

Where to Start?

Subsidiaries' R&D mandate and the Development of a Value Product in India

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Abstract

In this early draft, we aim to contribute to research on the evolution of subsidiaries' R&D mandates by studying such a mandate's impact on subsidiaries' issue selling strategies for a value product initiative. Drawing on insights of longitudinal case studies on two divisions of a Swedish multinational company and their endeavors to introduce a value product in India, we suggest a process description arguing that the evolution of the R&D mandate influences a subsidiary's contextual cues and knowledge and therefore also the chosen issue selling strategies and effectiveness, which in turn also impact the continued R&D mandate evolution.

Keywords: Subsidiary; R&D mandate; value product; India; issue selling

Introduction

India's market potential – expected to become the third largest economy in the world by 2050 (Paul & Mas, 2016) - has attracted an ever-growing number of multinational corporations (MNCs) (Dubiel & Ernst, 2013). MNCs typically enter India by targeting the premium segment (Choudhary et al., 2012), i.e. transplanting offerings previously developed for their traditionally targeted developed markets (Dawar & Chattopadhyay, 2002). Soon after MNCs - often successfully - have entered India, however, many MNCs realize that the premium market segment offers a relatively low growth rate (Dubiel & Ernst, 2013). Therefore, many MNCs try to expand into the growing value segment by introducing a value product (Shankar et al., 2008), that is, a “good enough” product with 70% of the value of the global product at 30% of the global price (Venkatesan, 2013). In case MNCs do not manage to enter the value segment, “[...] they will sink into the midway trap, where growth is determined by the tide of the industry” (Venkatesan, 2012: 28). Moving from targeting the premium segment toward competing within the value segment is, for many MNCs, a dramatic step that carries many obstacles to overcome (Gudlavalleti et al., 2013).

Entering a value segment in India, MNCs cannot only lower the price by stripping off features on premium products or employing local suppliers, but need to develop and offer a value-engineered product (Dubiel & Ernst, 2012). MNCs have to take on a new attitude toward cost consciousness, show willingness to simplify products, and think outside the box (Prahalad & Mashelkar, 2012). Consequently, MNC's headquarters (HQ) need to commit to the local operation, and not at least by upgrading the research and development (R&D) competence and capability of the Indian subsidiaries by leveraging local knowledge, especially local engineers' understanding of the local

customer (Mrinalini & Wakdikar, 2008). Indeed, there is a strong link between the ability to develop a value product as to enter the growing value segment in India and an MNC's need to develop the subsidiary's R&D mandate.

Research on internationalization of R&D has identified two main motives to set up R&D activities abroad (e.g., Kuemmerle, 1997), i.e.: (1) to support manufacturing activities of local subsidiaries by adapting products and technologies developed in the home countries to local market conditions ('home base exploiting' or 'adaptive' R&D); and (2) to develop new technologies overseas by accessing foreign R&D resources and local technological and scientific strengths ('home base augmenting' or 'innovative' R&D). A variety of typologies focusing on differences in subsidiaries' R&D mandates and the subsidiaries' roles played is presented in the literature (e.g., Cantwell & Mudambi, 2005; Håkansson & Nobel, 1993; Pearce, 1999). Then again, hitherto a local R&D mandate's impact on the value product development has been neglected in this literature, which is surprising given the above-sketched importance of entering the value segment in for MNCs increasingly important emerging markets such as India.

Similarly, the still anecdotal evidence on MNCs' attempts to enter the value segment lacks a discussion on the process an MNC goes through to reach customers in the value segment. Whereas researchers highlight the importance of developing local R&D competence and capability to develop a value product (Dubiel & Ernst, 2012; Prahalad & Mashelkar, 2012; Venkatesan, 2013), this stream of research does not offer any insights on how the development of such a product is related to the subsidiary's R&D mandate.

