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HOW BAD MONEY DRIVES OUT GOOD, OR ON THE DIFFICULTIES OF ACHIEVING MARKET ACCEPTANCE FOR TRAINING INNOVATION

Knowledge intensive business services (KIBS) are a segment of the knowledge-based economy which is of growing importance. Although KIBS are treated as the most innovative of services, the process of commercialisation of innovation in the KIBS sector is seldom analysed by science. This is specially true for innovations created by consulting companies, as the consultancy market is an area which is difficult for scientists to observe.

A case study analyses the commercialization of outdoor training as an innovative training on the Polish market and describes the development of a market segment for this specific type of consultancy service. The text describes how a client's demand led to the development of the first outdoor training, and how the developing market (on which new suppliers from different business sectors interacted with potential clients) changed the parameters for this service, simplifying the needs it meets and lowering its cost. This case study allows us to pose the question whether the pull strategy is a dominant strategy for innovative services in the training sector and what is the role of simplifying information about service quality in the mimetic use of a business service.

Introduction¹

Economic research has long discussed whether innovation is an effect of demand – of the need for a certain solution – or whether the innovative product comes first, creating a market need which then drives the development of the enterprise and the improvement of the innovative product itself. Usually, the arguments given on either side can be divided into theories of the pull type (innovations are derived from and created by demand) and the push type (the emergence of the innovation precedes the emergence of a need for it). However most of our knowledge about innovation comes from innovation in the sphere of products, rather than in the service sector. The opinion that services are not an innovative sector has recently undergone a change, although the understanding of how service companies innovate is still limited (Chang et al. 2012; Miles 2008; Silva et al. 2011). Knowledge intensive

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business services (KIBS) have long been considered the most innovative of the service sectors. Miles (2008) typified five patterns for developing innovation in KIBS companies. One of these five types is intended innovation, which is “pulled” by a customer’s demand for a service. However the literature stresses that there is a need for more detailed research of these processes (Miles, 2008, p. 125). This paper attempts to do so by showing how a new segment of the consultancy market was created after a client demanded an innovative product, and how the nature of this service has since been modified.

The text describes a case where a new type of training service – outdoor trainings – appeared on the market in Poland, and the further development of the (sub)market of business services that this product created. The case can be of interest in itself as, due to the secret nature of the client-consultant relationship and the competitive value of any information about the client’s problems and their solutions, knowledge about consultancy services is scarce in the scientific literature (Glückler – Armbrüster, 2003; Wijnberg, 2004). However, in line with scientific standards for such case studies, the paper does not identify the parties involved, but only chosen mechanisms that can be of value (Glückler – Armbrüster, 2003; Wijnberg, 2004; Eisenhardt – Graebner, 2007).

Our goal is to increase scientific understanding of the role of knowledge dissemination concerning novel services, the role of other actors in developing the new market, and the consequences of simplifying knowledge for the selector role of the customers in new services developed by KIBS. A step forward is taken towards expanding the field of innovation research from the area of a market of products addressed to individual consumers, to markets that are harder to analyse: the market of ephemeral knowledge-intensive services and the market of institutional purchasers. This service market, in which a product emerges in cooperation with a client, could be controlled by a different dynamic responsible for the appearance of purchase expectations and separate forms of appraising innovation. The case analysed suggests that this is so.

The text is organized as follows. The first part shows how training is a part of KIBS. Next, the case is presented. The third part analyses the case from the perspective of knowledge dissemination and the creation of a market segment and the fourth provides a discussion of the results of the analysis. The conclusions describe the contributions of the case analysis for knowledge management in the KIBS sector and innovation research.

A soft-skills training as a knowledge-intensive business service

Training sessions for organizations have a range of uses, and increasing participants' competence is only one of these. For increasing employees' competencies companies organize training courses, that may serve to increase employees' technical knowledge or knowledge of new products or procedures that are to be introduced (technical trainings or hard-skill training); they may increase interpersonal skills needed for self-management, teamwork or contacts with clients (soft-skills training); and they may combine both these to increase employee performance in chosen tasks (e.g. sales trainings, which develop both salespeople's interpersonal skills, as their understanding of client needs and product qualities).

