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The role of supplier relationships in the development of new business ventures

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ABSTRACT

New business ventures have rather limited resources, generally suffer from liabilities of smallness and newness and rely on external business relationships, typically with suppliers, for developing and acquiring necessary resources. Yet, to date, research on how new ventures develop initial relationships with suppliers and how these affect the nascent business has been limited. Taking the business network perspective and relating it to studies of supply chain and supplier involvement in product development, our study contributes to the rather limited body of knowledge on new ventures' supplier relationships. Empirically, we draw on a longitudinal, in-depth single-case study of the first two years of operation of a start-up. Our study shows that the development of the key initial supplier relationships starts from open-ended expectations of mutual future relational benefits and involves a stepwise 'inter-definition' of solutions in interaction between the parties. We observe that interdependences arise between the new venture and its key suppliers and these enable but also limit, the development paths of both partners. We argue that the key initial supplier relationships extend a new venture's resource and capability base and are an integral part of a new venture's business model.

1. Introduction

This paper explores supplier relationships in the early stages of development of new ventures, with a particular focus on how such initial relationships develop and affect the new venture. Following Gartner (1985), we look at the development of new ventures as a process of *organizing* in the Weickian sense: "to organize is to assemble ongoing interdependent actions into sensible sequences that generate sensible outcomes" (Weick, 1979, p. 3). We espouse the network perspective on B2B markets (Håkansson, Ford, Gadde, Snehota, & Waluszewski, 2009; Håkansson & Snehota, 1995), which highlights the context of business as a network of interdependent business relationships with ubiquitous interaction processes and distinct dynamics. Casting the context of business as a network of business relationships leads to the framing of new venture development as establishing a new node in a pre-existing business network, which requires developing business relationships with different parties, primarily customers and suppliers (Gadde & Mattsson, 1987; Mattsson, 1989; Snehota, 2011). This study adds to previous research on interaction processes between a new venture and the surrounding network of actors stressing the importance of early relations for the venture's development (Aaboen, Dubois, & Lind, 2013; Baraldi, Gregori, & Perna, 2011; Ciabuschi, Perna, & Snehota, 2012; La Rocca & Snehota, 2014).

Our paper focuses on new ventures' supplier relationships because new ventures are characterized by limited financial, technological, and human resources (Burton & Beckman, 2007), and have been found to depend on external actors, including suppliers, for resource procurement (Bhalla & Terjesen, 2013; Ciabuschi et al., 2012; Hite, 2005; Jarillo, 1989; Simon, Hitt, & Ireland, 2007; Song & Di Benedetto, 2008; Song, Song, & Di Benedetto, 2011). Prior studies of initial relationships in new venture development have focused on the customer side of the new venture (Aaboen et al., 2013; Aaboen, Dubois, & Lind, 2011; La Rocca & Snehota, 2014; Onyemah, Rivera Pesquera, & Ali, 2013) or on the social connections as a resource mobilized in the development of new ventures (e.g., Hoang & Antoncic, 2003; Jack, 2010; Stuart & Sorenson, 2007). There is a lack of studies on new ventures' supplier

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relationships and the current understanding of how supplier relationships develop derives from studies highlighting their importance for business performance in mature established businesses (Baraldi, Proença, Proença, & de Castro, 2014; Gadde, Hjelmgren, & Skarp, 2012; Gadde & Snehota, 2000; Ragatz, Handfield, & Petersen, 2002). Our study contributes to closing this gap and responds to repeated calls for more research on the process of new venture development (Ambos & Birkinshaw, 2010; Kaulio, 2003; McMullen & Dimov, 2013; Milanov & Fernhaber, 2007; Read, Sarasvathy, Dew, Wiltbank, & Ohlsson, 2011; Wiklund, Davidsson, Audretsch, & Karlsson, 2011), and for turning attention to the process (and practices) of "resourcing" (Keating, Geiger, & McLoughlin, 2013).

Our study relates to an emerging stream of research, at the intersection of supply chain management and entrepreneurship, which highlights the specificities of supplier relationships in new ventures (Zaremba, Bode, & Wagner, 2016). Supply chain relationships between established firms and new entrepreneurial ventures were found worthy of further investigation (Kickul, Griffiths, Jayaram, & Wagner, 2011), because established firms and new ventures differ in many important aspects (Aldrich & Ruef, 2006; Su, Xie, & Li, 2011). Such differences are related to liabilities associated with size and age of new ventures. New ventures suffer from the liability of smallness (Aldrich & Auster, 1986), which refers to limited resources and capabilities that can lead to greater vulnerability. The liability of newness (Stinchcombe, 1965) is generally attributed to internal factors such as lack of experience and organic firm structure, as well as to external factors such as reliance on a limited network and market resources (Freeman, Carroll, & Hannan, 1983; Stinchcombe, 1965). A specific aspect of the liability of newness is the lack of perceived legitimacy. Organizational legitimacy, defined as the perception of an organization as meaningful, predictable, and trustworthy (Suchman, 1995), determines acceptance and support by other organizations operating in the same environment (Hannan & Freeman, 1976; Meyer & Rowan, 1977). Given the liabilities typical of new ventures, "buyer–supplier relationships between an established firm and a new venture differ from buyer-supplier relationships between two established firms" (Zaremba et al., 2016, p. 43). If this is true, this might have implications for how the initial supplier relationships of the new business ventures develop, which makes it potentially relevant for theorizing of relationships and new venture development. Furthermore, a better knowledge of the process can allow for more effective management of the relationships and of the new venture in becoming.

Turning attention to the development of the initial supplier relationships in new business ventures, our aim is to go beyond the broad claim that supplier relationships are important for accessing, assembling, and developing the resources of a new business (Bhalla & Terjesen, 2013; Ciabuschi et al., 2012; Simon et al., 2007; Song et al., 2011; Song & Di Benedetto, 2008). Since research on formation of new relationships in new ventures has been rather limited, we take an exploratory approach aiming to answer two research questions: 1) How do initial relationships between a new venture and first suppliers develop? and 2) How do first supplier relationships influence the development of a new venture? We thus intend to investigate how the initial supplier relationships develop, that is to unpack and examine the process of the development of supplier relationships, and the link to new venture development. We are thus investigating at a micro level, how the supplier relationships become organized – in other words how ongoing interdependent actions emerge and evolve – and ultimately how this affects the development of a new venture. There are reasons to assume that supplier relationship development has substantial consequences for the new venture development, and thus for the managerial approach, which requires knowing better the process. Our study contributes to the research stream on customer-supplier relationships by expanding the extant literature on supply chain management and strategy that deals with suppliers' relationships in established firms to the development of supplier relationships in new ventures, as well as to the entrepreneurship literature, by shedding light on how initial supplier relationships affect new venture development.