Based on the above, the aim of this paper is to contribute to the literature on subsidiaries' R&D mandates and research on MNCs' attempts to enter a value segment in India by describing and explaining how the development of a value product is influenced by a subsidiary's R&D mandate. During our longitudinal case study of two divisions of a Swedish MNC's attempts to enter the Indian value segment, we learned that the introduction of a value product resembles what the international business literature describes as a subsidiary initiative (Birkinshaw et al., 1998). Indeed, the identification and development of a new local product opportunity – such as a value product includes entrepreneurial proactive behavior in subsidiaries aiming to influence strategy making in the MNC (cf. Strutzenberger & Ambos, 2014). More specifically - with our focus on the subsidiaries' R&D mandate and its implication on the value product development - when working with our two cases - we realized that the two subsidiaries' issue selling approaches (cf. Dutton & Ashford, 1993; Ling et al., 2005) differed due to their R&D mandate and in fact of the evolution of the latter. Due to this inductively discovered insight, we draw on insights from the subsidiary issue selling literature (Ashford et al., 1998; Conroy & Collings, 2016; Dutton et al., 1997; Dutton et al., 2001; Ling et al., 2005) to describe and understand how the R&D mandate of a subsidiary influences the subsidiary's issue selling strategies when developing a value product in India. Accordingly, we ask the following question: How does a subsidiary's R&D mandate influence the issue selling strategies during the development of a value product?

The paper continues with an overview of the prevailing literature on issue selling within the context of an MNC. Then, we discuss methodological choices and provide an empirical account of the cases. Then, we give a first draft of an analysis of the cases within our theoretical framework and conclude with preliminary findings.

Subsidiary Issue Selling

The question of how MNCs' subsidiaries proactively and autonomously develop and implement new strategic initiatives has attracted wide research attention (Strutzenberger & Ambos, 2014). A subsidiary initiative is defined as "entrepreneurial proactive behavior in organizational subunits aiming to influence strategy making in the organization" (Strutzenberger & Ambos, 2014, p. 315). Since the MNC can be portrayed as an internal market system in which subsidiaries compete for resources from the HQ for pursuing their initiatives (Conroy & Collings, 2016), subsidiaries need to get the HQ's attention; i.e. they will need to involve in issue selling. As summarized by Conroy and Collings (2016), issue selling is an upward influencing technique where subsidiaries act as 'sellers' in an internal market system to shape the overall strategic agenda of the MNC. Due to space restriction of this first draft, we summarize the prevailing literature on issue selling in table 1 highlighting contextual aspects influencing a subsidiary's intention to sell an issue and consequent selling strategies employed.

--- Table 1 ---

Methodology

This paper utilizes a longitudinal case study approach (Eisenhardt, 1989), allowing for an in-depth understanding of the complex relationship between an MNC's endeavors to enter the Indian value segment and the subsidiary's R&D mandate (cf. Yin, 2003). We conducted a comparative case analysis of Volvo Group Trucks (VT) and Volvo Bus (VB).

We conducted interviews with executive managers at VT's and VB's HQs, with six interviews at each firm, including the chief executive officer. These initial interviews helped us to understand the HQs' overall strategic approaches to the Indian market, as well as their thoughts on R&D activities in India. We then collected data in India. At VT, we interviewed managers (four interviews) responsible for and working with product development for value products. We met interviewees once a year between 2012 and 2016. At VB, we conducted eight interviews between 2014 and 2016. Again, we met especially with managers responsible for value product development. All interviews lasted approximately 90 minutes and were taped and transcribed. The overall focus in the interviews was to get the interviewees' view on the development of R&D competence and capability in India and the 'value product story'. Secondary information was collected from media articles (especially articles from Indian business newspapers such as Business Today and the Swedish newspaper Dagens Industri) covering the development of VT and VB's activities in India and globally. We also collected company internal documents (such as various PowerPoint presentations on market and sales figures, project reports, and organizational charts), Volvo AB's global website, VT and VB's website, several industry reports, and several Volvo AB annual reports. Parts of the study are retrospective in nature, as the initial years of the process had already happened when we started to collect data in 2012. Using triangulation and multiple interviews about the same process reduced the risk of post-rationalization of previous thoughts and decisions as well as problems related to memory (cf. Yin, 2003).

When analyzing our collected data, we first wrote sketched case narratives following a timeline to reconstruct the historical development of VT and VB, and their journey toward the development of their R&D activities in India and the relation to the attempts to enter the Indian value segment

(cf. Langley, 1999). The narratives were sent to and validated by the interviewees (for convenience, one interviewee per MNC took the overall responsibility to validate the stories).