However training, as the activity of a business organization, is mainly intended to increase the company's market success, so from the company's viewpoint, the specific mechanism leading to success is of little importance (Woźniak, 2009). Training-type events employ at least two different mechanisms to increase employee efficiency, (which in turn can lead to increase in the company's market success): /1/ technical and soft-skill training which develops competencies (knowledge, skills and attitudes, including motivation) utilised in everyday work, and /2/ experience-loaded events such as walking on hot coals or listening to motivational speeches which change self-concept or motivation.

Most successful trainings try to use both types of mechanisms. Powerful experiences are organized for participants through non-everyday meetings in luxury hotels, discussions about values, etc. At the same time participants are provided with the opportunity to act (a here-and-now experience), and to reflect on the consequences of their actions, on understanding and managing them, and on how these experiences may be transferred to their professional lives – as in the experiential model of training based on Kolb's cycle (Woźniak, 2009; Balcerak – Woźniak, 2014). This applies especially to leadership training conducted in the form of outdoor trainings, which often provides experiences with extreme or at least unusual conditions.

Training can be delivered by internal trainers (company employees specialized in training delivery), or bought as a knowledge intensive business service (KIBS) from external training companies. KIBS companies supply knowledge products or use knowledge to support their clients (Landry et al., 2012). As a modern sector of the economy they are similar to traditional business services, such as legal, technical and management services, accountancy, advertising and market research. Currently the KIBS sector covers not only traditional business services and high-tech developers, but due to the significance of ICT in contemporary business – also many ICT knowledge-based services. With the growing importance of applied biological

knowledge in the economy (due to the radical increase of medical expenses and the importance of biotechnologies for agriculture and production), high-tech companies with a natural science background (bio-high-tech companies) constitute an increasing proportion of KIBS.

KIBS companies comprise approximately 12% of all small businesses in the US (Jennings et al. 2009, p. 340), and cca. 10% of employment in the European Union (8,6% of total value added) (Huggins, 2009, p. 1468), with a growth rate of over 20% in 2000–2004 (Huggins, 2009: 1460). The majority (85%) are in the traditional business services sector; they are small or micro-sized companies, with the few exceptions of international enterprises. They are primarily clustered in big cities, where they constitute a large proportion of the total employment, due to the “greater supply of qualified labour and the physical proximity of knowledge organizations such as government research and universities facilities, business partners and supplier services” (Huggins, 2009, p. 1463).

Training companies are a small fragment of the KIBS sector, but their services are typical of some types of KIBS because of the high intangibility of trainings.

Trainings are treated by the management of companies which buy them as a tool to be used deliberately and rationally – they should change employee morale and competencies and in effect their performance, and finally – the market success of the company. Ideally the training preparation process should take into consideration the chain-effect of the training on the company’s performance (Spitzer, 2005; Woźniak, 2009), which is similar to the chain of cause and effects from knowledge, skills and performance of individuals to company results explained by The Balanced Scorecard (Kaplan – Norton, 2002/1996) – however, everyday practice is not so consistent. Clients usually define in their own language the problem the training is to resolve, and the task of professionals providing this business service is to define the problem in professional categories, to make adequate preparations based on their knowledge of the solution, and to implement the solution in the client’s environment. As in the case of every professional service, clients assess it basing not so much on how reliably the professional applies professional knowledge to deal with the client’s problem, as on whether the difficulty the client perceives is eliminated (Glückler – Armbrüster, 2003).

In training services – particularly when the expected effect (goal) of the training has not been precisely defined – their effects are assessed by two recipients: the participants, and the company which sent its employees for training. On the one hand, the face-to-face clients of the trainers (the representatives of the training company providing the service) are the participants themselves, and their satisfaction is “the” measure of the training’s success. On the other hand, the clients are the representatives of company management, who want to change a given part of their organizational situation. The fact that participants are satisfied is often treated

as a sign for the latter, but the aims of these two groups are different, as is their access to information on which a rational appraisal may be built.

