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# What is Collaboration?

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- Introduction and objectives
- Defining collaboration
- Types of collaboration
- Why should we collaborate?
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## Collaboration is...

**... The act of working together to create or produce something (for mutual benefit)**



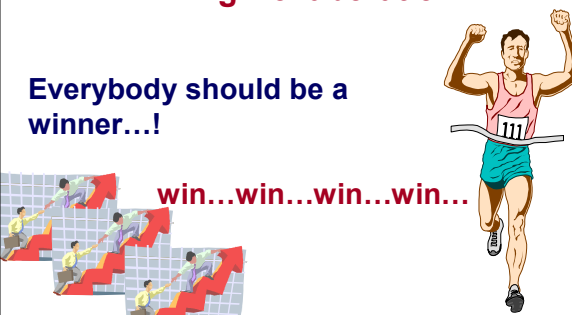
Oxford Advanced Learners Dictionary, 2002

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## Thinking Collaboration ...?

**Everybody should be a winner...!**

**win...win...win...win...**




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## Collaboration is...


... about **sharing**

- ...competencies
- ...information
- ...resources
- ...systems
- ... risks

**for mutual benefits**



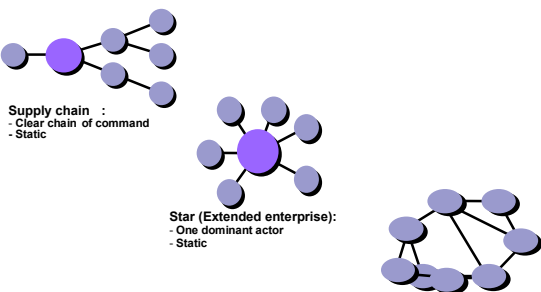
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## Can you think of some examples of collaboration?

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## Types of collaboration...



**Supply chain :**

- Clear chain of command
- Static

**Star (Extended enterprise):**

- One dominant actor
- Static

**Peer-to-peer:**

- No dominant actor
- Dynamic

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## Why should we collaborate?

*"In the 21st century, competition will be between networks of collaborating enterprises (value chains) rather than individual enterprises"*

International IFIP Conference, 1998

*"SMEs belonging to networks are often more competitive and innovative than those operating in isolation. When working together, SMEs can increase their focus through specialisation in functions that are complimentary within their networks"*

Bologna 2000 SME Conference

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## Why Collaborate?

Cooperation in **Development** facilitates access to new techniques or knowledge

Cooperation in **Production** facilitates economies of scale and best practice production

Cooperation in **Marketing** broadens product portfolios and accesses news customers

Find new ways of creating and or maintaining competitive advantage....



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## Why Collaborate?

### Impact of Collaboration on Performance

FIGURE 3. IMPACT OF NETWORK COLLABORATION ON BUSINESS PERFORMANCE

Industry	Percentage Improvement in Sales Growth
*Automotive	27
*Consumer Products	18
*High Tech	12
Aerospace & Defense	9
Chemicals	7
Pharmaceuticals	4

\*\* Percentage Improvement in Sales Growth

\*Findings are significant at the 90% level  
 \*\* Calculated as the improvement in performance (measured in percent improvement on a five-point scale)  
 SOURCE: DELOITTE RESEARCH

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## Benefits of collaboration?

By collaboration companies...

- ...share resources
- ...share & exchange information
- ...complement weaknesses & competencies

**Reduce**

- risks
- cost
- time to market
- delivery time
- inventory
- product failures


**Increase**

- market share
- access to market
- assets utilization
- customer services
- product and service quality
- flexibility and responsiveness
- skill and knowledge
- critical mass



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### Highland Spring - Coulthard Case



Traditional bottling operation with many suppliers and customers

Make to stock ... Place stock in various strategic locations around the UK


Get various haulage contractors to transport stock from warehouses to customers

Problems with efficiencies and customer service

Relationship developed through GP sponsorship of David Coulthard

Coulthard Transport became the logistics partner working to agreed service levels... electronically integrated

Internal efficiencies ... customer service levels improved... significant growth of Highland Spring business led to significant growth of Coulthard business... both by about 120% over 6 years.



## Benefits of collaboration?

By collaborating companies...

- ...Share resources
- ...Share information
- ...Share expertise
- ...Share risk
- ...Share market
- ...Share customer service
- ...Share knowledge
- ...Share critical mass

**However...**

# 70% of collaborations fail..!

Product quality and responsiveness

## Collaboration failures

- ERICSSON / Honeywell**
  - Local interests
  - Lack of commitment
  - Lack of trust
  - Lack of understanding
- IKEA / SUPPLIERS**
  - When IKEA's sales volume was reduced, many of its strategic partners in Sweden & Denmark went bankrupt.
- KLM / nwa**
  - After investing \$400 billion, the collaborative was considered a failure. There were large losses for both.
- GM / DAEWOO**
  - Mutual complains: Quality issues, mismanagement of labor relations, not an aggressive promotion, etc.
- Volvo for life**
  - Misalignment
  - Path dependence
  - Alliance recontracting
  - Leadership style
  - Cultural differences

## Reasons for Failure

Adapted from - Shaughnessy, 1994; Parker, 2000; Henry & Mayle, 2002

Reasons for failure:

- Failure to focus on customers needs
- Failure to identify common ground
- Failure to fulfill objectives and needs of partners
- Focusing on short term benefits
- Unfair / unclear distribution of benefits
- Lack of commitment
- Unrealistic objectives of partners
- Absence of management systems

## To Succeed...

You must achieve the following