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The current status and future perspectives for small subcontractors - An empirical study of buyers and sellers in an industrial district

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Abstract

In this paper we firstly develop the views of current and future practice in purchasing and supply management by some investigated large corporations. Secondly we addresses the question whether it is possible to analyse the resources of a group of SMEs and from that knowledge come to any conclusion on whether these might become possible co-operative partners matching the coming needs of these large corporations in the future. The basis assumption is that the SMEs will have to find ways to, in substantial ways, improve and enlarge their capabilities. The answer to this set of questions is probably not only a matter of fit, complementary technological resources between the actors i.e. the large corporation and – possibly – a constellation of SMEs. Thirdly we will discuss some possible co-operative patterns, in shape of four ways to create matching resource- (network-) constellations. We will give some empirical illustrations and discuss some of the most critical topics according to each of the four alternatives. The likely success of each of them is essentially contextual, but in what ways?

Introduction

In the nineties purchasing has been acknowledged as an important function in many firms. This has resulted in activities such as supply base reduction (e.g. Ford, 1998, Lamming, 1993) and supplier development projects (e.g. Gadde & Håkansson, 1998) with the overall aim to create improved external resources of supply and in many cases to create world-class suppliers (e.g. Hines, 1994).

The present study investigates eight large corporations, from different manufacturing industries, and their view on purchasing of today and in the future examining what demands they have on their suppliers (Larsson, 1999). The study then investigates a large sample of small subcontractors located in a rather well-known industrial district to gain an understanding of their abilities to fulfil the requirements set by the buyers, in some kind of co-operative arrangement (Lundgren et al, 1999). We identify four network patterns that represent four ways of creating joint resources. We found one or a few cases, more or less developed, of each such pattern. We will use these cases and what we know from earlier research about some key issues related to each kind of network.

Purchasing trends in large firms and some possible effects on other firms in the supply chain as well as on the purchasing competence of the big corporations

Our investigation (Larsson, 1999) of purchasing trends in large firms confirmed many of the trends described in literature (e.g. Ford, 1998; Hines, 1994; Lamming, 1993). One of these trends is supply base reduction and our study gives evidence of continued work to increase the efficiency of the firms supply base as described by among others Hines (1994). This trend gives echoes further down the supply chain. When the number of subcontractors having direct contact with the big buyers gets fewer, the remaining must deliver larger quantities. The other actors must develop new contact patterns with actors on a different level in the supply chain or with totally new customers in order to stay in business (Calabrese, 1999).

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Outsourcing is given more and more attention and a lot of the activities and functions, including product development, needed for their operation are being outsourced so that the outsourcing firm can focus on their core competence (Prahalad & Hamel, 1990). This puts increasing demands upon subcontractors to match not only by providing a broader range of activities and functions, but also to improve their product development competence. This means that they need to be able to co-ordinate a broad range of activities; resources and competencies from their own suppliers. Subcontractors are also to an increasing degree involved earlier in the product development process today that means new way of working, team and projects, for the subcontractors (Wynstra, 1998). This, in turn, means that they need to be able to provide capabilities like equipment as well as knowledge on a new and much more advanced level than in the past. These trends will also have an impact on capabilities and the internal ways in which the modern purchasing function operates.

When negotiating with supplier's emphasis from the large firms is put on the total cost of the product and – at times – on a more multidimensional view of the functionality of it (the improved value they provide). We also experienced trends towards a more active participation by the big firms further down the supply chain to support in supplier development programs and to organise the supply chain. This way of purchasing requires higher competence not only in the selling firm but also in the buying firm. You cannot make simple comparisons between competitors but need to be able to utilise benchmarking techniques between different suppliers as well as the ways in which certain processes are carried out in other industries. This means that in order to make all this in a professional way the large companies have had to adopt new ways of operating their supply management. It is much more a matter of team-working between purchasing specialists and other specialists such as technology, production, environmental topics, quality and law. We also see much more distinctive purchasing strategies: partnership and supply-chain co-ordination when that is considered appropriate, competitive bidding when that has the best potential. Purchasing as an activity and function inside the firm gets more professional also for subcontractors. Otherwise they will not be able to match the demands of their customers. Volvo, one of the investigated big firms in our study, can illustrate this trend as they clearly have stated that they evaluate the professionalism of the selling firms purchasing department.

