

Master seminar winter term 2012/2013:

Inter-firm cooperation within the value chain: Challenges and success factors in the food/CPG industry

Introduction:

Nowadays, the food and the consumer packaged goods (CPG) industry face manifold challenges. As an example, one can refer to the positive but also negative effects of globalization on a food/CPG manufacturer. On the one hand, the manufacturer benefits from access to new markets, new resources and specialized suppliers. On the other hand, a globally operating food/CPG manufacturer has to deal with regulatory barriers, economic instability, price volatility, logistical problems, and low control over the supply chain activities, which in the worst case results in recalls or scandals concerning adulteration of food, for example (Morehouse, Freienstein, and Cardoso, 2010; Sowinski, 2012).

To cope with these challenges, firms within the value chain no longer operate at arm's length, but "[...] become strategic partners, share risks and benefits, exchange operational and financial information, make joint investments in facilities and systems, are jointly involved in continuous improvement and new product development programs, and make their success interdependent" (Albino, Carbonara, and Giannoccaro, 2007, p.262). Thus, firms cooperate with buyers and/or suppliers to advance different kinds of innovation and to become an ambidextrous organization, which focuses on exploitation (e.g. refinement, efficiency, process optimization) as well as on exploration (e.g. research, experimentation, discovery) (Adler and Heckscher, 2011). To deliberately manage these ambidextrous supply chain partnerships, firms should explicitly incorporate this cooperative view in their business model, which includes among others the aspects "channels", "key resources", "key activities", "key partnerships", and "cost structure" (Osterwalder and Pigneur, 2010).

This seminar sheds light on these cooperative aspects of the Business Model Generation approach from Osterwalder and Pigneur (2010), using ambidexterity theory and collecting data on the food/CPG industry to highlight the persuasive need for inter-firm cooperation in the value chain. Ambidexterity theory offers a possible framework for explaining this type of inter-firm cooperation based on distinctive trust and community between the supply chain partners (Adler and Heckscher, 2011). These developments of cooperation within the value chain are found in many different industries, and we choose the food/CPG industry as an exemplary industry since it offers very good examples of how firms need to collaborate closely along the value chain.

Aim:

We hypothesize that successful cooperation within the value chain is a prerequisite of firm success in the food/CPG industry. Thus, the seminar aims at answering the question how firms manage inter-firm cooperation in their supply chain. For that, students will theoretically and empirically elaborate the cooperative aspects of the firms' business models and will focus on how firms use inter-firm cooperation to face today's challenges in the global food/CPG industry.

Organization:

General course organization:

The seminar is a collaboration of the University of Passau (Germany) and the Western Michigan University (WMU) (USA). In teams of 5 to 7 students (one student from Passau and the others from WMU) you will jointly work on your seminar paper, which is composed of both a theoretical and an empirical part, and your presentation.

Team organization:

You will be the team leader. In this capacity, you are responsible for organizing task sharing within your team. With regard to the seminar paper each team has to write, you are responsible for providing the theoretical input (in particular the abstract and the synopsis) and knowledge as well as for researching secondary data and for acquainting yourself and your team with the industry. Your team members (the US students) will be responsible for collecting primary data (e.g. interviews and interview transcripts). You will jointly develop the connection between the theory and the food/CPG industry in the US. Under your guidance, the US students are tasked to explore and expand the theoretical section into the empirical section. In a concluding part, you will then work on putting the sections back together.

Learning objectives:

- You will become familiar with literature/theoretical research.
- By adding an empirical element, you will apply theory and hone your desk-research and secondary data collection skills as well as data analysis skills.
- Besides gaining knowledge on inter-firm cooperation in the food/CPG value chain, you will improve your research and writing skills.
- Since you will assume the team leaders' role, you will improve your leadership and project management skills.

Application until December, 18th via email to elisabeth.mueller@uni-passau.de including the following documents:

- A letter of motivation (max. 1 DIN-A4 page)
- Your preference with regard to your paper topic (+ an alternative preference)
- A short summary (1 DIN-A4 page) of the guidelines on writing a scientific paper
- Your latest transcript of records (HISQIS)
- Personal Information containing matriculation number, your semester and contact information

The seminar is limited to max. 10 participants at the University of Passau and max. 40 participants at WMU. The participants of the seminar are chosen due to the quality of their submitted documents. They will be informed until **December, 20th** and will receive further information via the acceptance e-mail.