Important to note is that the data used in this paper is part of a larger longitudinal research project that has studied the evolution of R&D competence and capabilities at several Indian subsidiaries of Swedish MNCs. For this paper, based on theoretical sampling to provide maximum variation (cf., Eisenhardt & Graebner, 2007), as discussed in detail below, we chose VT and VB, since these two cases portray different R&D-related mandates and evolutions thereof. Furthermore, VT's introduction of a value product can be characterized as more successful than VB's.

For the above mentioned sampling choice of VT and VB, we drew on Qi et al.'s (2014) – a study that not only offers a classification of different R&D mandates held by subsidiaries, but also is based on insights made in an emerging market (as does our study). Qi et al. (2014) distinguished between four different types of local R&D subsidiaries by market exposure type (global vs. local) and the role played by the subunit in the MNC's global R&D network (passive vs. active). As illustrated in Figure 1, Qi et al. (2014) identified two subsidiary types with a local geographical focus, where a local adaption unit (LAC) adapts global products to local markets and is weakly linked to the MNC's global R&D network. The second type of subsidiary with a local market focus is the local development center (LDC), which also has weak links to the global R&D network, but rather is more engaged in developing new products for the local product as the result of often long-term-oriented R&D projects. The remaining two types of subsidiaries have global market exposure and differ by the role they play in the MNC's global R&D network, with global R&D centers (GRDC) playing a passive role and global integration centers (GIC) playing a more active role.

--- Figure 1 ---

As we show in figure 2 (see also tables 2 and 3), both cases started their R&D activities in India by having a unit whose activities can equal activities performed by a LAC (VT I; VB I). Thereafter, VT's Indian R&D unit first had become a GRDC (VT II) and, at the same time, partly an LDC (VT III) only to later transform into a GIC (VT IV). VB's local R&D unit developed into an LDC (VB II).

--- Figure 2 ---

For VT, the value product initiative commenced in 2006 when being a GRDC and for VB in 2008 still being a LAC. Hence, VT had built up the necessary local R&D competence and capability prior to developing a value product, while VB started the process to build its R&D competence and capability once the idea to develop an actual value product was launched. Another important aspect to consider is that two years after starting our data collection, Global Truck Technology (GTT), the global unit responsible for VT's technology research, had grown dramatically and had begun to work more closely with other divisions of Volvo. Among others, VB used resources from GTT India to develop their value product in India.

Our search for useful theories that occurred in parallel with collecting and structuring data (cf. Dubois & Gadde, 2002) resulted in a realization that the introduction of a value product resembles a subsidiary initiative and that the subsidiary's issue selling strategies were influenced by their R&D mandate. Hence, we confronted the insights from the prevailing literature on issue selling (summarized in table 1) with the two cases (see table 4). In a final analytical step, we related the

discovered differences in VT and VB's issue (the value product initiative) with the evolution and state of their R&D mandates.

The Cases

The divisions Trucks and Buses were at the time of the study two of the business areas/divisions of Swedish Volvo AB. Volvo AB's truck operations accounted for almost two-thirds of the total turnover. In terms of volume, trucks had a global volume of approximately 100,000 units vs. VB's 10,000 units.

Volvo Global Trucks

VT - at the time of the case study, one of the top three global players with more than 65,000 employees - comprises the Volvo Group's combined truck departments, including product development, purchasing, manufacturing, sales, and aftermarket. VT has a global production footprint with wholly owned assembly plants (e.g., in Bangalore, India) and several factories owned by local interests. Global Truck Technology (GTT), a global unit with approximately 7,000 employees, has the global responsibility for VT's technology research, product development, and product design as well as for the support of the products in the aftermarket. Below we give a depiction of VT and GTT India's development over time (see table 2).

