Les défis liés au développement des capacités de gestion d'un portefeuille d'alliances dans un contexte de servicisation

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Afin de réussir leur stratégie de servicisation, les entreprises industrielles s'appuient sur de nouvelles alliances ou font évoluer leurs modes de collaboration avec leurs partenaires historiques. Elles repensent alors la gestion de leur portefeuille d'alliances afin de l'aligner sur leur nouvelle orientation stratégique. Cette étude met en évidence plusieurs facteurs qui pourraient agir comme des freins au développement de capacités de gestion de portefeuille d'alliances, dans un contexte de servicisation. Nous mobilisons une approche qualitative exploratoire reposant sur une étude de cas unique portant sur le portefeuille d'alliances historique d'une entreprise industrielle ayant exprimé la volonté de se serviciser. Notre étude met en lumière trois principaux freins au développement de nouvelles capacités de gestion de portefeuille d'alliances : l'absence d'une stratégie renouvelée pour le portefeuille, la fidélité à une orientation stratégique historique centrée sur le produit, ainsi qu'un déséquilibre relationnel au profit des partenaires. Notre étude contribue à une meilleure compréhension de la gestion des portefeuilles d'alliances dans un contexte de changement de business model, comme celui de la servicisation, en identifiant les antécédents agissant comme des freins au développement des capacités de gestion de portefeuille d'alliances. Elle propose également des recommandations pratiques aux entreprises souhaitant se serviciser, en les incitant à faire évoluer impérativement leurs pratiques de gestion de portefeuille d'alliances sous peine de compromettre la réussite de leur stratégie de servicisation.

Mots-clés : Business Model, Servicisation, Portefeuille d'alliances, Capacités de gestion de portefeuille d'alliances

Challenges in developing an alliance portfolio capability in the context of industrial servitization

I- Introduction

Industrial companies increasingly turn to servitization to differentiate themselves by adding services to their products, especially in mature sectors where long-term support is essential (Vandermerwe & Rada, 1988; Gremyr et al., 2010). This transition requires changes in value propositions, value architecture, and client relationships (Neely, 2008). To implement servitization strategies, companies must adapt their organization by managing services internally, forming external partnerships, or adopting hybrid models, each offering varying levels of flexibility and resources to support servitization (Bustinza et al., 2019; Kowalkowski et al., 2011; Paiola et al., 2013; Spring & Araujo, 2013).

In this context, strategic alliances provide numerous advantages (Greve et al., 2014; Kale & Singh, 2009; Gulati, 1995; Eisenhardt & Schoonhoven, 1996). Companies rarely rely on a single alliance and often manage an alliance portfolio (Wassmer, 2010). Success depends on their ability to develop alliance portfolio capabilities, including selecting the right partners, managing relationships, and coordinating the portfolio to optimize resources and opportunities (Schilke & Goerzen, 2010; Sarkar et al., 2009; Wang & Rajagopalan, 2015).

Strategic alliances are crucial for enhancing competitive advantage in a servitization context (Doz & Hamel, 1998). However, they also pose challenges, such as aligning the interests of the company and its stakeholders (Kohtamäki et al., 2019), addressing conflicts of interest, and overcoming inefficient knowledge transfer (Hullova et al., 2019). These challenges become more pronounced when managing an alliance portfolio, as companies must ensure strategic alignment across all alliances (Castro & Roldan, 2015).

While the literature acknowledges the benefits of alliance portfolios in servitization, knowledge about how to manage them effectively throughout the process remains limited, particularly regarding their impact on success, the capabilities required, and the associated antecedents. This gap partly stems from a focus on internal organizational structures and outsourcing rather than alliances. Consequently, research on alliance management, portfolio management, and the necessary capabilities remains underdeveloped. Kahnra et al. (2021) call for greater attention to alliance and network management capabilities within servitization ecosystems.

This study aims to identify the factors that hinder the development of alliance portfolio management capabilities necessary to advance servitization within organizations. More specifically, it seeks to reveal the challenges preventing companies from adapting their alliance portfolio capabilities to support servitization. Additionally, it examines whether the historical composition and management of alliance portfolios act as a barrier to integrating servitization into the organization.

To address these issues, we adopted an exploratory qualitative approach through a single case study of the historical alliance portfolio of an industrial firm undergoing servitization in the general and business aviation sector.

Our findings identified three key barriers to developing new alliance portfolio management capabilities: The absence of a renewed strategy for the portfolio, continued loyalty to a historically product-centric strategic orientation, and a structural dependence or perceived obligation toward longstanding partners. Furthermore, we found that the initial management practices and capabilities of an alliance portfolio can significantly hinder a company's efforts to advance servitization.