In Section 2, we review present research on supplier relationships in both new ventures and established businesses. In Section 3, we explain the methodology underlying our study. In Section 4, we report the case study, which we analyze in relation to our research questions in Section 5. In Section 6, we formulate our conclusions as four propositions regarding the process of development of the initial supplier relationships and their role in the development of new business ventures (Section 6.1) and we outline our theoretical contribution (Section 6.2). We also provide implications for management practice (Section 6.3), outline the limitations of our study and provide suggestions for future research (Section 6.4).

2. Theoretical background

Research we found relevant for the purpose of our investigation includes studies on customer-supplier relationships in the Industrial Marketing and Purchasing (IMP) research tradition and research on supply chain management. IMP research evidenced the role of inter-organizational relationships for performance and development of businesses (Anderson, Håkansson, & Johanson, 1994; Gadde, Håkansson, & Persson, 2010; Håkansson & Snehota, 1995) and offers a distinct perspective on the context of new venture as a network of business relationships, marked by interdependences and ubiquitous interaction processes (Håkansson et al., 2009; Hallén, Johanson, & Sayed-Mohamed, 1991). The IMP literature is relevant to our study because its analytical focus and unit of analysis are inter-organizational business relationships. Our study links specifically to recent interest in new business development processes in IMP research (e.g., Aaboen et al., 2011; Aaboen, La Rocca, Lind, Perna, & Shih, 2017; La Rocca & Snehota, 2014; Snehota, 2011). Research on supply chain management, albeit based mainly on ongoing businesses (e.g., Ellegaard, 2006; Mazzola, Broccoleri & Perrone, 2015; Pearson & Ellram, 1995), also offers various insights on the development process of suppliers' relationships.

The review of the literature below is organized around two themes related to our research questions: 1) the development process of customer-supplier relationships, and 2) the importance of supplier relationships for customer businesses.

2.1. Developing customer-supplier relationships

Prior research has dealt extensively with reasons for developing close supplier relationships while research on *how* supplier relationships develop has been limited. One classic research area in the supply chain management literature has been supplier selection (Dickson, 1966). Specifically, this research focused on identifying supplier selection criteria (Stamm & Golhar, 1993; Weber, Current, & Benton, 1991) and on developing models to support decision making (de Boer, Labro, & Morlacchi, 2001; Wu & Barnes, 2011). The main assumption has been that such models increase the chances that a customer will select the best among the available supplier alternatives, and that the selection process follows a series of steps such as problem definition, formulation of criteria, pre-qualification of suitable suppliers, final selection, and evaluation (e.g., de Boer et al., 2001). However, supplier selection processes in small companies were found to be more informal, occurring ad hoc or driven by problems or complaints (Pearson & Ellram, 1995). In entrepreneurial settings, Larson (1992) proposed a process model of the formation of entrepreneurial dyads consisting of three phases: the first being the formation of ties achievable because of personal reputation, history, and individual friendships; the second phase consisting of relationship building; and a third one characterized by control and integration. While such models generally assume there is one initiator of the relationship and depict the process as linear or composed by stages (Dwyer, Schurr, & Oh, 1987; Ford, 1980), other studies have stressed the interactive nature of initiating business relationships (e.g., Aaboen, Holmen, & Pedersen, 2017; Mandjàk, Szalkai, Neumann-Bòdi, Magyar, & Simon, 2015).

These latter studies emphasize that the development of initial customer-supplier relationships is more a matter of 'relating' (e.g., La Rocca & Snehota, 2014) than a 'selecting' process. This is in line with previous studies on established businesses reporting that businesses are never entirely free in choosing with whom to develop relationships (Håkansson & Snehota, 2006) because establishing a business relationship involves reciprocating and being chosen (Wilkinson, Freytag, Young, & Chery, 2003). Consequently, when developing new business relationships, "the position of the company is determined more from outside than from the inside, and is contingent on how the company relates to the firms with which it actually is involved in business exchanges" (Gadde, Huemer, & Håkansson, 2003, p. 362). This applies possibly even more to a new venture that is "likely to lack clear organization, expectations, experience and intentions in its interactions" (La Rocca, Ford, & Snehota, 2013, p. 1030), and therefore is prone to be influenced by counterparts, typically established businesses that are likely to have more resources and competences in non-technical aspects of the relationship (Johnsen & Ford, 2007).

Several studies investigating the process of two businesses 'relating' have evidenced the complexity of this task as it involves connecting and mutually adapting the resource, activity, and actor dimensions of the relationship (Håkansson & Snehota, 1995; Hallén et al., 1991). Forming relationships between previously unrelated or loosely related businesses is anything but simple because it involves integrating knowledge and ideas from different fields and confronting different logics (Gadde et al., 2012; Håkansson & Waluszewski, 2007). Resource assembling thus affects technical development and plays a major role in the development of new solutions (Baraldi, 2003; Baraldi & Strömsten, 2008; Ciabuschi et al., 2012; Håkansson & Waluszewski, 2002, 2007; Ingemansson, 2010). Since the development of the new (product or service) solution to be commercialized has been shown to be conditional on the development of business relationships (La Rocca & Snehota, 2014), the process of initial relating is crucial for new ventures.

The need for a new business to assemble resources controlled largely by others makes organizing at the interface with other organizations important. Accessing the resources of others requires creating interfaces between the buyer and supplier organizations (Araujo, Dubois, & Gadde, 2003), which can take different shapes, depending on the degree to which the buyer and supplier need to know their reciprocal context (Araujo, Dubois, & Gadde, 1999). The idea is that the more the supplier needs to know the specific user context and the more the customer needs to understand the producer context, the greater will be the need to shift from a 'standardized interface' to an 'open-ended dialogue' type of interface (ibidem, p. 499).

2.2. The importance of supplier relationships for customer businesses

Numerous studies taking the business network perspective have evidenced the importance of 'making use of others' in the development of businesses (Håkansson & Waluszewski, 2007). These studies have shown that supplier relationships can impact cost efficiency, development potential, and positioning of the customer business (Gadde et al., 2010). Consequently, the idea that arm's-length relationships with suppliers were useful for avoiding dependency was replaced by the view that 'close relationships' (Ford, 1980; Ford, Håkansson, & Johanson, 1986) or 'partnership sourcing' (Brennan & Turnbull, 1999) could be strategically important. It has been shown, however, that reaping both cost efficiency and development benefits in relationships involves extensive interaction and tends to result in high-involvement relationships. The concepts of closeness and involvement have been defined as the degree of coordination of activities, adaptation of resources, and intensity of interaction among individuals (Gadde & Snehota, 2000). Supplier involvement is a mechanism for integrating suppliers' capabilities in the buying firm's supply chain system and operations (Dobler & Burt, 1996). It has been argued that "progressive involvement between two firms in a relationship… implies combined resources, expanded joint capabilities, and enhanced competitive positions for the firms involved" (Johnson, 1999, p. 5). The strategic role of supplier relationships can be seen as enhancing the resource portfolio of a business and consequently its capacity to create value (Simon et al., 2007).