--- Table 2 ---

Volvo Bus

In 2013, Volvo Bus (VB) had sales in more than 80 countries and one of the bus and coach industry's most comprehensive service networks, with more than 1,000 dealerships and workshops worldwide. Production facilities were located in Europe, North America, South America, and Asia. Under the Bus Executive Committee (BEC), the company's market operations were divided into three business regions: Europe, North and South America, and International (including, among others, India and China). These markets were supported by global manufacturing and after market and global product development and purchasing (known as G2P). G2P was a global organization with personnel at the various VB manufacturing sites, including in India, but clearly centered in Sweden. Below we portray VB's development in India over time (see table 3).

--- Table 3 ---

Findings

Table 4 summarizes the discovered differences related to VT and VB's issue selling strategies. Since this is an early draft and due to space restriction, we include no illustrating quotes or empirical insights in the following discussion; hence, the reader, unfortunately, needs to 'simply trust' our interpretation.

--- Table 4 ---

In sum, GTT India and VBI initially both faced a favorable context for selling the issue/value product initiative. However, due to its GRDC mandate, which is the result of local market

opportunities and its early development of application experience, GTT India had a better contextual knowledge than VBI. The latter lacked not at least a trustful relationship to G2P and the normative knowledge that HQ would not accept the development of a value product outside the prevailing product development schemata. Consequently, whereas GTT India packaged the value product initiative as an opportunity bundled to profitability, VBI packed the issue as a threat. This, together with VBI's continuous proposal making of this radical issue ended up in negative HQ attention. Hence, the favorability of context changed over time resulting in a failure to develop and successfully introduce a value product. In contrast, GTT India through its issue selling strategies preserved the favorable context and managed to develop/introduce a value product more successfully.

These insights can be formulated in a more general process as sketched in the figure 3.

--- Figure 3 ---

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Figure 1. The evolutionary path of local R&D capability development for MNCs in China.

Market exposure	Global	Global R&D Center (GRDC) <ul style="list-style-type: none"> - Locally based center of excellence in special areas; increasing efficiency in global R&D - Partly integrated into global R&D operations, but plays a passive role - Stronger link between local and global R&D 	Global Integration Center (GIC) <ul style="list-style-type: none"> -Coordinates/integrates global R&D efforts to accomplish global R&D projects for the global market - Integrated and playing a central role in the global R&D network and the locally developed R&D output serves the global market - Decision making and R&D operations are centrally coordinated from HQ
	Local	Local Adaption Center (LAC) <ul style="list-style-type: none"> - Adapts global products to local markets - Geographic focus is local/regional - Organizationally funded by local country organization - Weak link with home country R&D network 	Local Development Center (LDC) <ul style="list-style-type: none"> - Develops new products/processes for local markets (long-term-oriented R&D projects) - Organizationally under local country organization, but certain degree of autonomy due to contribution to global R&D activities - Weak link with R&D network, despite offering vital insights for global R&D
		Passive	Active
Role in a Global R&D Network			

Source: Adapted from Qi et al. (2014, p. 224)

Figure 2. R&D subsidiary evolution of VT and VB in India.

