly equipments from various countries in the world and employ personnel with specializing in hydro power. Signing contract with customers is needful for VG Power AB to run business in advance and it also can help protect the customers not to break an agreement. In contrast, making a commitment by signing contract is not necessary for the companies working with the customers only in a short period, such as Hint generating decoration works and Cavitool AB engaging in plastic-injectioned molding. With a short time in working, the companies need no contract. However, the commitment with the customers is based on the personal agreement when both the companies and the customers are satisfied together.

Adaptation is the following process that the companies use to fulfill the commitment and generate further tight relationships. There are various methods that entrepreneurs can apply depending on circumstances. Cavitool AB and Profdoc Joliv AB adapts to the customers with price negotiation in order that both of them can meet the satisfied point. Hint is the interior design company, which normally their work comes from their own ideas; however, they also accept to the customers’ opinions and produce work according to the customers’ need. As well as VG Power AB and Nestor AB, they always listen to the customers and accept the customers’ opinions.

The investigation on five entrepreneurs concerning how they gain trust shows that all of them apply the similar ways. Entrepreneurs devote themselves to perform well on their responsibilities in order to avoid the mistakes. They are honest and follow the plans according to the agreement with the customers. They work punctually, deliver products or achieve the assignments according to the appointed time. In addition, they are always available to the customers when the customers are in need.

Entrepreneurs maintain relationships with the customers by always keeping contact. For example, Profdoc Joliv AB sets the plan to have a meeting with customers three times in one year. Besides, to perform well is the general rule of entrepreneurs to keep the longer relationships with customers.

Relationships are further when the companies and customers are satisfied to each other. Satisfaction with each other brings about the credibility to the entrepreneurs. The more credibility the entrepreneurs have, the more the customers support them by spreading the reputation of the companies.

**How entrepreneurs create and maintain relationships with suppliers**

According to the investigation with five entrepreneurs regarding sources of suppliers, the authors found that entrepreneurs search the suppliers both by information gathering and connection in the business network. VG Power AB obtains customers by gathering information from the concerned suppliers almost around the world as well as Cavitool AB who search information
about suppliers, but in the close areas. Profdoc Joliv AB requires only the suppliers providing developing license, so they do not seek more suppliers. Hint searches for the suppliers from the exhibitions where they gain contact with the sales persons for the future task of supplying raw materials. Lastly, Nester AB finds the customers from the click start program in Technology Park where the network is available to search for the suppliers.

Five entrepreneurs contact with the suppliers whom they think that will be useful for their business. They contact those suppliers by e-mail, telephone and meeting in order to make an agreement in business.

If the suppliers perform well, follow with the agreement and delivery the qualified products or achieve the assignment punctually, the interviewed entrepreneurs will commit themselves to take the service with those suppliers in the long term.

As the companies are small, the entrepreneurs adapt themselves to the suppliers slightly. In generally, entrepreneurs try to make a payment in an agreed time in order to gain trust. The more entrepreneurs follow an agreed term and be punctual with the payment, the more the they gain credibility effecting the two parties to do business in a long term. Entrepreneurs also try to keep contacts in order to maintain good relationships.

How entrepreneurs create and maintain relationships with financial institution

According to the research’s sampling, five companies can be categorized into two groups. Firstly, the companies that do not make a loan from any financial institutions, which are Hint, Nestor AB, Cavito AB and Profdoc Joliv AB. Another group is the company that make a loan from financial institution when they found the company, which is VG Power AB.

The particular way for company to get into financial loan is making a business plan and presenting it to the financial institution. This relationship is committed by contract. The entrepreneur follows the process of payment on time and this would help the company gain trust and credibility from financial institution. For example, VG power AB, one of the case studies, is the only company borrow loan from financial institution on the reason that it is a big company and their business concerning generating hydro power requires high capital. When the company was formed, the founders invested their own money and were also supported by ALMI, a well-known financial institution in Västerås. Billy Forsberg, one of the founders of VG Power AB, has a personal connection with the president of ALMI from his experience while he worked in ABB Company. At first, the company made a business to present to ALMI. The company assures ALMI that they will survive by showing five years strategies in running business. This plan could lead ALMI to have a trust on VG Power AB. After that, the company signed a loan contract with ALMI in order to make a commitment.