II- Literature review

a. Servitization: A transformation of the traditional Business Model

Manufacturing companies worldwide are embracing servitization, defined by Baines et al. (2007) as “the innovation of a manufacturing organization’s capabilities and processes to shift from selling products to offering integrated product-service solutions that deliver value in use.” This change occurs due to competitive pressures, demand-based reasons, and economic benefits, such as product differentiation, increased market attractiveness, and higher margins compared to traditional manufacturing (Baines et al., 2009; Olivia and Kallenberg, 2003; Gebauer, Gustafsson, and Witell, 2011). Previous research highlights that servitization is well-suited to mature industries with long-lifespan products requiring decades of service and support (Gremyr, Löfberg, & Witell, 2010).

Previous research highlights that the transition to servitization involves a comprehensive change to the overall business model (Kindström, 2010; Kindström & Kowalkowski, 2014; Rabetino, Kohtamäki, & Gebauer, 2017; Storbacka, Windahl, Nenonen, & Salonen, 2013; Witell & Löfgren, 2013) and requires the development of appropriate organizational structures and associated processes (Mathieu, 2001; Oliva & Kallenberg, 2003) as well as the acquisition of capabilities distinct from those needed for production (Dachs et al., 2012; Gebauer & Friedli, 2005; Oliva & Kallenberg, 2003). Companies can adopt various approaches, such as an internal organization where both products and services are managed by the manufacturer, an external organization where a specialized service provider acts on behalf of the manufacturer (Bustinza Oscar et al., 2019; Kowalkowski et al., 2011) or through partnerships within their networks (Paiola, Saccani, Perona & Gebauer, 2013). Partnerships enable firms to leverage the specific expertise of their partners without having to develop everything in-house, thus offering a more flexible and rapid approach to acquiring the capabilities needed for servitization. Moreover,

manufacturing companies can reorganize their networks to integrate services through collaborations with other actors (Spring & Araujo, 2013).

b. The development of an alliance portfolio

In this context of increasing servitization, companies, whatever their sector or size, are increasingly relying on strategic alliances to achieve their objectives (Greve et al., 2014). Alliances are voluntary partnerships between companies that collaborate to share or develop common resources and capabilities to achieve mutual goals (Kale & Singh, 2009). Among the many benefits of alliances are reduced transaction costs (Stuckey, 1983; Gulati, 1995), easier access to external resources (Eisenhardt & Schoonhoven, 1996; Das & Teng, 2000; Gulati, 2007), the ability to penetrate new markets (Wassmer & Dussauge, 2012), economies of scale (Dussauge et al., 2000), learning opportunities (Khanna et al., 1998), and enhanced adaptability to market changes (Hoffmann, 2007; Greve et al., 2014). Through alliances, companies gain access to "*network resources*" (Gulati, 2007), which they can combine with their own resources to create greater value (Das & Teng, 2000). Companies might develop specific processes for managing alliances, known as alliance capabilities, which refer to the ability to create and capture value through partnerships (Wang & Rajagopalan, 2015).

As they are developing alliances, companies find themselves managing extensive alliance portfolios, defined as "the set of a firm's direct alliances with its partners" (Lavie, 2007) and they must also cultivate alliance portfolio management capabilities. These capabilities involve organizational processes designed to proactively identify opportunities, enhance relational governance, and coordinate knowledge and strategies across the portfolio (Sarkar et al., 2009; Wang & Rajagopalan, 2015; Castro & Roldan, 2015). Sarkar et al. (2009) identify three key dimensions of alliance portfolio management capabilities: partnering proactiveness, which involves efforts to identify and seize new alliance opportunities ahead of competitors; relational

governance, which represents a company's ability to manage each alliance to ensure stability and equitable value distribution; and portfolio coordination, which focuses on integrating and aligning resources, activities, and information across all alliances.

c. The challenges in developing alliance portfolio management capabilities in a servitization context.

In the specific context of servitization, strategic alliances offer numerous advantages, such as playing a key role in strengthening the competitive advantage of companies (Kogut, 1989; Doz & Hamel, 1998). The success of such collaboration relies on a strong alignment between the interests of the company and those of its stakeholders, whether they are positioned within the value chain or the company's broader ecosystem (Kohtamäki et al., 2019). Industrial firms thus establish close partnerships with their distributors (Reim, Sjödin, et Parida, 2019) as well as with other specialized partners within a collaborative ecosystem (Bustinza et al., 2019).

