**Overcoming Territorial Tensions in Servitized Networks: An Abstract**

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**ABSTRACT**

For manufacturers to deliver complex advanced services successfully, they usually need to be following a servitization process and to bring in new capabilities from their network. This paper explores how firms’ servitization activities may involve value appropriation (from the rest of the network), contrasting with the narrative norm for servitization: that it creates additional value. This suggests that not all actors in the network will benefit from a servitization strategy. It also highlights the importance of understanding the tensions that servitization activities create within networks and shows how using a territorial and/or spatial lens can provide additional theoretical clarity as well as managerial insight. Some firms may be able to improve servitization performance through co-operation rather than competition. Others may need to become much more aggressive, if they are to take a greater share of the ‘value’ from the value chain or network. Servitization activities require the development of new capabilities and the redistribution of activities between actors within networks. We explore tensions that may arise as manufacturers move into spaces and/or territories previously occupied by other actors in their networks. An exploratory qualitative approach utilizing semi-structured interviews with senior executives from manufacturers, intermediaries and customers across a range of industrial sectors was taken. The interviews were coded thematically and an abductive approach was used to develop an understanding of the tensions that the territorial changes invoked. The findings identify tensions relating to developing or acquiring two key sets of capabilities have been identified as servitization networks evolve. These capabilities relate to (i) operant technical expertise and (ii) operand service infrastructure. From a managerial standpoint we suggest that firms need to be aware that their actions may be seen to challenge existing territorial norms and should be prepared to put in place strategies to overcome the issues this may cause.

Keywords: Servitization, Networks, Territoriality, Tensions

References Available On Request