Several studies in the industrial network tradition have found customer-supplier relationships to be a major source of innovation (Håkansson, 1987; Håkansson & Waluszewski, 2007). Close supplier involvement increases the customer's innovation performance (Afuah, 2000; Ates, Van den Ende, & Ianniello, 2011; Delbufalo, 2015; Schiele, 2010; Song & Di Benedetto, 2008). Furthermore, supplier involvement in new product development (NPD) can result in lower cost and higher quality (Wynstra & Pierick, 2000). Research on the involvement of suppliers in NPD has found that benefiting from supplier involvement is conditional on the interaction between the parties, which, to a large extent, depends on organizational variables on both sides (Sjoerdsma & van Weele, 2015; Tuli, Kohli, & Bharadwaj, 2007) and can stretch over several layers of the supply chain (Mazzola et al., 2015). However, supplier relationships do not just produce beneficial effects, but may also be a 'burden' (Håkansson & Snehota, 1998), particularly because of a divergence of goals in customer-supplier co-development processes (Oinonen & Jalkala, 2015).

Research on how new ventures engage with external partners has revealed that these relationships in new ventures are no less important than in mature businesses (e.g., Jarillo, 1989; Larson, 1991, 1992). Several studies have found that external partners are important for accessing the resources necessary for the development of a new venture (Ciabuschi et al., 2012; Hoang & Antoncic, 2003; Jack, 2010; Stuart & Sorenson, 2007). A recent study stresses the importance of supplier relationships in new ventures "above and beyond the acknowledged immediate benefits of early relationships" as these "serve as long-term 'socio relational imprints' that shape newcomers' status in the future" (Milanov & Shepherd, 2013, p. 727). Early engagement of suppliers in the customer's R&D process has been found to influence the direction of innovation (Schiele, 2012). A study on radical new product development in new ventures, concluded that there is a "direct relationship between achieved level of [supplier] involvement and [the new venture] performance" (Song & Di Benedetto, 2008, p. 1). Similarly, Bhalla and Terjesen (2013) found that new firms with limited experience and loose operating routines can achieve cost efficiencies, develop operational knowledge, and build legitimacy by working closely with suppliers (p. 176). Such studies have evidenced that supplier relationships are key for new firms' innovativeness and performance but they do not show what 'working closely with suppliers' implies in practice (Bhalla & Terjesen, 2013). Indeed, few studies have looked at the actual interactions of a new venture with its partners (for an exception see Oukes & von Raesfeld, 2016) or the 'practices of sourcing' (for an exception see Keating et al., 2013).

Summing up, our review of the literature has shown that supplier relationships tend to be strategically important for the development of established businesses. However, little has been reported on how supplier relationships are actually developed, providing thus little guidance for management. Prior studies of supplier relationships in new ventures acknowledge the differences between established firms and new ventures and conclude that there is scope for further research on the topic. Against this background, we find it worthy and timely to explore how initial relationships between a new venture and its first suppliers develop and influence the development of the new venture.

3. Methodology

This study explores how a new venture initiates its first supplier relationships, how these develop and how they eventually affect the new venture's development. We aim at better knowledge and understanding of how the initial supplier relationships develop and affect the new venture, so as to close a gap in current research and provide knowledge that could orient management action. We are set to examine the way in which a new venture and first suppliers engage with each other in business relationships and what 'working with suppliers' means in practice for a new venture with notably limited resources and experience. Examining in depth how these processes unfold we are able to better understand how the key initial suppliers' relationships affect the way in which the new venture gets organized and develops and informs managerial choices. We use a case study method (Yin, 2009) because we want to cover contextual conditions and because it is the most suitable method when the units of analysis are organizations and relationships (Easton, 2010). Using case studies is a preferred strategy when studying complex processes (Birkinshaw, Brannen, & Tung, 2011), when the focus is on a contemporary phenomenon within some real-life context that calls for theorizing (Eisenhardt, 1989) and when research aims to provide managerially relevant knowledge (Amabile et al., 2001). Our research has these aims and the purpose is not to achieve a statistical generalization of our findings but an analytical generalization (Yin, 2009).

Our case was identified for its revelatory potential (Siggelkow, 2007) following a single-case theoretical sampling (Eisenhardt & Graebner, 2007) "where cases are selected because they are particularly suitable for illuminating and extending relationships and logic among constructs" (p. 27). In conducting our study, we followed a 'systematic combining' – an 'abductive approach' to case research, which is a nonlinear, path-dependent process of combining efforts to match theory and reality (Dubois & Gadde, 2002). Systematic combining is suitable for studying a new or under-researched phenomenon while also paying attention to existing theories around the topic (Schreiner, 2016).

Data were collected between March and November 2015, focusing on the first two years of the new venture's development. While the first 18 months of the start-up's evolution is an ex-post reconstruction, the remaining eight months were followed 'in real time,' through regular monthly contacts. The main source of data was 11 open-ended interviews lasting 60–90 min each, with two founders of the new venture and its two main direct suppliers. All the informants were directly involved in the relationships studied and were knowledgeable about activities and events. Follow-up interviews, phone calls, and emails were used to solve issues that were unclear in the preliminary data analysis and to verify that the data were understood correctly. As such, we expect the interviews to be accurate (Kumar, Stem, & Anderson, 1993). All the interviewees were informed about the purpose and scope of the research before the interviews.

In line with Kreiner and Mouritsen's (2005) idea of 'analytical interviewing' and active dialogue between practitioner and researcher, interviewees were asked to recollect and also reflect on the ways in which the relationships had been initiated, on the purposes of the collaboration, and on the critical events, changes, and mutual adaptations that characterized the relationships between DIS (Design Italian Shoes) and its suppliers. They were invited to report on how these have been perceived and handled and in which ways they might have influenced the evolution of their respective businesses. The interview guidelines are reported in Appendix A. To ensure validity, we followed Perkmann and Walsh (2009), asking for facts to reduce cognitive bias and to limit impression management.