Even though representatives of HR departments contracting trainings are usually aware of this difference and based on their general knowledge are able to analyze the service provider's diagnosis of the problem and proposals for resolving it, their access to information about the actual course of events during the training is always fragmentary. In effect, they have to base their appraisal of the quality of the training mostly on indicators of aggregate data collected indirectly and after some time has elapsed. They could monitor performance indicators, and conduct interviews with the trainees' internal clients to collect data about the changes incorporated into every day practice after the training. However, they usually collect opinions from selected participants – as it is an easier and quicker way to access these indicators. As a result, satisfaction of participants often becomes the overriding criterion for evaluating a training service, and non-psychological effects (changes in employees' behaviour) have a limited impact on opinions about the quality of the service.

The difficulty in assessing training quality as a tool for changing participants' future behaviours, and the fact that training inherently does not have a large effect on participants' future behaviour, places trainings at the extreme end of a continuum in the KIBS sector concerning the possibility of assessing by clients how effectively their problem was eliminated by the service. This continuum stretches from traditional business services in which success is measured by an external institution (a judge for legal services or the Tax Department for accounting), through those which eliminate some everyday burden (ICT services), up to services which provide only part of the data necessary to make a decision (market research) or which affect others' behaviour (PR, advertising). Soft-skills trainings are among these services which it is difficult to measure, and are additionally burdened by their intangibility – once completed, not much remains of the service apart from an opinion and behavioural changes which it is difficult to pinpoint.

Case description²

After the political changes – in Poland associated with the assumption of power in 1989 by the Solidarity movement and the parallel introduction of radical economic reforms – an entirely new market for training services emerged. In the communist economy, training, with the exception of introductory, on-the-job instruction, was a pretext for integrating jaunts funded by the enterprise. A university lecturer from a management faculty was taken along but the didactic form

² This description is based on the author's personal experience as director of a training company (1990–2004).

and content of these courses was often of little use in business practice. Though decision-making games and therapy-derived trainings were conducted, they were not focused on resolving any of the organization's specific problems.

In the 1990s, the market for training and consulting services was thus built from scratch. Post-communist enterprises undergoing restructuring primarily bought consulting services connected with managing debt and the reorganization of production and sales. The demand for training services in the area of social and communication skills came from the newly appearing international companies. The middle of the 1990s saw a market of around 50 small training firms, each employing two to ten trainers, which used active learning methods (discussions of here-and-now experiences provided mainly by simulations, games or role-playing). Courses were devoted to developing various managerial and interpersonal skills, and adjusted their content to the specific roles participants held in their organization and the problems they encountered in their professional lives.

From the perspective of the clients – companies which purchased the training courses for their employees in order to help them handle specific problem situations – the Polish market of providers was completely non-transparent. Information about providers was spread by word of mouth between HR department directors. The first branch reports, which began first to be published in weeklies intended for expatriates, gave the names and addresses of a dozen or more providers of training services, together with a list of the dozen-or-so firms for which the training companies worked; the range of services included soft skills, accounting, and health and safety. The majority of training firms worked with salespeople, as training this segment of employees had priority in companies struggling to maintain themselves on a market overrun with competitors from abroad.

For the case described below it is of significance that the training market offered no outdoor trainings. These courses are conducted outdoors, and provide experiences in which there is an element of physical fatigue and personal (including physical) risk. In an experiential education methodology, activities are transferred to the outdoors to create a here-and-now situation providing an experience that cannot be provided indoors – employees work for example on developing the skills of asking for help and support, or providing assistance to others. Outdoor activities also have significant value as an integrating experience; surroundings and events which are so different from the daily situation of work in the office help create a team history that will shape culture and strengthen bonds between members. In addition to skills training and integration, a third classic use of outdoor activities is to facilitate the opening of conflicts within a group – especially those in which the team leader is involved – as physical fatigue and the unusual nature of the situation weaken self-control. It is this third application which is used in team-building interventions, in which a consultant supports the team in its development by

mediating a solution to conflicts that appear, and helping team members to define their team roles (Woźniak, 2005, 2016).

At the time of this case study, none of these applications of outdoor training was known to the Polish business service market. Analogous outdoor activities involving tasks that required resourcefulness and physical effort to solve, were known in scouting organizations. Their goal was to develop the skills of finding one's way around unknown terrain, shaping leadership abilities and scouting attitudes, and building a team spirit. In scouting however, in contrast to problem-solving in the business training situation, the team's work on solving a problem was rarely analysed by the whole group working with the facilitator with the specific goal of developing a skill; at the most experienced scout instructors would provide expert feedback on how one should and shouldn't behave (Woźniak, 2016).