However, these alliances remain challenging to manage (Bleeke & Ernst, 1993), and companies transitioning to a servitized business model may encounter difficulties in managing their relationships and alliances. The existing literature identifies three main challenges when companies engage in alliances for servitization: conflicts of interest among key stakeholders in the partnership network, misalignment between the envisioned servitization strategy and the emerging managerial orientation, and ineffective knowledge transfer within the stakeholder eosystem (Hullova, Laczko, & Frishammar, 2019). For instance, these challenges may include determining the locations of service centers and ensuring that service quality aligns with the company's reputation (Pawar, Beltagui, & Riedel, 2009). Additionally, buyer-supplier relationships may deteriorate if companies engaged in servitization lack clear guidelines for implementation (Beuren, Ferreira, & Miguel, 2013). These challenges in managing alliances and alliance portfolios in the context of servitization highlight the difficulties in developing

genuine alliance portfolio management capabilities, which are nonetheless essential for this transition.

However, knowledge about managing alliance portfolios in the context of servitization remains fragmented, and the implications of this management for the success of servitization, as well as the capabilities and antecedents necessary for their development, are still poorly understood. This gap partly stems from the fact that alliances are relatively less studied in the servitization literature compared to internal company architecture or outsourcing to subcontractors (Kowalkowski et al., 2011; Paiola et al., 2013; Bustinza et al., 2019; Xing et al., 2023; Heirati et al., 2023). Consequently, there are shortcomings regarding the management of alliances, alliance portfolios, and the associated capabilities, prompting calls for more in-depth analysis of these capabilities in the servitization context (Kohtamäki et al., 2013; Kahnra et al., 2021). It remains to be understood how companies evolve their portfolio capabilities and what might hinder the adoption of new capabilities.

Another overlooked aspect in the literature is the way alliance portfolio management capabilities adapt to servitization strategies. Indeed, the increasing complexity of partnerships in a servitization context requires greater agility and enhanced capabilities for resource integration. While a coevolution between a company's strategy and its alliance portfolio is often observed (Koza & Lewin, 1998; Hoffmann, 2007; Lavie & Singh, 2012), studies also highlight that alliances can sometimes hinder the implementation of disruptive strategies (Lavie & Singh, 2012; Greve et al., 2014). This raises the question of whether the historical configuration of an alliance portfolio and its associated management capabilities might act as barriers to the effective development of servitization strategies.

III- Research Methodology

a. Research Design and Case Study

The exploratory nature of this study led to the adoption of a qualitative research design (Baumard and Ibert, 2007). A case study approach was chosen due to both the exploratory aspect of the research and the ambiguous boundaries of the phenomenon being investigated (Yin, 2009). This method is particularly suitable for understanding the multidimensional characteristics of the service portfolio and organizational mechanisms (Eisenhardt and Graebner, 2007; Yin, 2009). Given that the goal was to identify challenges in developing alliance portfolio management capabilities, the unit of analysis is the company's alliance portfolio.

For this case study, we selected a company from the general and business aviation sector, which, as defined by EASA (European Union Aviation Safety Agency), includes all non-commercial aviation activities, such as private, business, leisure, and training flights, as well as missions for specialized purposes. The choice of this sector is motivated by the major transformations currently taking place, driven by the shift toward connected and clean mobility (Gao et al., 2018). These changes are reshaping the industry's business mode, where the aircraft is no longer at the center of the value chain, making the transition toward services increasingly crucial.

The company selected for this case study, HELIV, is a manufacturer of general and business aviation aircraft, part of an industrial group within the aerospace industry. HELIV's traditional business model focuses on the design, production, and sale of aircraft. After the aircraft are sold, HELIV ensures continuous support to maintain their operational functionality over time. To provide this support, the manufacturer relies on a network of partner service centers, which were historically established to handle both aircraft sales and maintenance. This

network of independent partners is therefore critical in both the sales and operational support processes for HELIV’s aircraft.

The service center partners are managed by HELIV's technical customer support team, tasked with providing technical solutions, assisting customers, and resolving any issues related to the operational readiness of the aircraft. The team coordinates resources from service centers as needed to ensure optimal service delivery. The partner service centers are responsible for performing maintenance in designated geographic regions and offering troubleshooting services, either upon client request or as directed by the customer support team. HELIV manages an alliance portfolio to meet client needs and deliver a high-quality experience. This portfolio includes both internal resources—service centers owned by HELIV, yet operating independently from its industrial operations and technical support team—and primarily external resources, consisting of independent partner service centers bound to HELIV through non-exclusive contracts.