Each interview was recorded and transcribed. We have also employed secondary data, such as the DIS business plan and other internal documents as well as information retrieved from DIS and competitors' websites to enrich the case study. In the initial phase of data collection we used written documents and screening of relevant websites to get background information on DIS and the context in which it operates. These data sources have been useful in generating questions to be submitted to our interviewees. In this study, triangulation was performed on two different levels. First, the collection of data from different participants (two persons from the new venture side, and two from two different suppliers) at different points in time allowed for data triangulation (Denzin, 1978; Denzin & Lincoln, 1994; Miles & Huberman, 1994). We also compared responses given by different people with different roles, and at different points in time, to similar questions (e.g., critical events in the development of the relationship between DIS and its suppliers). Second, we performed researcher triangulation by parallel reading of material collected by three investigators.

We analyzed the collected data in two steps, combining two strategies Yin (2009) suggested: development of the case description and relying on theoretical propositions. We have first described the development of DIS chronologically, focusing on supplier relationships. Approaching the process as a sequence of events that describes how things change over time (Van de Ven, 1992), we first systematized the available data, developing a full chronology of events involving suppliers in the development of the new venture. This analysis has been translated into the case description reported in the next section. We then analyzed the case by elaborating an "interpretation of what transpired that goes beyond that offered by the informants" (Labianca, Gray, & Brass, 2000, p. 242). We analyzed the case according to the two research questions and thus focused on identifying and examining: 1) how DIS' supplier relationships developed, and 2) how supplier relationships affected the development of DIS. We coded the data into common themes in relation to the role of supplier relationships in the development of DIS and then used the 'pattern-matching' technique (Miles & Huberman, 1994). The ultimate goal of this analysis was to link empirical observations to theoretical knowledge (Ragin, 1992).

4. Case study: the story of DIS

We present the case in three parts. The first concerns the background required to understand the business context, the origin and first steps of the company's development. The second and third parts describe the development of two key supplier relationships. Table 1 lists the names, roles, and companies involved in the case. All names except for DIS and e-Xtrategy have been disguised.

4.1. Company background

DIS is an Italian start-up which was established to sell online tailored hand-made men's footwear in the price range of €200–€400. DIS is different from other companies that offer quality shoes online, whether the companies produce the shoes themselves (e.g., Allen Edmonds) or rely on Italian suppliers (e.g., Scarosso), in that it allows customers the option of 'designing their own' shoes, having them hand-made 'on demand.' The origin of DIS goes back to October 2013 when a landing web page was launched, the domain 'designitalianshoes.com' was bought, and the DIS logo was registered. The landing page, designed by a consultancy (e-Xtrategy), offered information regarding the company's mission, the footwear production process, warranties, and delivery conditions.

In January 2014, two brothers, Marco C. and Luca C., decided to start the company that was registered in February 2015. Marco C. and Luca C. serve as the company's CEO and Chief Technology Officer

Table 1
Personas involved in the case.

Name	Role	Company
Marco C.	Founder	DIS
Luca C.	Founder	DIS
Michele L.	Owner	e-Xtrategy
	2015 Co-owner	DIS
Mr. B.	Freelance Artist	Beda
Mr. A.	Owner	Alfa

(CTO), respectively. In the original business plan, the funding required was estimated at €300,000. In October 2014, Luca C. started working on getting financing to organize production and sales and in December obtained a bank loan amounting to €320,000. Later, in 2015, Michele L., owner of the software development company (e-Xtrategy) that developed the digital platform for DIS, became the third partner, and DIS' ownership is currently divided among Marco C. 35%, Luca C. 35%, and Michele L. 30%. DIS' headquarters are in Montecosaro in the shoe production district of Fermo-Macerata, the most important shoe production district in Italy since the 15th century.

DIS launched a website in July 2014, and in the first year sold about 500 pairs of shoes. Eighty-five per cent of the sales are in Italy and the remaining 15% abroad (USA, UK, Switzerland, Spain, Brazil, and Russia), with about 10% of repeat customers. The first sales took off without much promotion. DIS relies on a local communication agency and invests in digital PR, promotion with a fashion blogger, social media marketing, and advertising in footwear magazines. Apart from the three partners, DIS has two employees; one is in marketing and customer care, while the other is a web site developer working on 3D images of DIS shoe models.

The idea was that customers could 'design their own' pair of shoes combining different options. E-Xtrategy consultancy was hired to develop the web site, the '3D configurator,' and the e-commerce platform, which allows customers to purchase online. The partners defined the platform design and components while the platform software was developed by e-Xtrategy. Marco C. started to work on the shoe styles and models and their customization and personalization in terms of form, materials, colors, fittings, and the like. Luca C., who is familiar with the district, started to approach a number of shoemakers in the area to map the company's production and price ranges. He identified some 40 producers that both brothers visited to see if they were willing to produce 'customized' shoes for a private label like DIS. Most of the producers turned out to be rather skeptical about the DIS business model, but after six months one company showed real interest – Alfa.

4.2. Relationship with e-Xtrategy

DIS shoes are sold through the website 'designitalianshoes.com,' which hosts the 3D configurator that allows customers to design their shoes. The configurator was developed by e-Xtrategy, a company founded in 2001 by Michele L. The company offers local start-ups internet-based software such as e-commerce platforms, web analytics, and tools to manage social media for marketing applications. In 2014, it had a turnover of €750,000 and 12 employees, mostly software developers. Luca C., one of Michele's former classmates at the Polytechnic University of Marche, helped Michele L. contact some local companies. Luca C. had been looking for a supplier of e-commerce platforms since the beginning of 2012 but success only came in 2013 when he shared the idea of DIS with Michele L., who liked it and had e-Xtrategy work on developing the platform.

The 3D online configurator, central in the DIS sales model, was developed based on the previous experience of e-Xtrategy, while the website, the shoe configurator, and the e-commerce platform were developed specifically for DIS. It was a new project for e-Xtrategy that presented some new challenges related to the complexity of offering the company had not addressed previously. E-Xtrategy saw in this project an opportunity to gain experience integrating different components and to add another solution to its product portfolio. The configurator is a user-friendly tool that allows the 'shopper' to design his/her own shoes by choosing among different styles and further customizing various parts of the shoe (leather color for tongue, heel cap and vamp, style of laces, eyelets, edge and sole, and desired engravings). It took four people about 11 months to develop the configurator and the platform at an estimated cost of more than €50,000. The cost of developing the system, supported by e-Xtrategy, was converted into Mr. L.'s 30% share in DIS capital.

A 3D modeling freelance artist (Beda) played an important part in the development of the configurator by creating 3D models of all the materials, reproducing each detail with realism and supplying 3D images of shoes in all available combinations. Beda initially underestimated the complexity of the task, and it took some time to start delivering 3D pictures, which held off the launch of the site. Beda continues to elaborate new 3D models for the next generation of DIS footwear and e-Xtrategy continues to maintain the site.