Grading:

The seminar grade (100%) is composed as follows: 60% seminar paper (15 pages), 40% oral presentation (presentation of seminar paper: 15 minutes, co-speech: 5 minutes)

Tentative seminar plan

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Room: Wiwi SR 033, 4:00 – 7:00 p.m.

08.01.2013	Kick-off meeting 1. Introduction 2. Presentation of the seminar and its outline 3. Presentation and assignment of the paper topics 4. Introduction on how to research literature and on how to write an abstract
14.01.2013, 2:00 p.m.	<i>Submission of abstract and 5 references (via e-mail to elisabeth.mueller@uni-passau.de)</i>
15.01.2013	1. Presentation of abstract and 5 references 2. Discussion
21.01.2013, 2:00 p.m.	<i>Submission of revised/extended abstract and outline (via e-mail to elisabeth.mueller@uni-passau.de)</i>
22.01.2013	1. Presentation of revised/extended abstract and outline 2. Discussion
04.02.2013, 2:00 p.m.	<i>Submission of a synopsis (2-3 pages) of the theoretical part of the paper (via e-mail to elisabeth.mueller@uni-passau.de)</i>
05.02.2013	Question time
19.02.2013	Question time (optional)
05.03.2013	1. Presentation of preliminary results and occurred problems 2. Discussion
29.03.2013, 2:00 p.m.	<i>Submission of seminar paper (2 copies and a pdf-file via e-mail to elisabeth.mueller@uni-passau.de)</i>
05.04.2013	Closing session (video conference) 1. Presentation of the seminar papers and co-speeches 2. Discussion

Please note: The seminar plan may be subject to changes due to the final coordination with you as participants and with our partners in the US.

Literature

Inter-firm cooperation within the value chain: Challenges and success factors in the food/CPG industry

General literature recommendations:

Handbooks:

- Osterwalder, A. and Pigneur, Y., 2010. *Business Model Generation*. New Jersey: John Wiley & Sons, Inc.
- Brandenburger, A.M. and Nalebuff, B.J., 1997. *Co-opetition: A revolution mindset that combines competition and cooperation: The game theory strategy that's changing the game of business*. New York: Doubleday.

Papers:

- Adler, P.S. and Heckscher, C., 2011. From clans to collaboration: Collaborative community as the basis of organizational ambidexterity. [draft manuscript, pdf] Available at <<https://msbfile03.usc.edu/digitalmeasures/padler/intellcont/version%209.7.2011.single-1.pdf>> [Accessed 20 November 2012].
- Albino, V., Carbonara, N. and Giannoccaro, I., 2007. Supply chain cooperation in industrial districts: A simulation analysis. *European Journal of Operational Research*, 177, pp.261-280.
- Andriopoulos, C. and Lewis, M., 2009. Exploitation-exploration tensions and organizational ambidexterity: Managing paradoxes of innovation. *Organization Science*, 20(4), pp.696-717.
- Benner, M.J. and Tushman, M.L., 2003. Exploitation, exploration, and process management: The productivity dilemma revisited. *Academy of Management Review*, 28, pp.238-256.
- Cao, Q., Gedajlovic, E. and Zhang, H., (2009). Unpacking organizational ambidexterity: Dimensions, contingencies, and synergistic effects. *Organization Science*, 20(4), pp.781-796.
- George, G. and Bock, A.J., 2011. The business model in practice and its implications for entrepreneurship Research. *Entrepreneurship Theory & Practice*, 35(1), pp.83-111.
- Giesen, E., Berman, S. J., Bell, R., and Blitz, A., 2007. Three ways to successfully innovate your business model. *Strategy and Leadership*, 35(6), pp.27-33.
- Johnson, M.W., Christensen, C.C. and Kagermann, H., 2008. Reinventing your business model. *Harvard Business Review*, 86(12), pp.50-59.
- Leidecker, J.K. and Bruno, A.V., 1984. Identifying and using critical success factors. *Long Range Planning*, 17(1), pp.23-32.
- Lillford, P.J., 2008. Food supply chains: Recent growth in global activity. *Innovation: management, policy & practice*, 10(1), pp.29-39.
- Morehouse, J., Freienstein, C. and Cardoso, L., 2010. Food fraud in the global supply chain. *Food Logistics*, March 2010, pp.31-33.