Another aspect indicated in the study is that the importance of spatial closeness according to the interviewees in several of the eight companies is reduced due to globalisation and the IT-development. However when it comes to voluminous components or systems the importance of spatial closeness is still perceived as a necessity in order to achieve at a low total cost. This notion is of utmost interest and relevance for the second part of our study.

We have, so far, got confirmations of the conclusion made by many experts, saying that the subcontractors will need to improve its capabilities. It has also been indicated that geographical closeness in some cases could still be of vital importance. We also think that the induced complexity the more multifunctional and multidimensional exchange processes between buyers and suppliers will reward closeness. But this is only as long as the functions provided are good enough and to make that happen the subcontractors will need the right capabilities. But how could this be achieved? Is it possible for an outsider of the firms to have an impact on such (urgent!?) processes? Let's turn to the second part of our study.

Subcontractors in the industrial district of Gnosjö

Gnosjö is a minor community in the county of Jönköping in Sweden with approximately 10 000 inhabitants. Not many communities in Sweden have gained as much awareness and attention from the mass media as Gnosjö. In times of recession, other areas in Sweden jealously turn their eyes towards Gnosjö, only to discover a non-existing unemployment and successful industries. Significant for the region is the large number of small- and medium sized companies. Only 1/10 of the companies in the Gnosjö-region have more than 50 employees and the majority of companies are, according to the EU-classification, classified as micro-businesses (0-9 employees). Another characterisation of the region is the large share of employment within the manufacturing industry. Actually, there are three times as many employed within this sector compared to the national average. The region is often compared to the Italian industrial districts, even though its production is not as homogenous as the one in those districts. Furthermore, there is no clear structure and categorisation concerning the manufactured products. However, the metal industry is the most

dominating, followed by the manufacturing of machines, and the manufacturing of rubber- and plastic products.

This part of our investigation (Lundgren et al) shows among other things that the industrial district of Gnosjö still has a very positive development when it comes to annual turnover, number of employees and results. Gnosjö firms also do experience the trends as described by the study of the large corporations. Many of them have already had to respond to it to a large degree. A large proportion of the firms saw quality certification as a natural step to keep up with the more and more global competition. About 60% of the firms are already certified according to ISO 9000 and a number of firms are in the process of certification. Other firms are in the process of certifying themselves according to QS-9000 and ISO 14000. This means that many of the firms in this district already have embarked on the “journey”. During this part of the process and by a history that could be traced back for decades the Gnosjö firms have also noticed that they get more responsibilities when it comes to activities related to product development. As much as 70% of the firms say that they are active in the customer’s product development and 25% of the firms have already their own product development departments.

The study of the large firms indicated that one key for the subcontractors to stay competitive should be co-operation. Baring that in mind it is of great interest to notice that as many as 80% of the Gnosjö firms, according to our second study, regarded increased co-operation with other firms as something positive and worth striving for. This, we think, would make the region an excellent candidate for experiments with different kind of network formations. There is also a very alert support organisation in the district, IUC (Industrial Development Centre) jointly owned and financed by the firms in the district that will be a very active participant in these processes. They will make the entrepreneurs come together, arrange activities to promote and provoke knowledge, try and present visions for the future Gnosjö and for future – possible – constellations. But which kinds of constellation alternatives are possible? And what kind of problems can we expect when these (with or without) the support of IUC is to become forged?

Networks – some prerequisites for co- operation and basic functionality

To cope with the development of purchasing practices among major firms, several projects have been initiated by IUC among SMEs in the district. This includes education, competence development projects and the joint creation of special units of speciality, so called “ technology centres”. Much of this is done in joint activities between two or more SMEs. And initiatives are taken to investigate new possibilities to work together, e.g. a variety of “network like” solutions.