4.3. The relationship with Alfa

From the very beginning in 2013, the founders decided to leave all the production and logistic activities to a capable supplier to avoid associated investments. Luca C. was convinced they needed to work with a flexible and reliable manufacturer from the shoe district who was willing to produce shoes pair-by-pair at a good price-quality ratio. By the end of 2014 Alfa was showing interest in becoming a potential supplier. Alfa is a small family business founded in 1976, and enjoys a current turnover of about €1 million per year. Apart from Mr. A., who directs production, and his wife, who is responsible for administration, the company has three employees. The company produces its own brand of classic men's footwear, which retails at €150–€200. The annual production capacity of the company is about 25,000 pairs of shoes, which are sold through an external sales force to multi-brand retail shops in Italy. DIS had three important reasons for choosing Alfa as a supplier. The first was that Alfa's product line was based on two types of lasts (the solid form around which a shoe is molded), rounded and stretched, based on an American width measure called EEE, which ensures a good fitting size for narrow and large feet. DIS thought this was important when buying shoes online, without the possibility of trying on the shoes. The second reason was that Alfa had its own line of classic, high-quality men's shoes, and thus had proven skills, competences, and equipment to produce at a competitive cost level. Finally, Alfa's owners were young (like DIS') and keen to collaborate with DIS to develop their own product line. At that time, DIS assumed Alfa would fully manage its own supply chain.

Alfa's motivation to work with DIS was based on several factors. The 2009 financial crisis had hit the company hard; before the meltdown, Alfa had double its current turnover and employed 30 people. Alfa believed working with DIS offered the likelihood of additional business and an opportunity to turn the company around. Alfa also expected to learn from DIS how to approach the international market and appreciated the 'fresh ideas' in proposing new styles and models.

The initial period of the relationship between the two firms was not easy. Alfa was focused primarily on producing 'standard' footwear efficiently (about 100 pairs/day). When DIS explained its request for 'new forms and shapes,' these were to interfere with the traditional production flow. Requesting numerous colors and shape combinations required adapting Alfa's production to produce single-pair orders (5–10 per day). Such handcrafted production was necessary to permit a high level of customization of several different footwear elements, such as leather, edge, sole, eyelet, laces, and lining. It gradually became clear that working for DIS would affect not only production, but also procurement and stock keeping, and it became necessary to find suppliers of new materials and components to produce DIS models – luckily mostly available within the district.

Initially keen on starting business with DIS, Alfa became skeptical and worried about the necessary adjustments. The relationship looked more complicated than they had initially imagined. Something similar had happened in DIS too, as unexpected issues kept emerging. Offering handcrafted singularly tailored shoes – the bearing idea of DIS marketing – was not a concept that was easy to explain to Alfa. New solutions and adaptations, such as finding a different way to pack the shoes in a safe and attractive box or reducing the number of glitches as much as possible by changing the product quality protocol, were required to make such a model work for both DIS and Alfa. It became clear it would take some time for Alfa to organize single-order, tailored production and deliver the products within four weeks. DIS felt the urge to speed up production to deliver the first orders to test and validate the entire e-commerce process, and intense interaction started between Marco C. and Alfa's owner. During the first year of collaboration the two met 3–4 times per week. Several issues emerged and had to be solved, such as the search for suppliers of specific typologies of leather, quality control of the first 'prototypes,' technical adjustments all along the production line, and new production steps.

Organizing production at Alfa was entwined with developing the product line of DIS. The materials and components needed to offer a large number of combinations could not be produced in-house, but had to be sourced from second-tier suppliers in the district. Since Alfa had only limited knowledge of these, Marco C., who knows the district well, started to visit a number of potential second-tier suppliers together with Alfa's production manager, looking for those that were flexible about developing their offerings and capable of keeping down the costs of production and logistics. By mid-2014, Alfa and DIS jointly decided to start buying 'components' from five micro family businesses that performed hand-made productions of leather, liners, laces, eyelets, soles, and shoe boxes.

Alfa, which had to start using new materials DIS requested, soon started to use some of these even in their standard production. At the same time, DIS also had to adapt to some of Alfa's technical requirements; for instance, securing colored laces that could not be found in the district. In the summer of 2014, initial discussions of the product line yielded 12 models developed as a result of valuable suggestions from Alfa. Alfa currently engages in all phases of production, occasionally outsourcing some minor operations, such as setting the edges and polishing.

When a customer issues an order on DIS' website, the company sends an e-mail with an order number and a list of product features to Alfa. Production starts by designing the model in the size requested on the selected shoe last. At the same time, Alfa contacts its sub-suppliers to order the necessary materials and components. To avoid interference between single order production for DIS and its regular production, Alfa organized a production line dedicated entirely to the DIS range, with its peculiarities of 'custom-made' flow. Some investments, such as changes in the production layout and buying equipment for shrink-wrapping the shoes to keep them shiny for delivery, were made to satisfy DIS requirements. DIS' founders perform quality control on the manufacturer's premises once a week. Once checked, the shoes are packed and shipped by DHL to the customer.

For Alfa, the collaboration resulted in minor investments, but the company developed some new competences in certain production operations, such as assembling hide soles with new materials. Collaborating with DIS, Alfa found solutions to some quality issues in production and in relation to its customers (for example, wrapping the polished shoes to keep them clean before packing, as suggested by DIS). Both companies are currently working on digitalizing the order processing and information flow via e-mail. Logistics have required some co-ordination with the other three suppliers, the supplier of packaging materials, e-Xtrategy, which keeps developing the DIS digital platform, and the 3D modeling artist, Beda. As the volume of business appears to grow, DIS and the suppliers are set to define more clearly some mutual rights and obligations, such as the utilization of IP (Alfa is the owner of lasts and soles, although it does not charge DIS for utilizing these) and securing a certain production volume.

5. Analysis

The case offers insights on the process of development of the initial supplier relationships and illustrates how the key supplier relationships are formed as the new venture takes shape. The discussion below is organized around our two research questions.

5.1. The development of the relationships between DIS and its initial suppliers

When the two supplier relationships started, rather than looking for a source supply of a given existing product or service, DIS was looking for suppliers that could meet their expectations in terms of resources and capabilities. Approaching Alfa and e-Xtrategy, DIS founders started with broad ideas about what the two suppliers should provide. Indeed, DIS considered several suppliers of e-commerce platforms and approached some 40 potential shoe suppliers before settling for Alfa and e-Xtrategy. However, the commitment to Alfa and e-Xtrategy is not decided unilaterally; rather, it follows the positive response of the suppliers. The actual content of the supplies (features of the platform and the range of the shoe ware) became defined only after the suppliers became mutually committed, and continues to be redefined.