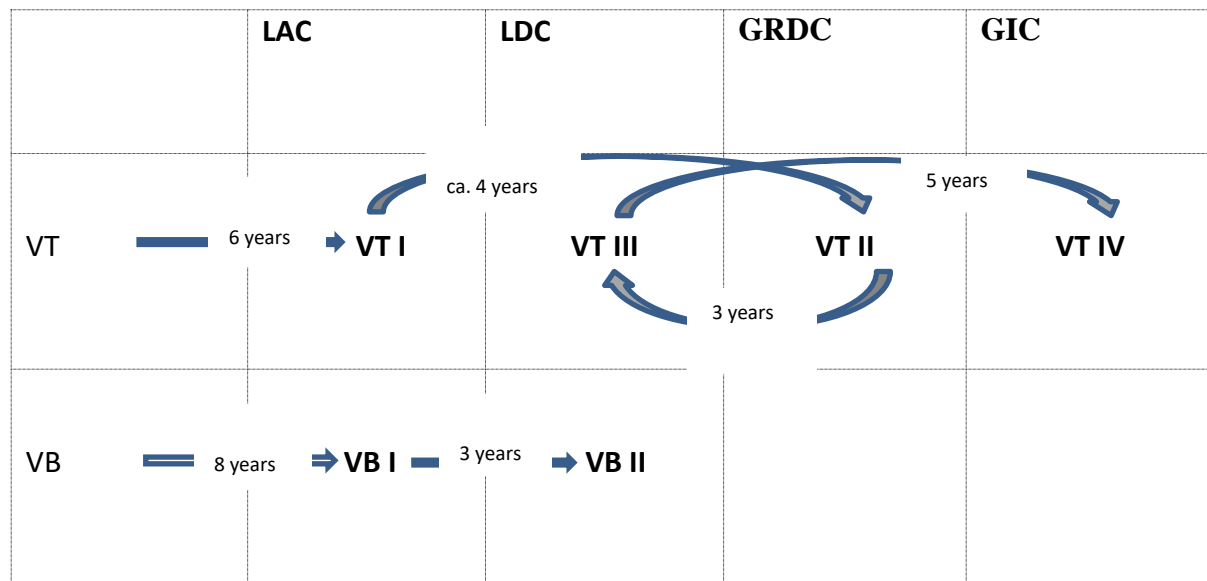


Figure 3: A subsidiary's evolution of R&D mandate and its impact on the value product issue selling process.