While HELIV has traditionally ensured its clients receive services that maintain aircraft operational readiness, the aerospace group it is part of, now seeks to embrace servitization. This shift toward a service-oriented business model requires the company to provide additional services, improve service quality within the service centers of its portfolio, and develop internal servitization capabilities, especially within its own service center. However, HELIV faces challenges in transforming its relationships and management with long-established partners to align with its new servitization strategy.

b. Data collection and analysis

The study relies on both primary and secondary data. We conducted 30 semi-structured interviews, each lasting about one hour, with stakeholders involved in the company's alliance portfolio, including the internal team managing partners, partner service centers, and company-owned service centers. These interviews involved executives, managers, and coordinators. The interview guides were based on literature related to alliance management capabilities, alliance portfolio management, and servitization challenges. We analyzed the transcripts using thematic analysis (Gioia et al., 2013), focusing on both theoretical and emergent themes. In addition, we collected secondary data to complement our understanding of the company's alliance portfolio. This includes customer feedback on their perception of the partner service centers, the contracts connecting the partners to HELIV, strategic initiatives of the maintenance centers owned by HELIV, press articles related to the partner service centers, as well as internal documents reflecting the construction and functioning of the portfolio and relationships with partners. We combined these sources to reduce interpretation biases (Eisenhardt, 1989; Gibbert, Ruigrok, and Wicki, 2008) and strengthen the validity of the findings (Yin, 1994). This approach, which involved both primary and secondary data collection, enabled us to gain a comprehensive understanding of the company's alliance portfolio, the management practices in place, and the capabilities being utilized.

Our analysis focuses on two key aspects: first, an examination of HELIV's alliance portfolio management capabilities, comparing them with those identified in the literature; second, the reasons of the non-adaptation of HELIV alliance portfolio capabilities despite the evolution of the Servitization context.

IV- Results

a. The Alliance Capabilities Developed by HELIV

i. Partnering proactiveness capability

The literature highlights the importance of partnering proactiveness, that is, the ability to identify and secure new alliance opportunities ahead of competitors. In line with this, HELIV historically selected its partner service centers following two distinct logics. First, service centers were chosen based on geographic proximity to customers, ensuring that support was available where aircraft were sold and operated. Second, HELIV applied a set of specific technical criteria when selecting partners. As explained by a former manager in charge of partner selection, the company carefully evaluated the technical expertise of potential service centers:

> *"We look at whether they have experience working on pressurized aircraft, whether they work with Garmin systems."*

The selection process thus involved assessing the center's technical characteristics, its location, and its potential involvement with competing aircraft manufacturers. However, while these criteria guided the selection process, they were not strictly mandatory. Some service centers joined the network without fully meeting all the technical requirements. As a network coordinator explains:

> *"They are not the same size, they don't all have the same tools, and they don't maintain the same number of aircraft."*

Consequently, the alliance portfolio is composed of service centers with heterogeneous sizes, equipment, and capabilities, including some that are currently inactive within the network.

Moreover, the choice of service centers was not exclusively driven by HELIV. In some cases, existing portfolio members—particularly distributors who also operated service centers—had the authority to appoint new service centers within their designated territories. Additionally, customer preferences occasionally influenced service center selection. Some customers requested that maintenance be performed at a center they were familiar with, even if it was outside the formal network. This necessitated financial investment from HELIV to upgrade and integrate these centers into its operational standards, as explained:

"It is the distributor in the area who manages maintenance within their territory,"
"This is a special and rare case, but we had a customer who bought an aircraft from us and insisted on doing their maintenance at a center they were familiar with."

Ultimately, what truly drives the development of the alliance portfolio is HELIV's global aircraft sales strategy. A partner is added when HELIV identifies a product-market opportunity in a specific geographical area, requiring the establishment of a service center to ensure operational readiness and customer support. As one manager in charge of the technical support team explains:

"For a customer to buy a new aircraft, they need a maintenance center nearby, especially when we don't yet cover that area."

ii. Relational governance capability

The second alliance portfolio management capability, relational governance, refers to the ability of firms to develop informal self-regulation mechanisms within portfolio relationships, aiming to minimize any opportunistic behavior from partners. Sarkar et al. (2009) emphasize that central firms must manage their alliance portfolios in ways that eliminate

relational imperfections, such as a lack of trust and opportunism, in order to foster the transfer and combination of resources and capabilities across partners.