- O'Reilly, C.A. III, and Tushman, M.L., 2004. The ambidextrous organization. *Harvard Business Review*, 82(4), pp.74-81.
- Raisch, S., Birkinshaw, J., Probst, G. and Tushman, M.L., 2009. Organizational ambidexterity: Balancing exploitation and exploration for sustained performance. *Organization Science*, 20(4), pp.685-695.
- Sowinski, L.L., 2012. The global food supply chain: New market opportunities mean big business, and big risk. *Food Logistics*, March 2012, pp.14-20.
- Stabell, C. and Fjeldstad, Ø., 1998. Configuring value for competitive advantage: on chain, shops, and networks. *Strategic Management Journal*, 19, pp.413-437.
- Teece, D.J., 2010. Business models, business strategy and innovation. *Long Range Planning*, 43, pp.172-194.
- Van Rensburg, D.J., 2012. Strategic brand venturing: The corporation as entrepreneur. *Journal of Business Strategy*, 33(3), pp.4-12.
- Villena, V.H., Revilla, E. and Coi, T.Y., 2011. The dark side of buyer-supplier relationships: A social capital perspective. *Journal of Operations Management*, 29, pp.561-576.
- Zott, C., Amit, R. and Massa, L., 2011. The business model: Recent developments and future research. *Journal of Management*, 37(4), pp.1019-1042.

Methods: systematic literature review, conceptual work, secondary data research, case studies.

Topics of the seminar papers

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You can choose the topic of your seminar paper out of the following list of topics (please do not forget to indicate an alternative topic). We will match you afterwards with your partners at WMU.

<p>Topic 1</p> <p>The food/CPG industry: Current challenges and opportunities</p>	<p>The food/CPG industry as a global industry is affected by industry-internal changes, e.g. concerning the consumers' preferences, but also by international trends, national regulations, conflicts, and other external factors.</p> <p>The goal of this paper is to provide an overview of the current external environment of the food/CPG industry and an overview of the industry's reaction to these external contingencies. For that, you will perform an analysis of the external environment of the industry, working out current trends, challenges, risks, and opportunities (also with regard to the potential of new concepts of managing the value chain).</p> <p>Recommended literature: Leidecker and Bruno (1984), Teece (2010), industry reports (e.g. Morehouse, Freienstein and Cardoso (2010), Sowinski (2012))</p>
<p>Topic 2</p> <p>The food/CPG industry: A value-net analysis</p>	<p>In light of current trends and challenges, firms in the food/CPG industry may perceive the need for cooperation. Taking a value net-perspective, firms do not only compete for market shares etc., but can cooperate and complement each other's activities in order to increase the total value in a first step which is appropriated by the single firms in a later step.</p> <p>The goal of this paper is to elaborate and discuss the value net of the food/CPG industry, focusing among others on the question of how far firms and suppliers (as complementors) interact and cooperate with the common goal of value creation.</p> <p>Recommended literature: Brandenburger and Nalebuff (1997), Stabell and Fjeldstad (1998), industry reports</p>
<p>Topic 3</p> <p>Ambidexterity in buyer-supplier relationships</p>	<p>Ambidexterity can be a key challenge of an organization. On the one hand, a firm may want to explore new markets or new products by investing in R&D to create radical innovations, for example. On the other hand, it may want to exploit its innovations to appropriate their value and thus may focus on incremental innovations in process management, for example.</p> <p>The goal of this paper is to characterize ambidexterity, to analyze how far buyer-supplier cooperation can be ambidextrous and to show how firms in the food/CPG industry actually manage to combine exploitation and exploration in</p>