Similar methods of group work were used in the training of mountain guides and climbers. Courses with outdoor games included long treks or mountain climbing as a means of testing the suitability of candidates for work in a mountain environment. This type of use is closer, however, to survival training or the training of commando troops than to training courses for white-collar workers.

These two groups – scouts and mountain guides – could thus provide the technical skills necessary for organizing and safeguarding outdoor activities; the training companies would use the here-and-now experiences that these gave rise to in their training work.

This was an innovative training product: an outdoor training intended not only for integration but also to build such personal skills as team work, decision-making, influencing others, etc. To be developed, this product required a combination of three types of competences: training competence (facilitating group discussions for teaching purposes), technical competence (organizing and securing outdoor exercises that would evoke adequate here-and-now experiences), and the ability to plan the whole event with the designated goal in mind (knowledge about methods of planning courses, the didactic potential of specific exercises and the problems of business situations which the training is to impact). By putting them together, this innovative training product could be used not only for the purposes integration but also to build personal skills such as team work, decision-making, influencing others, etc. The outdoor training is a certain type of training methodology which can have different goals, depending on the plan of exercises and their debriefings.

In many cases the training effect – i.e., changes in participants' attitudes and skills brought about by the outdoor training – could also be achieved with the help of indoor active learning methods. However, as physical fatigue and a lowered self-control are facilitated by the outdoor training, certain results are more easily achieved in this way. The significant value outdoor methods add to the impact of the training is the topic of requesting and giving mutual support (Woźniak, 2016).

Additionally, the novelty of the methods and the strenuous physical exercises help build a strong group experience and thus are valuable for their integrating effect.

The use of this methodology on the Polish training market is connected with one client's decision to purchase such a training. Leaving for a position in Moscow (a career advance), the chairman of the Polish division of an international company, who had acquired leadership skills by this method in Western Europe, decided to purchase a group farewell event – three days of outdoor training – for his employees (around 70 persons). He determined, through informal channels, which training companies could undertake such a task and would be a cultural fit with his employees.

The client mainly employed journalists and so trainers whose outstanding experience had been with salespersons were considered to fit poorly with the company culture. The client turned therefore to a training company which had emerged in 1990 with the import to Poland of US standards of interpersonal and mediation skills training, and whose trainers were mainly young academics. During their six years on the market, the trainers had acquired experience in working with international companies, and the training company cooperated on an ongoing basis with several corporate clients, which contracted social skills trainings for mid-level managers and operational employees (white collar knowledge workers and salespersons). Additionally, some of the training company's employees had mountaineering and scouting experience; they were of help in contacting persons with the technical skills for outdoor safety and the mountaineering equipment that the company did not possess.

The contract was a big success – both the participants and the CEO were very satisfied. The training company gained experience with outdoor methodology and was in position of being the first to deliver this innovative service to the training market. This experience, combined with expertise on the subject of soft-skills training and the ability to mediate and facilitate, allowed it to create an outdoor training service that contained all three uses of this method. However, interest among its permanent clients and potential new ones was not large. Although some added short outdoor sessions to vary traditional trainings for their staff, the service did not find recognition on the market. Its higher costs made outdoor trainings significantly (around three times) more expensive than traditional courses; they could not be conducted in bad weather conditions; and finally they required a specific kind of location. The added value, outside of the integrating function, was little understood or appreciated by clients.

The very attractive form and strong integrating value nevertheless produced a need for cheap outdoor activities. Several mountaineering firms appeared on the market to provide this service and create a need for out-of-the-ordinary integration. Simultaneously, the attractiveness of these niche events was also noticed by hotels,

which began to offer short (2–3 hour) “rope-climbing classes” as an additional service at conferences they held for salespeople.

As a result, when the economy slowed in 2001, companies that offered outdoor trainings as their only product disappeared. Outdoor activities as a business service remained but in a simplified form. When in need of integrating activities combined with rope-climbing courses or scouting-type problem solving in the field, corporate clients could buy such services in a hotel or an events firm, which organized the whole technical aspect of the incentive retreat (of the sales conference type).