The two relationships unfold against a background of a 'pre-understanding' rooted in some common and shared experiences of the parties involved. The two brothers know various players in the local shoe district quite well, and one of them was a university classmate of e-Xtrategy's owner. This pre-understanding facilitated open initial commitments. However, both suppliers and DIS were driven by expectations that overlapped only partly. The parties became committed to 'future expected benefits' from collaboration that went beyond outcomes achievable in the short term. Alfa is motivated by an expected increase in production volumes, but also expects to learn how to *sell* shoes and how to *make* them, using the relationship with DIS as a way to increase its customer base. DIS expects Alfa to cooperate and enable the development of its innovative product offering. e-Xtrategy considers DIS a partner with whom to develop and test an 'interactive site' – the "configurator" – which could complement other e-commerce solutions e-Xtrategy is marketing. Such broad goals and expectations do not have a threshold value and remained rather open for the period during which we followed DIS.

The development of relationships with Alfa and e-Xtrategy has been driven by a joint search for solutions to various issues emerging as the business takes off. Developing such solutions required continuous adjustments such as changing the model line DIS offered, developing administrative routines between Alfa and DIS, finding new sub-suppliers for Alfa, or defining the features of the configurator. In both relationships, there are 'event cycles' in developing the solutions, triggered by what happens in the relationship or by events external to the relationship. Such an 'event cycle' comprises defining issues of concern, defining a workable solution, and subsequently redefining and modifying solutions. The solutions put in practice are stabilized for some time but are soon changed again (set of leather colors, number of models, order routines, etc.). There is no point of arrival in the development of the content of the two relationships in terms of products, services, and other arrangements. The parties are continuously finding limits and developing new possible openings.

The development of the two supplier relationships is not linear and often regresses. For instance, DIS backs off from some of its requests to extend the product line, and has to assist Alfa with the second-tier suppliers. At the same time, the suppliers too had to adapt to new requests from DIS, such as the weekly quality controls by DIS on Alfa's premises or arranging the dedicated production line for DIS' custom production. The two relationships keep evolving as various stimuli between the parties and from the general context generate relentless adaptations and changes. Alfa has to make some investments in production equipment, while e-Xtrategy has to invest heavily in the configurator development and 3D imaging. As joint solutions are put in place (e.g. the dedicated production line, the configurator, new models, and design options, among others), mutual interdependences are increasing.

What the case suggests about developing the initial supplier relationships is that it is not a linear process. It shows that both parties, starting from open expectations develop the product content of the relationship and all the other arrangements in interaction. Parties are constantly looking for solutions (at technical and social levels) to the unexpected issues that arise as the relationship develops. As the solutions are developed jointly and tend to be relationship specific, interdependencies arise and the need to interact to develop the solutions makes the development of relationships costly. Mutual pre-understanding can mitigate potential frictions and problems.

5.2. *The influence of supplier relationships on the development of DIS*

This case illustrates how operating a new venture is affected by the development of supplier relationships. On one side, DIS develops relationships with suppliers such as packaging suppliers and suppliers of promotional materials that provide given inputs (e.g. materials and services) DIS needed to run its operations. On the other side, DIS develops two relationships that are of a different kind. The relationships with Alfa and e-Xtrategy are broader in scope, and have substantial consequences for DIS' value offering and the configuration of its business model.

The limited resources of DIS are extended through the relationships with Alfa and e-Xtrategy. Both relationships are important for developing the tangible and intangible elements of DIS 'value offering' – e.g. the product line, product design, delivery services, cost level or customer communication. Indeed, the DIS product line results from combining Alfa's existing product line and new or different components suggested by DIS, which stimulated Alfa to use new techniques – like wrapping the shoes – and afford new investments. DIS can set a reasonable final price thanks to the existing Alfa's production facilities. The relationship with e-Xtrategy affects the market communication of DIS and the IT system developed facilitates management of customer communication across the e-commerce channel. Thanks to the relationship with e-Xtrategy DIS is able to let customers customize their shoes through the 3D configurator – which is rather unique among shoe producers. Whereas relationship with Alfa – located in the vicinity – allows DIS to interact easily and quickly exchange ideas and develop new products. Such elements are critical for the positioning of DIS and for differentiating its offering from that of competitors (such as Scarosso and Allen Edmonds).

DIS relies heavily on the two suppliers as its own resources are limited and it has no experience of the shoe production process or IT. Consequently, the two relationships are means to access additional resources and mobilize competences, which in turn are pivotal for the way in which DIS business is organized and conducted. They affect its business model and the ability to develop and continuously redefine the value offering. The solutions emerging in the two relationships have consequences for who does what – i.e., the allocation of certain activities within DIS or at the supplier's site. For instance, DIS keeps control of the quality control and product packaging at Alfa's production site as Alfa is not entirely able to ensure adequate standards.

The two key suppliers have an active part in defining and developing new solutions in a dialogue with DIS. It appears also that the two suppliers' role changes in parallel with the development of DIS (eventually taking multiple roles as in the case of e-Xtrategy where Mr. L., already a supplier of DIS, became a co-owner of the new venture). The solutions that emerge are relationship specific. The new production line setup at Alfa for producing DIS shoes, or the whole IT platform developed by e-Xtrategy, constitute examples of solutions created and adapted in interaction. As the new solutions are put into practice, e.g., with Alfa's suppliers and between e-Xtrategy and Beda, interdependences arise within and across the two relationships, which shape the businesses involved, both enabling and constraining further development of DIS, Alfa, and e-Xtrategy. There are consequences for the two suppliers. As the relationships unfold the two suppliers develop capabilities that are potentially important for their future development – Alfa starts developing its own line of products and e-Xtrategy acquires new competences in designing interactive e-commerce platforms.

The need for continuous adjustments strains the managerial resources of the companies. The relationships with Alfa and e-Xtrategy are costly to handle, both for DIS and the suppliers as they require attention and efforts of management and some investments in other resources (e.g., in new equipment). While dealing with the two key suppliers extends DIS resources, during the initial phases it saturates a great deal of the 'management capacity' of the new venture.

Overall, the case suggests that supplier relationships can be an important component of the new venture's business model as these broaden the set of resources that the new venture can mobilize and make use of. Supplier relationships affect the costs of the new venture but also its developmental capacity. Value offering of the new venture can benefit from mobilizing supplier capabilities but also the value offering of the suppliers (in its product service components), and eventually their business processes, appear to develop as consequence of interacting with the new venture. Supplier relationships can thus play an important role fostering the creation of mutual learning mechanisms critical for accessing, mobilizing and combining new and existing set of resources.