6.2 Idélab

Idélab works with business start-ups by encouraging them to start their own business through its projects and activities. Following Idélab’s process, entrepreneurs would get to know others
during the projects and activities and they also gain relationships from companies outside that connect with Idélab. The relationships that entrepreneurs could gain can be divided into two parts as following.

**Internal relationships**
Idélab emphasizes on the importance of students’ networking. They push an effort to let students know more people during the process. Every lesson that Idélab has is included with a team building, exercising, learning to know each other; as a result, there is the internal networking available. Learning each other in the class is the way to create internal networks for students inside Idélab.

**External relationships**
Idélab also supports external networks for students. During the workshops, there will be an assignment to spread a competence on process to the surrounding world, such as universities in Sweden, companies in Sweden, and universities and other organizations in other countries and etc. Therefore, Idélab is also the linkage between external networks and students inside. Idélab functions both as a physical place and as a virtual network. Around Idélab is a broad contact net that can give important information, complex of problem and research in a various areas. One of the organization’s helps is creating contact nets.

Idélab can be seen as a tool that entrepreneurs use to gain more relationships with surrounding entrepreneurs and organizations. The definition of relationships from Idélab means the different connections which are apart from the entrepreneurs’ background and experience. The figure below illustrates the relationships that are apart from the entrepreneurs’ background and experience. It is the relationships from Idélab in this case.
The figure 7 illustrates the difference of networking process between entrepreneur who bases relationships only from his background and experience and entrepreneur who has background and experience and is also supported by the relationships gaining from Idélab.

In this case, entrepreneur A has started business and created relationships based on only his background and experience. He starts contact customers, suppliers and financial institution from his own contacts. His contacts expand over time. Entrepreneurs B, in the first stage, he contacts with surrounding business from his previous background and experience. The relationships between him and surrounding organizations expand over time. In addition to previous background and experience, he attends Idélab project and activity, which supports him to have more contacts from surrounding organizations as during Idélab process, he attended the team building, exercising, and workshop with other students; therefore the networking of friends come in. During the workshop, he was also given a chance to contact other surrounding organizations,
such as universities in Sweden, companies in Sweden, universities in other countries, other organizations in other countries. This would support entrepreneur B to increase relationships from both internal and external networks.

On the top of entrepreneurs’ networking tubes, entrepreneurs B has a high volume of relationships than entrepreneur A on the assume that the entrepreneur A and the entrepreneur B have the same speed of creating relationships – the speed of building interest, commitment, adaptation and trust. The reason is that Entrepreneur B gains relationships from both the background and experience before he starts business and being in the part of Idélab. For empirical example, the model on figure 9 below explains networking process of Nestor AB.

Figure 8: Networking process of Nestor AB
Figure 8 illustrates the case study of Nestor AB – the company started by the support of Idélab. The tube is fulfilled with the relationships gained from various sources.

As Eric had a work experience at the airport in Västerås before he started Nestor, he has a connection with the people who worked there. Therefore, at earlier stage, he got the first customer from the person at the airport. In addition, as his business of Nestor started at Idélab when he was a student, he has gained relationships from there. Eric was offered a consultant job from people he knew in Idélab. Furthermore, when he joined the Technology Park and attended the Click Start program, he has even achieved the rich network of consult colleges with complement information. The relationships from each source expand growly more and more during the life time. Relationships of entrepreneurs with customers, suppliers and financial institution are more volume after Eric attended to Idélab and even more when he joined the Click Start program.
7. Conclusion

Relationships of entrepreneurs vary automatically over time by contacting with surrounding businesses and organizations during the life time. In the commercial process, business men have to make various contacts and get to know related people. However, if we look further into the process of creating relationships, it is required more than time. Good relationships need more to create fine relationships which mostly come from entrepreneur himself. This process needs self-motivated action to build trust and entrepreneurs need to be energetic persons. Entrepreneur himself is the man who creates relationships with surrounding business.