At HELIV, formal mechanisms play a critical role in structuring relationships. Service center partnerships are governed by standardized, long-established contracts, applied consistently across all partners regardless of their specific characteristics. These contracts are complemented by clear operational processes. Regular audits are conducted to monitor service quality, and significant efforts are devoted to training and supporting partners, helping to strengthen their autonomy and performance. The technical support team actively engages with service centers, either by relying on them to resolve customer issues or by assisting them with technical challenges during maintenance operations. As described by a network coordinator:

> *"There are email exchanges, with classification systems and tracking in place."*

In parallel, informal mechanisms are adapted based on the specific characteristics of each service center to enhance responsiveness and foster closer relationships. Despite the existence of standardized contracts and procedures, interactions can vary depending on communication channels, the type of support requested, and the degree of personal proximity with certain centers.

HELIV manages its alliance portfolio with the objective of maintaining harmonious relationships with its network. It seeks to create a supportive environment by preserving the independence and autonomy of its partners, thereby enabling them to serve customers effectively. This philosophy is confirmed by a technical support manager:

> *"Everyone trusts each other, and when facing a problem, network members do everything to help us, and vice versa."*

As one service center, who also acts as a distributor, explains:

> *"We have been working together for at least, what, 20 years; our relationship is very strong."*

Consistent with this approach, HELIV does not charge any revenue or royalties to its partners for the services they provide. As one service center, who also acts as a distributor, explains:

> *"We have never felt obliged to do anything; there has never been any reproach. Everything has always been very supportive." "We offer HELIV customers our own services, the same as we do for other aircraft."*

Maintaining strong and equitable ties with all partners is a core principle for HELIV. No favoritism is applied based on the partners' capabilities, nor is there any preferential treatment toward HELIV-owned service centers compared to independent ones. HELIV maintains differentiated but fair relationships within its alliance portfolio. Independent partners are regarded as both customers, through the purchase of parts, and as full partners, according to the technical support manager. HELIV-owned centers, while operating under the company's brand, are treated equally as full members of the network, distinct from the industrial division and technical support teams. While all partners receive the same level of support, interactions with independent centers are generally more formalized, whereas relationships with HELIV-owned centers tend to be more informal. A network coordinator explains:

> *"This contrasts with how we interact with the network."*

The distinction is also perceived internally by HELIV-owned service centers:

> *"We are really outside the network: we are neither audited nor invited to network gatherings."*
> *"Official exchanges, those going through formalized channels and processes, are relatively rare."*

iii. Portfolio coordination capability

The theory teaches us that companies must implement mechanisms to coordinate their portfolio and manage the interdependencies between partners. This involves integrating and synchronizing activities and resources across the different partners in the portfolio (Sarkar et al., 2009). Companies must also be able to manage conflicts that may arise within the portfolio, developing and implementing collective portfolio strategies.

To respond quickly to clients' needs, HELIV utilizes partner characteristics such as geographic proximity and partner strengths. When intervention is required, particularly in the case of troubleshooting, technical support redistributes requests within the network based on the location, skills, and resources of each center, ensuring a swift and tailored response. A network coordinator explains:

> *"When a client needs troubleshooting, we assess the situation to determine which service center can best meet the request. We consider several criteria: the client's location, of course, but also the specific skills of the center and its ability to intervene quickly."*

Portfolio coordination is partly determined by certain service centers due to their role as aircraft distributors, as previously explained, with some holding geographic authority. These distributors decide on the establishment and appointment of service centers within their designated territories. As a result, the selection of portfolio partners and the organization of service provision in each region are heavily influenced by the distributors' decisions. As the aircraft sales manager explains:

> *"It is the distributor in the area who manages maintenance within their territory."*

HELIV's direct involvement is limited, with the company intervening only as a secondary recourse. As one of the technical support team managers puts it:

> *"We had to build a strong network to manage all customer relations, with us coming in only as a backup."*

b. <u>The Reasons for the Non-Evolution of Alliance Portfolio Management Capabilities in the Context of Servitization</u>

   i. *Partnering proactiveness capability*

After the announcement of servitization strategy, HELIV aims to standardize its network but struggles to build the necessary competencies to ensure that the service provided across all service centers is identical. While the partners are strategically located in key areas, some lack the required capabilities, meaning they cannot consistently meet the standards needed to provide a service truly representative of HELIV. In response, HELIV has been able to identify within its portfolio a few service centers that are easier to work with, and this approach suits the company. Over time, the customer support team has come to recognize partners who either facilitate or hinder the implementation of certain services. As one network coordinator explains,

> *"The partners we collaborate best with are generally small, family-oriented structures, very focused on customer satisfaction. They are partners that we trust and act quickly."*

Another customer support representative adds,

> *"We work more easily with certain service centers for troubleshooting because they emphasize customer satisfaction, handle AOGs quickly, and prioritize these aspects."*

Moreover, as mentioned by customers, the quality of partners is an ongoing concern, questioning aspects such as the quality of technical service, availability, recognition, and relationships. HELIV acknowledges that it cannot please or meet the expectations of every client. As one representative puts it,

"There will always be dissatisfied clients; we can't suit everyone."