Basic prerequisites for co- operation

If we raise the question: “Who could go together with whom?” this has been addressed also in literature. When co- operating in dyadic relationships and as well as in groups of more than two it is evidently important that the resources of the two or all actors control complement and match each other. There seems basically to be a need for the two (or more) parties to possess complementary resources of some kind (Håkansson et al. 1982). But there are more aspects than that that need to match. Laage- Hellman (1997) provides a list of five sources of good or bad fit. The following aspects are on his list:

- Functional complementarity, which means that the parties complement each other in terms of resources; the one actor has some knowledge or other capability that the other is missing, or that the two parties are active in business that complement each other.
- Strategic fit means that the parties are heading in future complementary directions.
- Organisational fit means that the parties fit well together because of their organisational designs that will facilitate co-operation. This also encapsulates i.e. social fit between involved individuals.
- Business philosophy, the parties might have more or less the same values in terms of how to do business. Should it be opportunistic or truly co-operative, should it be joint developments and a search for synergies, should it be short- term or long- term?
- Timing. As all actors are involved in a number of activity- processes the timing of new activities and/or co-operative ventures is critical. The parties might be unable to make a fit due to

“imbalances” in their timing. To some extent the one actor could try and move faster and/or to keep prepared to act at a later moment, but there are normally limits to such adaptations.

Lorange and Roos (1992) add to this by stating that in all co-operations must be founded on overlapping motives in order to be successful. Axelsson (1998) in reviewing Laage- Hellman also emphasise elements of willingness. It is often the case that if two or more partners really decide that they want to co- operate, they will “always” find some areas in which co- operation can take place.

If we take a closer look at the kinds of resources that could be of relevance we could according to Axelsson (1998) distinguish between the following resources:

- Material resources: production equipment, raw- material, etc
- Manpower resources: people in production, in management, specialists, etc with varying skills and competencies
- Immaterial resources: knowledge, databases, networks of relationships, image and reputation – legitimacy. It is worth pointing at the importance of corporate image and product brands. Such resources are often considered vital enablers of a business mission, not least because it provides varying degrees of legitimacy. (Axelsson, 1998).
- Financial resources: availability of monetary resources in the short and long term perspective. Some of it could be gained by own operations, some from donors of various kinds

It could also be worth distinguishing between various kinds of knowledge. It could be different kinds of technologies: electronics, mechanics, biotechnology, etc. It could be knowledge in business processes such as: How to carry out a supplier evaluation, how to operate the value chain, how to get organised to be able to manage a strategic relationship, how to learn from mistakes in order not to have to make the same mistake over and over again, etc.

Co- ordination of activities, resources and actors – some important processes

Independently of what kind of network-organisation or network-structure we refer to, a few issues, or – rather – processes, needs always to be taken into account. The following are worth to mention: Co-ordinating, prioritising, mobilising, informing and timing (Wynstra, 1998), these could be described as the following:

- Mobilising. To carry out activities of whatever kind means that the actor has to dedicate resources to these activities.
- Coordinating. This involves the synchronisation and mutual adjustments of activities to the joint mission both in the short run, in a specific project, and in the long run.
- Prioritising. This has to do with choices and decisions of where to invest resources, which activities to carry out first and later as well as which not to carry out at all.
- Timing. A special kind of co-ordination is timing. It has to do with *when* the various activities are carried out. That, in turn, is to some extent a matter of planning but also to be able to react on possibilities that occur in irregular and sometimes unexpected intervals. Without appropriate timing development and other activities will suffer from unexpected bottlenecks, unnecessary delays, and missed deadlines. It is always advantageous to be able to know when there is a proper moment to approach an actor and/or to initiate a certain activity. Also to be able to influence processes of change; make them happen earlier than else and/or make them take place later. And finally to be able to adapt ones own ability to act; be flexible enough to implement action earlier or later than desired. Timing is not only related to coordinating but also to mobilising and prioritising.
- Informing. This is a process that goes in two directions; inform and become informed.
- These five processes are of importance in all kinds of networks as well as in specific organisations. Any organised economic activity has to deal with them somehow.