Case analysis

In terms of the knowledge about innovation in the knowledge intense business services (KIBS), the example shows how a good product offered to the market is transformed into a simplified product, which the market is ready to purchase. It also shows why it is easier for new companies to enter the market with an innovative training and what attributes are important for them to succeed in commercializing innovative business services.

Creating an adequate knowledge pool and testing

The case shows that developing a new consulting service such as an outdoor training requires building a team of producers with an adequate set of skills, and providing them with sufficient resources (funds and time) for both the preparatory activities, as the “production” process itself. In the above case the parameters of the service as it was commissioned by the client were comparatively imprecise, which allowed the production team to gather experience and analyse the potential of this method of work (the possible usefulness of the “product”) for future projects. Key to creating a consulting innovation was the possibility of testing whether the team (a group of people with the set of skills necessary – and supposedly sufficient – to implement the premises of the product) had the capability to produce a successful training intervention, given the time and other resources it had at its disposal. Testing whether all of the skills necessary for implementing the project can only be partially done without the participation of a real client (i.e., the training participants and the company sending them to the training). However, before the real “performance” took place, the outdoor exercises were tried out in a real field location with the trainers as participants; this helped them better understand how to debrief the exercises, as they would be doing with the real participants.

This preparation phase served two groups of goals. The first was setting up the exercises in the field (planning the localization of rope exercises and spatial exercises, testing the technical possibilities of the layout). This experience also gave

the trainers a better understanding of what the participants of the training would be experiencing, so that they could better facilitate the debriefing of the exercises, plan their sequence, and test logistics in the field. The second group of goals concerned cooperation within a diverse team and set the common standards of interactions with participants.

The trial phase of producing the outdoor training was an essential component of its production – it was not possible to plan this innovative product (differing from the trainer team’s previous experiences) from the outset, especially in a new configuration of the terrain. These difficulties were absent in the simplified product sold by hotels and firms specializing in outdoor services, where the field work was repetitive and conducted in the same place, using equipment that was permanently set up (thus without the costs of the mountaineering work required for laying out and taking down the rope obstacles).

Simplification of service traits as an effect of information flow

However, to create a market demand for innovation, a provider’s readiness to promote a new service is not sufficient. The example shows that the new consulting product simultaneously created an analogous supply of a simpler and cheaper product, and that the creators of the innovation did not manage to differentiate it from similar offers.

The impact of information about a novel value-added service (service value proposition) in the information flow about the specifics of services offered to clients turned out to be insufficient, and the sense of a specific need, to which outdoor training was addressed, was too weak. Among potential clients, the perception of the new service was dominated by its clearest trait and the resultant benefit – an atypical form of get-together having a strong integrative value. As a result, an indistinct quality – developing the specific skills of asking for and giving support – was not perceived as significant.

The client’s knowledge of the training product and its expected effects is based on the label characterizing the method of work – for instance, a workshop or a training using active or outdoor methods. The example shows that the market was ready to accept an offer that promised to resolve the most important problem of the client. In this sense, the client does not seek innovative training, but a training service which will resolve the problems he *perceives* to be important. The hierarchy of importance of these problems is obviously only partially rational – problems of a significant negative impact are considered more important, but ‘typical problems’ emerge partially under the influence of mimetic interaction from the market. If ‘everyone’ (in the sense of important others) is engaging in outdoor activities to provide integration through an unusual experience, then our company should also

buy such a training. In this sense, the need for consulting services is always semi controlled by fashion, but fashion directs only the client's seeking a specific category of service that the client wishes to buy (try).

This argument – that the client knows only the “label” of the innovative service he commissions, understanding little of its content, and seeks a cure for only some of his problems – also explains why the market generates needs for simpler services (which can be performed more inexpensively). Clients, or more precisely, persons managing the purchase of training services in the company, have comparatively little professional knowledge about the functions, possible manners of use, or benefits of applying innovative training courses. Additionally, HR departments have a relatively weak position in organizational power struggles over funding, so the purchaser strives to purchase the service in its simplified form (interpreting company problems in the simplest possible manner). This shows the importance of the role of communication with the potential customer of an innovative service, which “could be at least as important as technological knowledge development” (Frankelius, 2009, p. 49). The well-known selector role of customers, settling the performance, quality and price of innovations (Wijnberg, 2004; Chang et al. 2012), does not take into account the fact that in the case of an innovative service, the client's knowledge about its features is simplified and based on information from the market (i.e. is mimetic). This gives first place to innovations which are relatively simple and easy to present.