They are aware that not all partners have the same resources or capabilities, and this may affect customer satisfaction. Instead, the company focuses on developing and enhancing their partners' skills. The company emphasizes that their approach is never punitive but instead aimed at helping partners progress. As one manager says,

" We are deeply committed to training and supporting our network members."

Lastly, despite the shift towards servitization, the overall strategy for portfolio development has not fundamentally changed. The underlying philosophy remains the same: adapt the network to sales. As the technical support team manager explains:

"The network strategy tends to follow the aircraft sales strategy, not the other way around."

"For example, there are a lot of new sales in Brazil, so we want to open a center in Brazil, and it is in this logic that we want to evolve."

ii. *Relational Governance*

In the new servitization context, HELIV is facing growing challenges in requiring certain partners to perform services that could be profitable for the company. This issue, which was already present in the past, has worsened and now affects revenue-generating services, such

as aircraft modifications. Some independent partners, who were already reluctant to accept troubleshooting requests, are now even less willing to take on these new services, further complicating HELIV's efforts to adapt its network to the demands of servitization. Today, this challenge extends to more revenue-generating services. This situation is due to service centers that are lacking resources to do the services and partners increasingly prioritize their internal needs and becoming less willing to address HELIV's requests. A network coordinator explains:

> *"We expect a lot from service centers, like parts returns, precise TTRs, and well-documented references. However, these requests are not always rigorously carried out. We also need to keep in mind that these requests don't directly benefit them. They don't make their daily maintenance work easier, which already follows its own processes. So, these requests are an additional burden."*

In response to this, HELIV adopts a comprehensive and appreciative approach toward its partners. *"Our partners explain that to sell upgrades, they would need to make a commercial effort, but they lack sales staff, time, and inclination. They also fear potentially adding problems if the upgrade is poorly executed, and all this effort doesn't generate significant revenue beyond standard maintenance. So, essentially, they just don't do it."*

HELIV expresses gratitude toward its current partners and acknowledges that they cannot always meet all its expectations. This also reflects the company's dependency on its network of partners, as a technical support team manager notes:

> *"If we're here today, it's because they were here, and if we're still here tomorrow, it will also be because of this network."*

However, HELIV finds itself in a position where, although it would like to impose certain actions or services on its partners, it does not know how to do so.

"We would like to impose it on them, but we don’t know how to do it."

Another element of context is the deteriorating relationship between HELIV and its owned service centers. The technical support team has grown increasingly dissatisfied with these centers, feeling that they fail to meet the standards expected of the network. According to the team, these centers often lack the necessary capabilities and make insufficient contributions to technical support requests, which sometimes compromises customer satisfaction. As one customer support manager put it,

“I would expect more from a HELIV center than from the others. When you carry the HELIV name, you cannot simply limit yourself to troubleshooting clients already serviced by your own station.”

At the same time, HELIV-owned maintenance stations feel unfairly marginalized by the technical support team. These centers argue that external partners who refuse technical support requests face no consequences, while they are forced to bear the brunt of the demands, which disrupt their operations. A HELIV service center manager highlighted this issue, stating,

“They disrupt everything with their troubleshooting demands, and we find ourselves in delicate situations because of them several times a year. Not only does the network take our market, but we also have to undertake actions that should be their responsibility. We can’t make progress this way.”

Despite the shift toward servitization, where the focus is on increasing revenue and strengthening client relationships, HELIV is concerns that the expansion of HELIV-owned service centers could upset other members of the portfolio. As one technical support representative explained,

“At HELIV stations, the goal is to grow revenue through services. But the problem is that if this goes too far, it risks creating competition within the network.”

Other partner service centers within the network do not perceive HELIV-owned stations as direct competitors, likely because their objectives and approaches differ.

iii. Portfolio Coordination

In the new servitization context, HELIV faces a growing capacity limitation within the maintenance service network. As the number of products requiring servicing increases, alongside higher expectations for service quality driven by the broader trend of servitization, the pressure on the network has become more pronounced. As one manager explains,

"We are entering a phase where the network’s capacity is becoming a major issue. For now, it’s still manageable, but customer complaints are growing, with reports that the network is struggling to keep up. Scheduling maintenance can now take up to three months, and it’s becoming increasingly difficult to provide timely service."