New network formations- some stereotyped patterns identified in literature and in the Gnosjö- region

In the Gnosjö region there are a number of co-operative relationships as well as alternative network patterns present, or in a process of becoming forged. Some of which are the following.

Network pattern number one: The locomotive- driven network

The first network pattern is shown in figure 1. One actor, often a larger firm takes the lead, organises and dominates the network. This could either be as a result of acquiring others or in other ways create a lead position. It becomes a “locomotive” in a hierarchically functioning network.

Many advantages are gained by this network formation. Firstly the aims of it clearly correspond to the demands put by large customer- firms. They want to have a more resourceful supplier and this is one way of getting it. Secondly the transaction costs (Williamson, 1989) are probably reduced for the actors involved if the locomotive manages to arrange its control in a smooth way. Thirdly the small and medium- sized firms that are being acquired (or in other ways dominated) have a higher potential of surviving and the “locomotive” can provide its customer with more and better products. Fourthly there is a huge potential for savings in purchasing.

Please insert figure 1 here

An example of this pattern from our district (Gnosjö) is the Finnveden group. This “locomotive” has acquired several firms and created a division called Finnveden Metal Sheet Components. This has been done order to stay competitive with the automotive industry as their main customer. By acquiring firms within this new division and selling out firms that doesn't fit the company's new strategy Finnveden is more clearly defining and focusing on their core competence. Internationally this example is similar to major firms in the better-known districts in Italy where i.e. Benetton acts as a locomotive. Two differences between the two mentioned firms, is that Finnweden has acquired a lot of production equipment and tries to co- ordinate previously independent production resources by using hierarchical governance. Benetton is focused on design and marketing as their internal activity (core competence). By controlling these resources, critical to the entire network, it is strong and influential without owning the production resources. Locomotives are firms leading the others (Lorenzoni & Ornati, 1988). The probability of successful operation by a network of firms is very much due to the acceptance by the others' of the dominant position of the leading firm. In the case of Finnveden it still seems to be a lot to prove. The formation of its dominant position goes only a few years back. Some progress has been made but the visions from the start are far from realised.

It is in many peoples' minds – and also in a great deal of our literature – a belief that if a firm has taken the lead and a position of ownership of actors in a network all the others will accept it. From that follows that the necessary co-ordination of activities, actors and resources will follow. All the mentioned processes should work well. That is, however, often not the case. We know from studies of strategic alliances that most of them fail (Porter, 1987). And it seems more often due to the ways in which the processes of integration have been carried out than the degree of structural fit (Jemison & Sitkin, 1986). It could many times exist wonderful potentials for synergies in production etc but if the motivation among the involved people is not there, a lot of friction will appear, speed and spirit will be lost. It is also, not least from studies of managing international operations in multinational firms, evident that, even smaller units, within a huge corporation could, in substantial ways, influence the operations of the firm and resist “demands from above”. This is due to its' control of critical resources including knowledge of the local market (Engwall & Johanson, eds, 1980).

Network patterns number two: The joint umbrella

The next pattern is that when two or more firms form a separate joint company in which the aspects of co- operation are dealt with, see figure 2. This formation would mean the forming of a new actor, by firms in the region. Also such an actor could have a different status in terms of ownership. The new actor could either be an independent firm operating in the district like everybody else and qualifying on its' own merits. It could also be a firm jointly financed and owned by firms in the region.

Please insert figure 2 here

In the mentioned district the – also mentioned – IUC is in itself such an example. The firms in the district own it jointly. As their role among others is to promote co- operation between firms in the district we prefer to look at other initiatives. Apart from IUC, however, this type of co-operation is still in the planning phase in the specific district. There is among many of the firms a great interest for this kind of co-operation. One example that has been discussed is to create a joint “face” in marketing. The study of the district indicated resources for marketing, not least internationally, as one of the scarce resources for many of the firms. Such a new firm should market the entire district by being able to present it as a joint collection of resources and broaden the market scope of the firms. The study provides an impressive view of the collection of resources available in the district. These resources should be possible to combine in many new ways and thereby to leverage on them. This should become an additional market channel to the existing ones. But its operations need not be limited to marketing only. It could also take initiatives to find other aspects of joint efforts. Some firms in the district have i.e. solved their logistics in new and very efficient ways. Others have problems with their logistics. If the ones with a strong system would open up their systems and allow others to “hitch- hike” with them they would be much better off. There are a number of such possible improvements identified in the investigation. But they have to be released by someone.