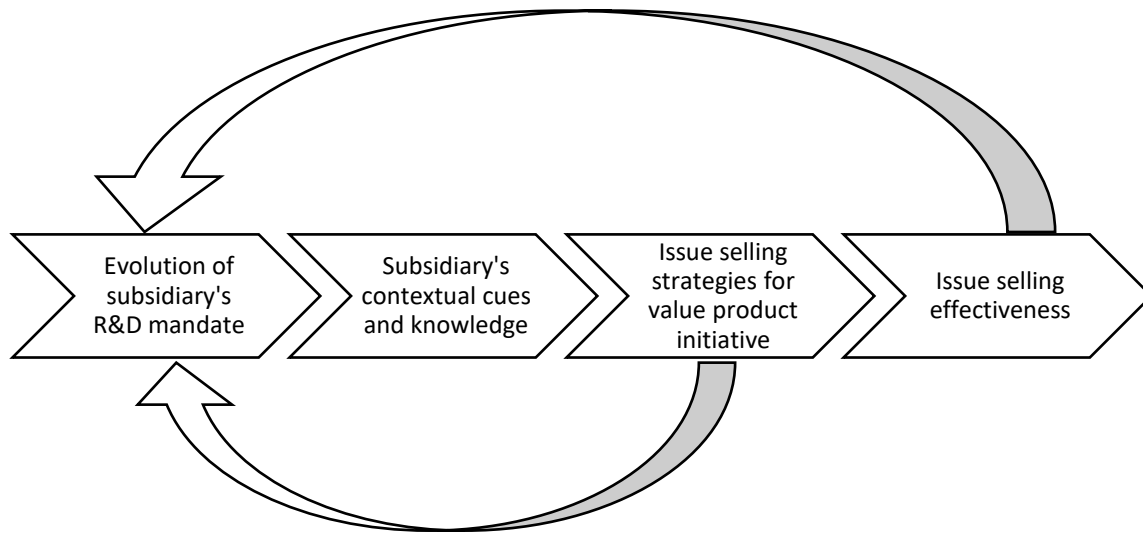


Table 1: An overview of the issue-selling literature

Topic		Sub-theme	Description	References
Context	Contextual cues – impact the issue selling intention	Favorability	<ul style="list-style-type: none"> * HQ's willingness to listen * Perceived organizational support; i.e. the extent to which the MNC is believed to value issue selling behavior (formal: e.g. related to promotion or informal through existing norms) * Competitive and economic pressure (e.g. focus on customer responsiveness) * Upcoming organizational change opening up for opportunities * Relationship quality – e.g. trustful and friendly 	Ashford et al (1998); Dutton et al (1997); Conroy and Collings (2016); Ling et al (2005); Dutton et al (2001)
		Unfavorability	<ul style="list-style-type: none"> * Fear of negative consequences * Downsizing conditions * Uncertainty (about the future) * Conservative culture 	
	Contextual knowledge	<u>Relational Knowledge:</u> * Subsidiaries' understanding of the individuals and the social relationships that are important to the issue * Helps a subsidiary to anticipate and address resistance, find and enlist expertise, and learn and work the power structure; i.e. helps to navigate the political aspects of a context <u>Normative Knowledge:</u> Subsidiaries' understanding of the accepted or appropriate behavior patterns in the MNC <u>Strategic Knowledge:</u> Subsidiaries' understanding of the MNC's goals, plans and priorities		Dutton et al (2001)
Issue selling strategies/moves/presentation tactics		Packaging – refers to decisions about how to frame or present an issue linguistically	<ul style="list-style-type: none"> * Revealing information on an issue to HQ in a language it can understand; most often '<u>using the logic of a business plan</u>'; i.e. use of numbers and charts, conveying a logical structure emphasizing bottom-line impacts [most often used approach] → Couching an issue that is consistent with the language of the MNC creates legitimacy * <u>Continuous proposal making</u>: Bringing an issue forward in bits and pieces; often used for radical change [second most frequent presentation tactic] * Issues packaged as <u>threats</u> elicit more attention from HQ than issues packaged as <u>opportunities</u> * <u>Radical presentation</u> inject urgency and draws HQ attention, but also led palatable hindering HQ's acceptance 	Dutton and Ashford (1993); Dutton et al. (2001); Gammelgaard (2009)
		Bundling	* Bundling' with other related issues that have currency in the MNC help 'frame' issues positively; Examples: bundling with MNC's overall goals such as not at least profitability or market related aspects (e.g. growth) that are the concerns of HQ	
		Selling Channels	<ul style="list-style-type: none"> * <u>Public channels</u>: e.g. weekly/monthly staff or strategy meetings, annual stockholder meetings → carry personal risks if e.g. HQ pays little attention, but can also result in high degree of legitimacy if HQ shows interest * <u>Private channels</u>: e.g. private meetings with one or few relevant HQ managers 	Dutton and Ashford (1993); Dutton et al. (2001); Ling et al (2005); Conroy and Collings (2016)
		Involvement	<ul style="list-style-type: none"> * Conduct the selling process <u>solo</u> * Conduct the selling process by <u>getting others involved</u> 	
		Formality	Whether or not the seller uses official processes/procedures: <ul style="list-style-type: none"> * <u>Formal tactics</u>: e.g. scheduled presentations for HQ, generating reports * <u>Informal tactics</u>: e.g. personal appeals, behind the scenes negotiations 	