This challenge has worsened over the past few years, and while HELIV is aware of the issue, finding a viable solution has proven difficult.

On the one hand, the technical support team is limited in its ability to pressure partner service centers to take on more aircraft or expand their operations. This limitation stems from the historical management practices that avoid imposing too much on partners. As one manager put it,

“The problem is that we can’t impose anything on the centers, let alone ask them to take on more aircraft or perform additional work.”

On the other hand, expanding the network by adding new service centers is equally challenging. It requires considerable time investment for training, audits, and additional resources.HELIV has always positioned itself as a backup support rather than a primary service provider. The company is not in the mindset of investing additional resources itself to alleviate the pressure on the network. As one manager put it,

"If we didn't want to have 46,000 people in customer support, we know we needed a strong network."

Another significant obstacle arises from the contractual relationships with certain partner acting as service center and distributor, who control their own geographic territories due to historical product distribution strategy. HELIV cannot impose new service centers on distributors, as they often retain exclusive rights to maintenance activities within their zones. As one manager explained, *"If a distributor wants to protect their business and avoid appointing an additional center they don't own, they have the right to do so."*

Lastly, some customers have expressed doubts, and tensions between certain service centers within the portfolio have become increasingly visible. Competition between partners particularly in regions like Switzerland, California, and England, has led to conflicts over territory. The expansion of some centers has begun to encroach on the territories of other network members, threatening the cohesion of the portfolio. In response, HELIV has chosen not to take immediate action, hoping that the situation will eventually resolve itself over time.

Despite the complaints and the growing tensions within the network, HELIV remains confident in its historical model. The company believes that its success is largely due to the strength of its network. As one manager put it,

“We’re number one in [aircraft owners pool] because we have a strong network, and that’s what differentiates us from many competitors, because customers know they won’t get this level of service with other manufacturers.”

V- Discussion

a. Theoretical contribution

This study contributes to the litterature on alliance portfolio management in the context of servitization, a topic that has received limited attention and remains insufficiently understood regarding its impact on the success of servitization efforts. More specifically, it addresses and builds upon the call for research by Kohtamäki et al. (2013) and Kahnra et al. (2021), who advocate for greater focus on alliance and network management capabilities within a servitization strategy.

The literature on alliance management in a servitization context, although limited, highlights certain challenges faced by companies when engaging in alliances for servitization such as conflicts of interest among stakeholders in the network (Hullova, Laczko, & Frishammar, 2019), misalignment between the envisioned servitization strategy and emerging managerial practices, as well as difficulties in aligning service quality with the company’s reputation and ensuring that services are consistently delivered by portfolio members (Pawar, Beltagui, & Riedel, 2009). In our case study, HELIV faces similar issues: conflicts of interest between stakeholders in the portfolio and the company itself, misalignment between the servitization strategy defined at the corporate level and the unchanged managerial practices within the network, as well as difficulties in ensuring that portfolio members consistently perform services as expected by the company. These challenges in managing alliances and alliance portfolios in the context of servitization highlight the difficulties in developing adapted alliance portfolio management capabilities.

Although aware of the new challenges imposed by the servitization context, the focal company HELIV does not change the way it manages its alliance portfolio following its decision to embrace servitization. Our analysis reveals that several factors prevent the company from evolving its alliance portfolio management capabilities in the context of servitization.

Firsly, HELIV remains rooted in its historical business model logic that has constituted its commercial success. Consequently, HELIV prefers to maintain its historical approach, choosing not to alter the way it operates despite the emerging challenges, hoping that everything will eventually settle into order. This reluctance to evolve and the preservation of a traditional model resonate with findings in the literature, which highlight that firms often struggle to shift their alliance portfolio strategies due to the comfort of established practices and the fear of jeopardizing existing partner relationships (Dyer & Singh, 1998; Gulati, 1999). The reluctance to invest in the expansion of its network or adapt its approach to accommodate the demands of servitization is a clear example of this organizational inertia. As a result, HELIV's alliance portfolio capabilities remain constrained, reflecting a broader challenge many firms face when balancing the need for change with the risks associated with altering long-standing business models.