	<p>these relationships.</p> <p>Recommended literature: O'Reilly and Tushman (2004), Andriopoulos and Lewis (2009), Cao, Gedajlovic and Zhang (2009), Raisch et al. (2009)</p>
<p>Topic 4</p> <p>Exploitation strategies in inter-firm cooperation</p>	<p>Firms focusing on exploitation emphasize activities like process optimization, refinement, efficiency orientation, and implementation and thus foster incremental process innovations, for example.</p> <p>The goal of this paper is to elaborate different strategies firms can pursue to exploit their innovations, especially in the context of inter-firm cooperation in buyer-supplier relationships.</p> <p>Recommended literature: Benner and Tushman (2003), Andriopoulos and Lewis (2009)</p>
<p>Topic 5</p> <p>Exploration strategies in inter-firm cooperation</p>	<p>Firms focusing on exploration emphasize activities like research, experimentation, and variation and thus aim at developing radical innovations, which have the potential to change the product portfolio, consumer preferences, or the market focus.</p> <p>The goal of this paper is to elaborate different strategies firms can pursue to explore innovations as well as to highlight the role of inter-firm cooperation in these efforts to create disruptive innovations.</p> <p>Recommended literature: Andriopoulos and Lewis (2009), Van Rensburg (2012)</p>
<p>Topic 6</p> <p>Trust and community as the basis of ambidexterity in buyer-supplier relationships</p>	<p>Prior research has shown that a high level of trust and community are necessary to achieve ambidexterity since they facilitate the establishment of common rules and norms and thus guide individuals' and firms' behavior.</p> <p>The goal of this paper is to analyze these two prerequisites of ambidexterity in depth and to develop their connection, especially in the context of innovation efforts in buyer-supplier relationships.</p> <p>Recommended literature: Adler and Heckscher (2011)</p>
<p>Topic 7</p> <p>The dark and the bright side of collaborative buyer-supplier relationships</p>	<p>Just as any other business relationships, buyer-supplier relationships are not beneficial to the firms without restrictions.</p> <p>The goal of this paper is to highlight the dark and the bright side of supply-chain-cooperation focusing on both opportunities and risks of buyer-supplier relationships, and to discuss the firm's weighting with regard to this trade-off.</p> <p>Recommended literature: Albino, Carbonara, and Giannoccaro (2007), Villena, Revilla, and Coi (2011)</p>
<p>Topic 8</p> <p>Managing key partnerships</p>	<p>An important element of a firm's business model are the key partnerships that it maintains with other companies, be they competitors, non-competitors, suppliers, or entrepreneurs.</p> <p>The goal of this paper is to present different kinds of key partnerships, to explain their role for a successful business model, and to discuss how far key partnerships in the value chain are important to firms in general and to the empirical case in particular.</p> <p>Recommended literature: Giesen et al. (2007), Osterwalder and Pigneur (2010)</p>

<p>Topic 9</p> <p>Managing key activities and key resources</p>	<p>Other important elements of a firm’s business model are the key activities, which are the most important actions a firm has to take in order to be successful, as well as the key resources, which help the firm to create value, to manage relationships, and to earn revenues.</p> <p>The goal of this paper is to analyze the key activities and key resources, to estimate their importance for a successful business model, and to discuss their relevance especially in the context of buyer-supplier relationships.</p> <p>Recommended literature: Johnson, Christensen and Kagermann (2008), Osterwalder and Pigneur (2010), George and Bock (2011)</p>
<p>Topic 10</p> <p>Managing channels and the cost structure</p>	<p>The channels and the cost structure are other important elements of a firm’s business model. Firms use different channels to reach the partners (the customers) in the value chain and to deliver the proposed value. This is linked to the costs, since activities like delivering value, but also maintaining relationships, establishing and managing cooperation projects, and marketing the products occasion costs.</p> <p>The goal of this paper is to analyze how firms manage their channels and their cost structure. Therefore, you will analyze the firms’ channels and identify the main cost drivers focusing on inter-firm relationships. This will allow you to assess which channels are used and whether the firm has a rather cost-driven or value-driven business model.</p> <p>Recommended literature: Stabell and Fjeldstad (1998), Osterwalder and Pigneur (2010), Zott, Amit and Massa (2011)</p>