The role of this new firm should be similar to the one of Benetton in the previous discussion but in a different format and – probably - with a different ownership- structure. It seems to be possible to create a jointly owned firm among an enough big number of firms. By having other firms inside the district as owners the commitment to the new firm is likely to be stronger. There is a positive attitude to such a new actor as it would provide value and allow the firms to (continue to) focus on their core competencies.

This is a kind of network- structure that matches definition: “*A number of actors acting together in order to achieve common goals*”. Such networks will, according to literature (Axelsson, 1996), have to solve a number of problems related to the common goals and the joint activities. Before the network under way in Gnosjö could come true there remain quite some efforts to decide on rules such as the goals of the venture, priorities between activities (orders) generated via this new channel and others, internal rules of dividing work, etc. To conclude, it seems to be an interest in a “joint umbrella” but there remains to settle a lot of rules and procedures that need to be negotiated early on. This makes an alternative with a totally independent owned firm look attractive. Such a solution does, however, rise doubts as to commitment among the firms involved.

Network patterns number three: The alliance of equals

In the third network pattern we see two or more firms that form an alliance with joint membership (with or without ownership- bonds), joint goals and an agreement on which functions that should be covered by the co-operation, see figure 3.

Please insert figure 3 here

The difference between this and the previous one is that the co- operation covers major portions of the involved parties’ activities. It is not “just” a joint umbrella but also an alliance of great substance. The difference in comparison with the locomotive version is that it is not one dominant actor acquiring or in other ways being able to “force” the other to join. The alliance we have in mind is more of a formation of equals. It is a network of co-operating firms who explicitly have decided to “go together” as a group. They constitute a defined group of partners who to some degree will have common goals and a joint view of and interest in the network. A typical formation could be the formation of an alliance network created for some key customers.

In the Gnosjö region we do not yet find and recent such alliances, although there are an intense discussion to try and form some. There are some difficult problems to overcome before it can take off. Because we, in these constellations, do not find any single strong actor – a locomotive – who naturally would take the lead, there will be much more of a “political” negotiating process in the first phases. Forming a “club” where the members are not faced with fixed rules immediately upon entry is often difficult and time- consuming.

This is also kind of network structure that matches also the definition from above. It is a matter of “*a number of actors acting together in order to achieve common goals*”. Interesting and critical issues (again) will include: How to reach to an agreement on the joint goal and how to co-operate and distribute the achieved values and the risks between all actors involved? How to define different actors’ varying positions in the network and their relationships to inside as well as outside actors? What procedures for entry of new members and exit of existing ones should apply? What to the rules mean for a single actor in order to be able to develop its position and it’s offering to its customers? How to co-ordinate, reach joint understandings, on operational issues? How to share the profits and losses and the benefits of joint development?

The network – the alliance - will itself be seen as an identified “actor”. It might even be a legislative actor of its own. These networks could be permanent lasting for a long time and covering a lot of not only predefined issues but also issues to come. According to Gomes-Casseres an alliance network can – naturally - vary by 1) size, 2) pattern of growth, 3) composition, 4) internal competition, and 5) governance structure (Gomes-Casseres, 1994). We know that alliance networks are often started in order to gain scale economies or market share and to do so a minimum size must be established. Size could be determined by number of actors and by size of the actors. We also know that the growth pattern is of importance. To attract new members a network must show some potential benefits. Also previous relationships between allies and potential allies can be important in attracting new members. The composition deals with the importance of having all relevant technologies or markets crucial for the product represented in the network. In a network alliance there could be different views about internal competition. Some networks allow it and even encourage while other tries to limit the competition. Lastly one can distinguish between network alliances with and without a joint management. (Gomes- Casseres, 1994). To the on- going efforts in the Gnosjö-district this should be worth considering.