6. Conclusions and implications

Our conclusions regarding the development of key supplier relationships and their effects on the new venture have implications for theory, management and further research, which are detailed in the following sections. Our exploratory study leads us to formulate four propositions.

6.1. *Propositions*

Our study is in line with research showing that new ventures draw on the resources and capabilities of other actors in the surrounding network to develop (Hite, 2005; Hoang & Antoncic, 2003; Jack, 2010; Jarillo, 1989; Simon et al., 2007; Song et al., 2011; Song & Di Benedetto, 2008). It confirms that supplier relationships can be an effective means to access, mobilize, and assemble resources of direct suppliers and of the wider supply network (Bhalla & Terjesen, 2013; Ciabuschi et al., 2012). It extends these studies by elucidating *how* supplier relationships affect nascent new business ventures.

6.1.1. *Development of initial supplier relationships*

Our first proposition regards the process through which supplier relationships are initiated. Supply chain and marketing literature commonly focus on supplier selection, describing it as a stepwise process starting from problem identification and product specification and subsequently leading to the identification of existing sources of supply (de Boer et al., 2001; Faris, Robinson, & Wind, 1967). This conception of supplier selection does not seem to capture well the initiation of supplier relationships in a new venture in our case. We observed that the choice of key suppliers is based on a broad 'expected' future fit between the two parties in terms of resources, competences, and goals, rather than judging these as 'source of a specified product.' The product-service to be supplied is too undefined and underdeveloped to constitute an actual criterion for the selection of the 'right' supplier. Under the circumstances, initiating a business relationship, grounded on a mutual perception and interpretation of future potentialities and mutual commitment, amounts to choosing while being chosen (Wilkinson et al., 2003). The study also shows that some previous shared experience in the supply network can facilitate the starting up of a business relationship (Clarysse & Moray, 2004). The actual product service content of the relationships emerges at a later stage as the two parties engage in defining various solutions and in continuously adapting to new solutions (Hallén et al., 1991). That leads us to formulate the first proposition:

Proposition 1:. *In a new venture, the key initial supplier relationships are set off from open expectations of mutual future relational benefits, and the actual product/service content of the relationship emerges as an outcome of interactions and adaptations between the parties.*

This proposition contrasts with the common conviction that new business relationships develop as a consequence of a superior product service offering, while it is consistent with studies showing that relationship development and related interaction processes antecede novel solutions, rather than vice-versa (Coviello & Joseph, 2012; La Rocca & Snehota, 2014). The early stages of relationships involve interactions aimed at uncovering mutual potentialities and interests and require a considerable amount of teaching and learning to find ways to 'make use' of each other (Håkansson & Waluszewski, 2007).

Our findings are also consistent with research showing that 'learning from others' (inter-organizational learning) can be a substitute for experiential learning in young firms (Bruneel, Yli-Renko, & Clarysse, 2010). Our study extends this insight and suggests that also 'experienced' suppliers can learn to innovate by engaging with a new venture. Since finding workable solutions tends to be new for the parties, they both act under considerable uncertainty engaging in trial-and-error learning (Loch, Solt, & Bailey, 2008). Developing solutions, novel for both parties, entails connecting the operations of the two businesses, involves an iterative process that requires extensive interaction. Effective solutions are developed jointly between the two organizations in a process of inter-definition of the solution features, which is facilitated by an 'open-ended dialogue' type of organizational interface (Araujo et al., 1999).

The actual solutions appear to emerge in 'event-cycles' comprising phases of interaction that aim to: a) define the issue, b) identify a workable solution, and c) redefine and modify the solution. Such a cycle is completed when a new solution is put in practice; the solution is then provisionally stabilized, only to change soon again. The need to develop new solutions more or less continuously implies that the 'right' supplier can't be 'selected' according to pre-established criteria, and that the content and form of a supplier relationship is never fully stabilized. Regarding the process we can thus formulate a second proposition:

Proposition 2:. *Developing the key initial supplier relationships is a relational and iterative process with no given final stage, involving continuous 'inter-definition' of solutions and an open-ended dialogue interface between the customer and supplier.*

This proposition is consistent with the claim that the process of development of the new venture is both progressive and regressive (Ambos & Birkinshaw, 2010). Our proposition implies that it is difficult, and perhaps pointless, to identify any distinct phases traditionally hypothesized to characterize the development of business relationships (Dwyer et al., 1987; Ford, 1980; Jap & Ganesan, 2000) or the formation of entrepreneurship dyads (Larson, 1992).

6.1.2. The role of supplier relationships in the new venture development

With regard to the role of supplier relationship in new venture development, we posit, in the third proposition, that the initial supplier relationships can affect the new venture in two ways. First, through the initial supplier relationships the new venture can develop and refine its value offering. Second, resources and capabilities from key supplier relationships are an integral part of the new venture's business model that affects the venture's organizational configuration and extends the resource base of the venture. In new ventures, the primary contribution of supplier relationships appears to be to their development capabilities and positioning. Extending the resource and competence base, supplier relationships are viable means of overcoming the natural 'liability of smallness' (Freeman et al., 1983) and 'newness' (Stinchcombe, 1965). Given the fluidity of their boundaries, new ventures can 'use' suppliers as if they were part of the new firm and thus compensate for the liability of smallness. 'Newness' as limited experience can be turned from liability into an asset when an established supplier business perceives the new venture as a counterpart for stimulating future development. Supplier relationships are not only part of the business model of the new venture (Bankvall, Dubois, & Lind, 2016); the business model of the new venture tends to be largely the product of its relationships with suppliers. That leads us to formulate the following proposition regarding the role of supplier relationship for the emergent venture:

Proposition 3:. *In a new venture, the key initial supplier relationships extend its resource and capability base and contribute to develop its value offering, becoming an integral part of the new venture's business model.*

The role of supplier relationships in new venturing is dynamic. Mutual adaptations produce interdependences that keep affecting the development path of both parties over time. The developmental effect originates in the divergent goals of the two businesses that generate frictions that need to be mediated (Oinonen & Jalkala, 2015). From such mediation emerge solutions and outcomes that cannot be anticipated. Mutual adaptations lead to specific interdependences that can benefit the parties by creating novel product solutions, increasing coordination that improves cost efficiency and learning and developing new competences. Such interdependences, however, can also limit the options for both new ventures and suppliers. This means that as parties learn about each other and mutually adapt, they jointly produce interdependences that both enable and limit their development paths.

The interactive development of the initial supplier relationships can lead to opening up unsought opportunities and solutions that could not be anticipated, but also to eliminating unrealizable ideas. The outcomes of the joint action shape the development paths of both parties. These considerations are synthesized in the fourth proposition.