The growing need for a new type of service is thus met by the simplified product, which is cheaper and more appropriately fulfils the client's perceived need. The mechanisms of simplifying knowledge about a given product, and then its diffusion in the consulting (or at least training) services, results in a simplification of client expectations concerning innovative training.

Why newcomers create markets

Whether the innovative training will be accepted by clients, and whether a specific stimulus (the planned exercises) will evoke the planned interaction and then participants' discussion leading to the planned didactic transmission, cannot be foreseen beforehand.

This line of argument shows that not all the types of innovation creation patterns identified in KIBS companies are appropriate for training companies, or their meaning may differ in this sector. The 5 types identified in the literature are:

- internal processes without a specific project where innovation emerges in an unintentional way;
- internal innovation projects where improvement for a service production system is sought;

- innovation projects with a pilot customer, where the provider seeks a pilot customer for its new idea;
- innovation projects tailored for a customer, where the provider seeks a solution for the problem of specific client;
- externally developed innovation projects based on the demand of the whole sector (Miles 2008: 124).

“[For KIBS to start work on innovation,] external information about any opportunity is needed in order to start innovative processes” (Frankelius 2009: 47), but – in the case of a training company – opportunity is not enough. Training is a real service, in the sense that unless participants are involved in it, the training does not exist. A training consists of real interactions between the trainers and the participants, and plans for these interactions (such as “externally developed innovation”) are not a training service.

Knowledge about the real – not just imagined – reactions of the participants is a necessary complement to the predictions the training company can rationally make to decide to offer on market a new product. The more the type of training goes beyond the previous experiences of the training firm, the greater the importance of this knowledge for creating marketing activities aimed at acquiring clients for the new service.

From the perspective of established training companies, the risk of offering a client proto-products, which have been imagined but not tested, is too large³, as their knowledge about the course and results of exercises is too limited (hypothetical and based on understanding by analogy). Apart from developing innovations at the request of their significant client, established training providers will hesitate to offer the market very innovative training services.

Newcomers are in different situation – they can attempt the risk, especially if they are start-ups. In our case study, we have two groups of newcomers – hotels and outdoor training companies. The first group delivered outdoor trainings as a supplementary product, so the risk of the retreat’s failure was decreased by the main service (accommodation, food and other extra attractions). They were in good position to offer such an extended service as they already had clients who were ready to buy the main service. As preparation costs were negligible, the extra cost of the outdoor training in the hotel service could be low.

³ Small KIBS companies are heavily dependent on a few customers, as these few customers give them most of their turnover (Glückler – Armbrüster, 2003; Woźniak, 2006). The significance of stable relations with their clients (such stable relationships require a low turnover of KIBS personnel, but also avoiding the risk of “broken promise” because of failure proto-product) is stressed in the literature (Jennings et al., 2009, p. 343).

The second group of suppliers were newly established training companies based mainly on non-trainers, who had contact with similar outdoor exercises in other sectors of life. But to complete their knowhow they needed to “buy” soft-skills training competences; otherwise they could deliver only integration events. Their start was facilitated by hotels looking for providers of outdoor activities, to outsource this part of their services.

Knowledge protection problems in KIBS

The case also illustrates why KIBS typically have problems with the control of intellectual property. KIBS companies, with the exception of high-tech and bio-tech KIBS (Miles, 2008, p. 123; Chang et al., 2012, p. 1572), rarely use formal mechanisms (i.e. patents). Standard informal mechanisms for intellectual property protection, such as: short life cycles of the product (fast changing fashions), design complexity (overcomplicating the product by putting extras into its design), lock-in (extra after-sales services as a barrier), chain-joining (building large market share by franchise) or keeping know-how secret (Chang et al., 2012, p. 1572), were in this case impossible.

Information about the knowledge and the sources of this knowledge were obvious for outside observers of the outdoor training. Although the quality of outdoor training delivered is influenced by the team’s experience (teams of different knowledge types), intellectual property cannot be sufficiently protected because this experience is impossible to evaluate *ex ante* (before buying and delivering of the service). Additionally, it was relatively easy for newcomers to gain access to know-how and minimize risk of failure by employing former KIBS employees. Traditional training companies conduct few outdoor trainings and are not able to stabilise cooperants and in addition, it is relatively simple to identify persons with outdoor training experience by turning to a mountaineering club.