Another factor that may limit the development of HELIV's alliance portfolio management capabilities is its longstanding reliance on partners. Historically, HELIV has depended heavily on its service partners to maintain product operability and availability, offering essential, though secondary, support to customers. With the growing importance of servitization, service provision has become a core element of value creation, yet HELIV remains hesitant to adapt its network management practices. The company fears that imposing new demands could alienate key partners, especially in an increasingly competitive service environment. Rather than risk destabilizing these relationships, HELIV tolerates certain partner

behaviors that appear misaligned with the expectations of a servitized business model. In practice, partners not only deliver services but also manage a large part of the customer relationship, often resolving issues independently without HELIV's direct intervention. This model, initially designed to limit the company's internal customer support resources, has reinforced the partners' central role in HELIV's operations and deepened its reluctance to make significant changes. This finding resonates with the literature emphasizing that firms often prioritize relational stability over structural change within alliances (Dyer & Singh, 1998; Das & Teng, 2000). HELIV's case illustrates the broader organizational inertia observed when firms' historical success depends heavily on partners: they become increasingly risk-averse, reluctant to enforce new expectations, and locked into governance models that may no longer fully fit a changing context. Consequently, HELIV's ability to expand or adapt its alliance portfolio remains constrained by a historical logic that, while successful in the past, now limits its responsiveness to the demands of servitization.

Another major challenge hindering the development of alliance portfolio management capabilities in the context of servitization is the lack of concrete strategic directives following the announcement of servitization. Indeed, no adaptations have been made for the technical support team responsible for the portfolio, nor for the portfolio itself, which explains the lack of significant changes in the partner management strategy. There has thus been no evolution in partnering proactiveness capabilities (e.g., partner appointment), relational governance (e.g., contracts, working methods, communication channels), or portfolio coordination (e.g., emerging synergies). Furthermore, portfolio partners have not been informed of the company's new strategic directions, preventing them from actively participating in the implementation of this strategy. As a result, the absence of a clearly defined servitization strategy for the portfolio prevents the company from achieving the new goals of servitization, such as improved access to services and enhanced service quality for clients, since the company continues to manage its

network according to a historical approach and their associated portfolio management capabilities. This lack of specific direction thus constitutes another obstacle to the development of alliance portfolio management capabilities.

b. Managerial implications

This study highlights several important managerial implications for companies engaged in servitization strategies. One key finding is that historical business models and strong dependence on partners, while initially contributing to success, can later become major barriers to adapting alliance portfolio capabilities.

Companies that have historically relied on partners to deliver services must recognize that, in a servitization context, partner management needs to evolve. Partners are no longer just operational support; they must be actively managed to ensure their services meet rising customer expectations. Without this evolution, firms risk misalignment between their service ambitions and the actual performance of their alliance network.

Another critical point is the need to establish a clear alliance portfolio strategy. As seen in the case of HELIV, the absence of a dedicated strategy and the continuation of product-centered management practices create vulnerabilities. In a servitization context, firms must not only adapt the composition of their partner networks but also review the way these alliances are governed and coordinated. Without clear direction, issues such as network capacity saturation, tensions between partners, and customer dissatisfaction can arise.

Furthermore, while partners historically play a central role in the firm's success, companies must avoid becoming overly dependent. Managing an alliance network requires maintaining the flexibility to adjust relationships when necessary, even if this means rebalancing historical arrangements. If not, firms risk limiting their ability to innovate, grow

their service offering, and respond to customer needs. When moving toward greater servitization, companies must rethink not only their internal operations but also the management of their alliance portfolios. A proactive, structured, and dynamic approach to partner management is essential to avoid being constrained by historical models that no longer meet the demands of a service-oriented market.

c. Limitations and Directions for Future Research

This study has several limitations. Firstly, although both primary and secondary data were collected, there was a lack of primary data from interviews with independent service centers that are part of the alliance portfolio. Such data could have provided deeper insights into the factors identified as challenges for the servitization of the alliance portfolio and the evolution of partner behaviors over time.

Secondly, our case study focuses on a company that, despite facing servitization within its operations and among its partners, does not modify its management practices or alliance portfolio capabilities. As a result, the case study does not allow for an exploration of the challenges associated with implementing new alliance portfolio management capabilities. Moreover, as a related limitation, our study does not address the types of alliance portfolio capabilities that should or could be developed to support servitization and mitigate some of the challenges posed by the servitization of the alliance portfolio.

We encourage future research to investigate the specific alliance portfolio management capabilities that could be implemented, and the challenges associated with their adoption. This could be explored through a case study of a company that has already adapted its management practices and alliance portfolio management capabilities in response to servitization.

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