Proposition 4:. *The interdependences arising in the relationship between a new venture and its key initial suppliers enable, but can also limit, the development paths of both partners.*

The co-evolution effect, generated by the interdependences consequent to the adaptations between the two parties, applies to supplier relationships that have significant impact on the value offering and organizational configuration of the new venture. The influence of the initial business relationships on the 'future status' of a new venture has been noted in some studies of new venture development (Milanov & Shepherd, 2013). We can argue that a new venture tends to co-evolve with key suppliers when interdependences are symmetrical, and opportunistic behaviors can be avoided (Bhalla & Terjesen, 2013).

6.2. Theoretical contribution

Findings of our exploratory study formulated as the four propositions could be successively tested in further empirical research. Our conclusion is that in relation to the extant theory, our exploratory study extends the understanding of the process of developing initial supplier relationships and their role in new venture development in four ways. First, we add to the research on supplier involvement in new ventures (Song & Di Benedetto, 2008) as we posit that benefits of supplier involvement in new ventures are not limited to developing the product features. Second, elucidating the role of initial ventures' supplier relationships, we complement prior research on new venture development that has focused mainly on initial relationships with customers (Aaboen et al., 2011; Aaboen, Laage-Hellman, Lind, Öberg, & Shih, 2016). The lack or late engagement with customers has been identified as one of the reasons why entrepreneurs can go wrong (Aaboen et al., 2011; La Rocca & Snehota, 2014; Onyemah et al., 2013); in light of our findings we argue that the same applies to suppliers. Third, we add to the supply chain literature, in particular the emerging research on relationships between established mature businesses and new ventures, complementing the perspective on new ventures as suppliers (Zaremba et al., 2016) with one in which the new venture is the buyer. Our conclusions point to a factor in supply chain management and strategy that has been largely neglected. Given that established firms and new ventures differ in many important aspects (Aldrich & Ruef, 2006; Su et al., 2011) reversing the roles in the relationship makes the suppliers' resource mobilization process different. Finally, we have empirically shown why linear models of new venture development, prevailing in the entrepreneurship literature (McMullen & Dimov, 2013), have severe limits for explaining the development of new ventures.

6.3. Implications for management

Our findings have at least three implications for new venture management. The first concerns the allocation of managerial resources. We have argued that the potential role of supplier relationships in the development of a new venture cannot be overstated, as it has positive and negative effects on the value offering as well as on the organizational configuration of the new venture. Consequently, developing supplier relationship should receive the same management attention and efforts as acquiring the first customers. Early engagement of suppliers should get high priority as it can expand new venture's resource and competence base. Ensuring supplier involvement is bound to strain the limited managerial resources of the new venture, as it likely requires extensive interaction. Since suppliers are driven by expected/potential outcomes in deciding whether to invest in engaging with a new venture in its early (and uncertain) development, managers/founders of the new venture should, when approaching established suppliers, emphasize the future benefits of the emerging relationship more than the actual project at hand (e.g., realizing the product itself).

The second implication for management stems from the argument that the actual benefits of supplier involvement are related to keeping the roles of the supplier and customer 'distinct,' while seeking areas of common interest. Attempting to gain full control of the supplier as well as keeping the suppliers at arms' length to maintain full independence is likely to affect the new venture negatively. Keeping the suppliers at arms' length means foregoing the benefits of the joint development of solutions and prevents the new venture from exploiting the potential benefits of supplier relationships for developing its value offering and operations. However, also attempts to unilaterally impose solutions on suppliers and exercise full control have the same effect of nullifying the potential contribution of suppliers (Dubois, 1998).

The third implication relates to the argument that new venture management benefits from creating/accepting open-ended dialogue (Araujo et al., 1999) with suppliers and interdependences arising from joint solution development. Since collaborative efforts are crucial and open-ended commitment is needed, it is wise to choose suppliers that allow for balanced relationships. In the new venture case it means relating to partners that are reciprocally intelligible (La Rocca, Caruana, & Snehota, 2012). It is likely to mean engaging in high-involvement relationships with small-medium enterprises that, because of their size, management culture, and strategic orientation are more likely to regard the start-up as an important partner to engage with for prospects of future co-development.

6.4. Limitations of the study and implications for further research

Our study presents limitations that are typical of case studies. Such limitations imply that the external validity of the findings is restricted to a certain class of circumstances of new venture development that come close to the ones we encountered in our study. To address the question of external validity of our findings, further research, in the form of comparative case studies or quantitative studies, should span different industries, locations, and firm typologies.

However, looking forward, our study sets the foundation for further investigation of the supply side of new ventures and co-development processes in customer-supplier relationships. Our findings and conclusions warrant further research on the role of supplier relationships in new venture development along two lines. First, we suggest further empirical studies of the formation of supplier relationships, taking a longitudinal approach (McMullen & Dimov, 2013) to shed more light on the development of these relationships beyond the early phase of operation of the new venture and their impact on the new venture's organization. A second line of research should examine the actual micro practices through which new ventures engage with suppliers to gain further insights into supplier resource mobilization processes and unpack even further the concept of 'relating' between new ventures and established businesses. We are convinced there is still considerable untapped potential at the intersection of entrepreneurships and business network and supply chain studies that can help to strengthen our understanding of relating in the process of new venture development.

Appendix A. Interview guides

I Interviews with DIS

A. Company background

1. What is the background and history of DIS until now?
2. Do you have any specific and particular goals that DIS should try to reach in a near future?
3. How would you characterize the business of the company? How did it change from the initial ideas?
4. Can you recall and identify some important milestones of the DIS project?

B. DIS' supplier relationships

1. How many suppliers has your company? What is DIS buying?
2. Are there any suppliers that have been special (more important than others) and if so why?
3. How did these relationships start? What makes you to work with these suppliers?
4. Can you identify some critical events in relation to these suppliers?
5. How did working with these suppliers influence how DIS developed - positively and negatively?
6. What are the most important mutual adaptation as the supplier relationship developed?

II Interviews with key suppliers (Alfa and e-Xtrategy)

A. Company background

1. What is the background and history of your company?
2. Can you remember and identify the most important milestones in the development of your company?
3. What's your business model?
4. Who are your main customers and what is the role of DIS?

B. Alfa and e-Xtrategy relationship with customer DIS

1. How did the relationship with DIS started?
2. What made you to work with DIS? What did you expect and did it change?
3. What if any were significant events in the development of the relationships with DIS? What were the most important adaptations that occurred as the relationships developed?
4. What are the main benefits for your company of the relationship with DIS?
5. How did/does the relationship with DIS affect the development of your business and the development of DIS?

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