Any company which had contact with corporate clients (especially if it had already organized retreat activities for them) was able to develop a similar service. This encouraged various service providers from the business consulting and related sectors, to offer such events. This led to a commercialization of a simplified product that produces the main functionalities of the innovative product. Because the manner of constructing the innovative training service is open knowledge – in the example, the innovation is open on account of its wide accessibility to skills needed for its simplified form – it could result in the creation of a segment based on a simplified service; the mechanism of knowledge diffusion between institutions, which is based on copying and a simplified understanding of professional knowledge, leads to the (big) innovation’s being sucked off the market. This need on the part of clients, based on a simplified expectation, encounters the supply of such products by service

providers in related branches and newly emerging service providers. The dynamic described thus shows the social advantage of patents or other formal and informal mechanisms protecting innovation, and the importance of minimising turnover in consulting companies, as an important factor for the possibility for organizations to develop by using more complicated knowledge intensive service products.

Discussion – Employee education or edutainment

Edutainment is a neologism for educational entertainment and is understood as content designed to educate and to entertain at the same time. The proportion of educational to entertainment value of this content may differ, but both aspects have to be present for an event to be thus termed. Although the phrase “edutainment” was used as early as 1948 by The Walt Disney Company and was widely in use in the seventies (Wikipedia.en), it was given a new life by the development of computer games and their significant role in the life of contemporary users. What more, HR goals are achieved faster, more economically and with greater ease than traditional means of managing employees through the use not only of game-based educational tools, but also ones which apply just chosen gaming mechanisms (Woźniak, 2015b).

So the concern is natural that a carelessly overseen use of educational tools that have a large entertainment component may turn employee training into one more sphere where fun and games predominate. An analysis of our case study from this perspective shows that one of the sources of this danger are problems with the management of knowledge, information and image. The example clearly illustrates the thesis that although access to the know-how necessary for developing advanced outdoor programmes was readily available, the following factors shaped a market standard for a simplified product:

- imprecise and simplified information on the demand side;
- two groups of needs which the richer product satisfied (integration and education);
- the greater significance clients attached to integration, a need better understood by a wider range of stakeholders (not only HR departments, but also the rest of management);
- the appearance of a new group of suppliers (hotels and mountaineering companies) which could offer a simplified product at a lower rate;
- the possibility of selling a simplified outdoor edutainment service without the risk of relations with the client suffering in the case of failure.

From the perspective of well established KIBS companies, which are dependent on the satisfaction of their key clients, it is easier to forgo a more complex service than risk the failure unverified solutions may bring. This means that the natural

dynamic for creating innovation in knowledge-based services is the pull dynamic, i.e. developing the service basing what clients request and within parameters defined by them.

New players develop knowledge-based services, but their latitude in designing the content of the service is also limited. The example shows that the sale of a new service is determined by two factors. One of these is demand, which tends towards a simplified description of requirements drawn up for the service because of information flow where the label for the service is stressed. The second is supply, where the innovation is introduced as part of a stable, long-term relationship with the client. This relationship however is built on different principles than in the case of normal sales – hotels deliver a different kind of product (retreats), while newly established consulting companies build on personal trust (prior to their formal opening, new consulting companies usually have some clients (Glückler – Armbrüster, 2003), which suggests that the selling is based on personal contacts). Such a dynamic prefers innovations that are economical to produce, thus favours the market stabilization of simplified services.

Our case is specific in that this dynamic as is situated in the area of corporate education, i.e. activities of HR departments in which equal value is placed on two change causing mechanisms – motivation and educational change of competencies. The edutainment stereotype – of education as fun and easy and cheap to boot – helps HR decision makers choose a service of just this kind. So, although an outdoor training which focuses on developing the skills of its participants is also enjoyable, its costs and the difficulty of organizing it discourages clients from choosing it, when the market offers them an alternative in the form of a simplified service.