7.1 The Particular Ways that Entrepreneurs Use to Create and Maintain Relationships in Business Network

The particular ways that entrepreneurs use to create relationship in this research following Interest-Commitment-Adaptation-Trust sequence from dissertation of Linnskog (2007). We found that many entrepreneurs in our case study follow this step in order to gain trust with customers, suppliers and financial institution; however, each entrepreneurs use both similar and different methods in each stages depending on type and size of business.

7.2 The Effect of Organizations Concerning Business Start-Ups, such as Idélab in Our Case, on Speed of the Relationships

At present, there are many organizations concerning business start-ups that pay attention on the importance of entrepreneurships and are willing to support new business idea performance. The authors found this kind of organization in Sweden. In particular, we found Idélab and Technology Park in Västerås. In this Master’s thesis, we examine the influence of this kind of organization to entrepreneurs and we selected Idélab as our case study. Idélab is an external unit related to Mälardalen University helping the university's students, personnel and researchers develop and start their companies. During the Idélab's process, the attendants would gain both internal and external relationships. Every lesson that Idélab has is included with a team building, exercising, learning to know each other; as a result, there is the internal networking available. Idélab also supports external networks for students. During the workshops, there will be an assignment to spread a competence on process to the surrounding world, such as universities in Sweden, companies in Sweden, and universities and other organizations in other countries and etc. These relationships would help them create further relationships in the future even they have related business or not at that time. The gained connections with various people help entrepreneurs realize the kind of businesses that the others perform; consequently, the entrepreneurs have the idea who they have to contact when they need. Word of mouth is also spread out from one to one. Therefore, the entrepreneurs attending to Idélab reach more relationships than entrepreneurs who do not, on the assumption that both of them have same speed of creating relationships - the speed of building interest, commitment, adaptation and trust. The authors would like to suggest that new business start-ups may attend the organizations
supporting business start-ups depending on the joining fee and the expected benefits in order to expand business networks.
8. Reference

Articles


Books


Interviews

Billy Forsberg, a Marketing Manager Hydro Power of VG Power AB

Björn Wasell, a President of Cavitool AB

Christian Strömblad, a VD of Profdoc Joliv AB

Eric Sönderberg, a Consulter at Nestor AB
Åsa Hendberg, an Interior Designer at Hint

_Web Pages_

http://www.cavitool.com

http://www.hint-rum.se

http://www.nestor.se

http://www.profdoc.se

http://www.vgpower.com
Appendix

Interview’s Questions

1. When did you have a plan to start this business?
2. What is creation and innovation in your company? How does your product differ from others in the existing market?
3. Is this your first company or have you ever had experience in doing business before?
4. Have you had any connections with customers, suppliers and financial institutions before you started this business?
5. Did you start this company by your own capital or by a loan from a financial institution?
6. How did you contact and create relationships with the first customer? Can you explain your particular method?
7. How did you contact and create relationships with suppliers in order to get external resources? Can you explain your particular method?
8. Do you have any methods to get in touch with other companies?
9. How can you find the companies that you are interested in and then create relationships with them?
10. How do you decide to commit with those companies?
11. Do you make any adaptations to the companies that you have made a commitment?
12. Do you gain trust with those companies? If so, how can you maintain the trust?
13. Do you have any organizations supporting your business networking?
14. How is your relationship with other companies at present?
15. What do you think the term successful entrepreneur relates to you?

Extra-question for entrepreneurs helped by Idélab

1. How Idélab help you to create relationship with other companies?
2. Does internal relationship in Idélab – relationships among students or people in Idea’s Lab - help you to create business network?