Table 2: Evolution of VT's Indian R&D unit


VT I (LAC) [1995-2005]	<p>Vision to tap into Asia [1995-1998]</p> <p>The development of R&D competence and capacity in India is closely related to VT's overall vision to tap into the Asian market, thereby to leverage the identified business opportunities for the two largest global truck markets China and India. The new strategic focus – partly the result of stagnating markets in Europe and the Americas - started in 1995 by building a factory for completely knocked down products in India.</p> <p>The local product development unit, GTT India, consisted of three persons initially. The unit's main task was to support building the factory and eventually to support production and customers. The unit developed relations not at least with customers in the mining industry among others by collecting data for further product development. Local VT management realized early that VT's premium products created a high customer value due to the trucks ability to carry heavier loads and thereby increase customers' productivity. Due to this unique market opportunity, GTT India received a certain degree of autonomy by the HQ to ensure that the trucks could operate effectively in the mines.</p> <p>Eventually, the unit grew and by 1998, headcount had increased to ten persons, adding more competence and capability linked to trailer and chassis, as well as more employees working with documentation and field applications. All members had been recruited from leading automotive firms in India. These ten persons became the foundation of the 'Truck Team'.</p>
	<p>Building product development (PD) and purchasing competence for local support [1998-2005]</p> <p>From 1998 until 2005, the main task of GTT India was still to support the factory, but incrementally product development competence was gained. The focus on the mining segment resulted in a niche competence being able to solve issues related to the unique Indian mining conditions (e.g. the development of improved cooling equipment for engine oil). These developments were necessary since VT had run into after-market and warranty problems during their initial years in India. VT increasingly attempted to increase local content and decrease the price of their trucks by buying parts from local suppliers, therefore recruiting and educating 20 purchasing managers.</p>
VT II (GRDC) [from 2005] 	<p>Building PD and purchasing competence/capability for global support [2005-2007]</p> <p>In 2005, due to HQ's realization that India offered a large pool of well-educated and less-expensive engineers, the existing GTT India unit was transformed to become a global support site. Between 2005 and 2008, the unit experienced dramatic growth from 30 persons to almost 1,000, which were divided into more than 20 departments, of which GTT India employed 60% and 40% were hired (long-term contract) consultants. Whereas most of the competence development occurred through "work packages," employees were sent to Sweden to get to know the group's product development culture. In 2008, the distribution was 90% global support and 10% support for the local factory.</p>
	<p>VT III (LDC) [2006-2008]</p> <p>Developing the Asian Truck [2007-2013]</p> <p>During the above transformation process, in 2006, GTT India – partly inspired by a middle manager at HQ - started to develop an advanced engineering product chassis. The first steps were taken under the radar, without any involvement of HQ. The new chassis of the product developed was 40% less expensive than the one developed in Sweden. After GTT India had a proof of concept, HQ was informed and the project approved. GTT India received the mandate to develop a complete product, which it achieved in six months. An – as GTT India perceived it - impressed HQ finally gave GTT India the responsibility to develop a value truck for the region.</p>
	<p>VT IV (GIC) [since 2013]</p> <p>The global mandate for value Products [2013-2015]</p> <p>The Asian product mandate in 2013 was extended to all global value markets ("value product"), including the development of eight prototypes for products and the setup of various plants for complete knocked-down manufacturing (among others, three greenfield factories in Asia) and the market organizations (e.g., building a dealership network) in China, India, Southeast Asia, the Middle East, South Africa, and Latin America. In 2013, GTT India worked 50% with the value product, 20% global product support, 10%–15% with other VT divisions (global), and 5%–10% for VT India.</p>

Table 3: The evolution of VB's Indian R&D unit

VB I (LAC) [2001-2008]	<p>Entering India with global products and initial success [2001-2008]</p> <p>VB successfully entered the Indian market in 2001, initially targeting the top segment by importing complete products developed for traditional Western markets. In 2011, VB had a 76% market share in the targeted segment. In 2008, VB set up a manufacturing unit—the first two years together with an Indian minority joint venture partner. The most important parts of European products were shipped to India as completely knocked-down sets, built in India, then the remaining parts were added using Indian suppliers. A small local product development (PD) and purchasing unit (G2P India) supported manufacturing during this initial phase. Starting in 2008, due to the lack of growth in the targeted segment, VB realized that it also needed to target the value segment with an Asian Bus (the 9100 Bus) developed specifically for India and similar emerging markets.</p>
VB II (LDC) [since 2008]	<p>The Asian Bus project [2008-2010]</p> <p>The ambition with the Asian product project was not only to develop a localized product, but also to develop a relatively autonomous local Asian organization able to develop such a product. While the idea to target the value segment made sense to VB HQ, the decoupling idea met internal resistance. Despite this reluctance, in 2008, the Business Region International (the global market organization responsible for India), together with VB India, pushed for building a more autonomous Indian R&D organization focused on adapting the global products to Indian market requirements. Hence, only partly relying on the existing competence in G2P's global organization or VT already existing Indian R&D organization (GTT India), a VB India PD unit for body development was built in parallel by hiring more than 20 persons, mostly external consultants. Hiring consultants was partly motivated by a global headcount stop and is the norm when building a new R&D organization in India. The most important decision when sketching the plan for how to develop the Asian Bus was which platform the new product should be based.</p>
	<p>Building local chassis product development competence and capacity [2010-2012]</p> <p>In mid-2010, BEC decided to use an already existing VB chassis (B7R) and to modify it to bring down costs and thereby the market price for the new product. The new product was to be under the Volvo brand. This decision also meant that the global G2P organization became more involved in the Asian Bus project. To develop the necessary PD competence and capability for developing a complete product, VB decided to use the largely grown GTT organization in India more. GTT India's personnel, working exclusively with VB in India, grew from 0 to 50 full-time equivalents from 2009 to 2011.</p> <p>Despite all these efforts to localize product development for the chassis of the Asian Bus about 20 percent of the engineering tasks were performed at headquarters in Sweden. GTT in India made about 75 percent of the chassis engineering work and G2P India the remaining fraction. G2P India that grew fast during this period developed 95 percent of the body of the Asian Bus. External consultants carried out 65 percent of the work. Important to note is thus that some of the key components as the gear box, retarder, rear axle, and rear brakes were standard global products used in other coaches, and still many of the Volvo features remained in the body even if in a more simplified format. This rendered that the costs for the Asian Bus was still rather high when it was launched in India in 2012. There were also plans to export the coach to other developing markets.</p>
	<p>Challenges for the Asian Bus [2012-2015]</p> <p>In 2012, the Asian Bus was launched; however, the 9100 exceeds its price target by 15%, and pricing is too close (only 14% less) to that of the original model - among other reasons, due to a 35%-40% depreciation in Indian currency during 2012-2013 increasing costs due to high import content. 200 coaches are sold; which is less than expected. To lower costs, a localization project was initiated with the aim to find local suppliers for parts and components in order to increase the local content by ten percent. The localization project was closed in 2014, even if it was partly a success. In 2015, BEC took the decision to stop the sales of the Asian Bus.</p>