The difficulty of building a market need for a complex service is the effect not only of the appearance of substitutes featuring qualities preferred by clients (lower price, ease of purchase and ease of implementation), but also on a low need for corporate training with precise goals in the area of soft skills education. Each “soft skill” is a part of condition for successful behaviour in many situations, but there are few situations where success is based on one “soft skill” only. Otherwise a precise description of the chain of impact linking changes in trainee competencies with changes in organizational parameters (i.e. setting indices for expected benefits for the organization as a whole) could provide evidence that a complex service provides significantly different value than a simplified service. However, the recognizing such evidence would make possible finding a sponsor (an important person in purchasing company) who considers, for example, that the inability to ask for assistance (a skill which is improved by the outdoor training) causes a problem important enough to conduct a training designed to solve it. In the case when operational managers analyse training needs superficially, approaching them on a general level – as improving client relations and relations with co-workers – and HR

managers have a weak position in the organization, there are no sponsors for buying sophisticated training services (such as complex outdoor trainings). Media hype around the organization and a lack of differentiated labelling of complex and simplified new services on the market makes it difficult for decision makers – if their understanding of the content of the innovational service is low – to identify such a service. This is especially so in the case of services which are particularly intangible, i.e. soft skills training services. This signifies that in the case of the services, the role of the sponsor (who wants the problem solved), i.e. the stakeholder in the organization/client who has an interest in solving the problem, is more significant than in the case of buying products. As an effect of communication problems (language differences between the organization/client and the buyer, i.e. the HR department) and the intangibility of the service, only such organizational problems which are felt to be significant by strong stakeholder groups will be adequately solved. This suggests that the “pull strategy” (client driven mechanism) will be the strategy typical for creating innovation in the training services.

From the perspective of knowledge management we should emphasize that the cause for the lack of sponsors striving to solve competency problems by using complex outdoor trainings is an insufficient knowledge of psychology in operational managers, those who have power in the organization. At the time the case study took place, there was a predominant belief on the training market that salespeople needed training; in effect decision makers in organizations were used to trainings with a large entertainment component (for motivational reasons). This helped direct education into either content or amusement-oriented trainings. Creating a segment of the training market whose goals comply with the prevailing stereotype of the service (both sales training as well as retreats), i.e. entertainment of the walking-on-coals type or other uncommon experiences, rather than a psychological analysis of difficult situations, was simpler not only for communication reasons. It was better adjusted to the knowledge which decision makers in client organizations had about services in this sector and to their sensitivity to problems they met with while managing their employees. Hence clients act as selectors, determining the parameters of new services, not only with respect to their choice, price or manner of implementation (Wijnberg, 2004), but also with respect to their perception of the stereotype of the given type of service.

Conclusions

The case analysis presented above discusses the creation of innovative training and its commercialization, which is understood as the formation of a (sub)market for KIBS based on these types of services. The case and its analysis describes how a client’s demand led to the development of the first outdoor training on the Polish

consultancy market, and how the developing market changed the parameters for this service, simplifying the needs it meets and lowering its cost. This discussion enriches the area of knowledge in several ways.

Firstly, it showed why on the KIBS market – at least in trainings or consulting services where quality of service is difficult to assess even after delivery – the commercialization of innovation is often done by newcomers. The risk of the delivery of proto-products is very high because without delivery, quality cannot be fully checked.

Secondly, the above case better explains how the dynamic of introducing an innovative service to the market facilitates simplification of services which are commercialised. However the long discussion about path dependence and lock-in on inferior standards (Liebowitz & Margolis 2012) is not supported by this case – taking the whole list of attributes, the simplified service was not inferior but different and the lock-in is a result of the influence on priorities of buyers. The diffusion of information about service quality and usefulness creates a tendency to simplify knowledge intensive business services, at least those segments which are not vital for the business success of a company, i.e. trainings.

As a third contribution to scientific knowledge, the consequences are shown of the knowledge-diffusion mechanisms which facilitates quick changes (fashions) on the consulting market. Due to the diffusion of know-how, which is difficult to control on the training market as individual capital leaves the company as an effect of turnover, the easiest strategy for this group of KIBS companies is to facilitate frequent changes of demand by creating new fashions. The arguments offered in the text show that new fashions should be based on old know-how, and combination of old and very old know-how is the best choice for KIBS providers.

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