Table 4: Comparing VT and VB's issue selling strategies

		VT	VB
Issue seller		GTT India (i.e. the local R&D unit) identified and promoted the value product idea.	VBI and BRI (i.e. the local sales organization and the sales unit on HQ level responsible for India) identified and promoted the value product idea.
Context	Contextual cues	GTT India and VT India due to the vision to tap into Asia, local application knowledge and eventually its position as a GRDC experienced a favorable context with a trustful and friendly relationship with HQ	VBI due to initial success when entering India, through the establishment of BRI (increasing voice) and successive investments experienced a favorable context with a high degree of HQ willingness to listen.
	Contextual knowledge	<p><u>Relational knowledge:</u> GTT India had through the incremental development of R&D competence and capability a very good understanding/relationship with GTT/HQ</p> <p><u>Normative knowledge:</u> GTT India understood that and believed in that a value product could be developed within global product development processes.</p> <p><u>Strategic knowledge:</u> GTT understood that a value product was of importance for HQ, but also that this should be developed within the prevailing schemata.</p>	<p><u>Relational knowledge:</u> VBI had a very good understanding/relationship with BRI (both with a sales focus), but lacked an understanding of G2P's schemata since R&D had not been prioritized.</p> <p><u>Normative knowledge:</u> VBI did not believe in that a value product could be developed within global product development processes and did not understand that there was resistance towards thinking out of the box within G2P.</p> <p><u>Strategic knowledge:</u> VBI understood that a value product was of importance for HQ, but not that this should be developed within the prevailing schemata.</p>
Issue selling strategies/moves/presentation tactics	Packaging	<p>* GTT India presented the value product as an opportunity that could be developed within the prevailing global product development schemata/processes. Hence, GTT India received relatively little, but positive attention from HQ resulting in incremental and continuous evolution of R&D competence and capability.</p> <p>* The value product idea is presented as an incremental issue</p> <p>* GTT India used 'the logic of a business plan' – using the language of the organization</p>	<p>* VBI and BRI presented the value product as a necessity to avoid falling into the midway trap; i.e. as a needed reaction towards a threat in the market. As a result, VBI received a lot of attention, but eventually also negative attention from HQ. Consequently, the initiative lacked HQ support, in turn resulting in stagnation in the evolution of R&D mandate.</p> <p>* The value product idea is presented radical issue</p> <p>* VBI/BRI used 'continuous proposal making'</p>
	Bundling	GTT India tied the value product idea to profitability.	VBI/BRI tied the value product idea solely to local market-related issues.
	Selling Channels	GTT India predominately used public channels (e.g. presentation of new chassis), but also private channels.	VBI predominately used private channels – not at least through BRI, but also public channels.
	Involve-ment	GTT India involved both GTT and VT early	VBI involved BRI early and tried to exclude G2P
	Formality	Mostly formal; e.g. GTT India had scheduled presentation to top management	Mostly informal; e.g. personal appeals to BEC through BRI's voice