Network patterns number four: The naturally evolving network

The fourth network pattern could be labelled as a naturally evolving co-operation processes where each party takes part in its own self- interest, but without any kind of “super-structure”, see figure 4. This network formation is a generic view on networks. Everyday buyer seller relationships take place in a context of dependencies between relationships. Relationships between any two parties are often connected – directly or indirectly – with other relationships. This means that firms (and other actors) often act in some kind of network setting. Such every- day co- operation may quite often lead to more and more co-operation between the parties involved, be it just the buyer and seller or the involvement also of the suppliers’ supplier, the customers’ customer and / or other actors (i.e. Ford, 1980, Håkansson, 1982). This kind of network could be illustrated like this:

Please insert figure 4 here

If we discuss firm- focussed networks we can conclude that the one firm co-operates with a number of actors and so do other firms. To some extent the partners involved in the one firm’s network could be identical to those of another, to some extent they could differ. The buyers and sellers around whom the networks are formed could for example be active in different stages of a typical value chain. But they are all to some extent connected. It could also be possible to distinguish a number of more or less overlapping networks. A firm could be a part in many networks within and between an application areas, it could be a part of numerous networks of professionals, etc. This is a kind of networks defined as “*a number of connected exchange relationships*”. This view of networks is much more in line with an open system like for example a market or the Internet (which could be regarded as a giant network in which numerous of sub-

units (nets) could be distinguished). The networks that fit with this definition are open to anyone who has something of interest to contribute with and a new actor needs only to be accepted by one of the others. If an actor finds a customer who is interested of its product that transaction is dependent and linked to other transactions of both the buyer and the seller and so forth.

In the Gnosjö- district we have hundreds of such “informal” co-operative relationships and a long history of co- operating this way. It leaves the initiatives to the individual firms and individuals within them. It has a number appealing attributes but also some shortcomings. Among the appealing ones is that they build upon established relationships where trust has been created over time. The try and activate increased co-operation by building on the past should be a “safe” way to success as far as the co-operative aspects are concerned. It is also natural and it will not only take into account the degree of structural fit (resources, organisation, etc) but also other, even “softer” aspects such as trust between people and corporations. The shortcomings could be referred to the speed as it might take too a long time. It could also be a matter of direction, as it might not evolve in the “right” way if our point of departure is the demands on the subcontractors emanating from the new purchasing philosophy of the big firms. Current activities within the district include gathering firms in order to present the views of the big firms. Trying to make the entrepreneurs more aware of the need for action and the “gigantic” amount of resources that could – and most probably need – to be mobilised one way or other. This does not exclude neither the creation of more naturally emerging co- operation nor intensifying the activities in the existing ones.

From literature we know that some important issues due to this view of networks are among others the following. How could a strong structure of actors, resources, activities be created in a network like this where there are not natural arenas for “all” actors involved to come together and where there are no such things like a joint group? How could activities and development be stimulated? What ways are there to influence and co-ordinate? How to support the “right” processes when there are a lot of countervailing processes going on at various places in this network? How to make the network a strong force i.e. to influence the over-all attitudes to a new technology when it does not have any negotiated centre?

The network formation in question will i.e. stress influencing as a process of activities taking place at many forums – not primarily in board- rooms. Influencing is more a matter of being at the right places, winning others approval by challenging ideas, etc. It looks much more like a market where each actor have to win the others approval, to qualify. Still the networks are often very well organised structures of activities, actors and resources (Håkansson & Snehota, 1995).

Successful co-operative patterns

Processes of mobilising, co-ordination, prioritising, etc are crucial for activities in any network (Wynstra, 1998, Håkansson & Eriksson, 1993) and for any network formations to be successful. In order to make this happen in efficient ways Lorenzoni and Ornati (1988) find four unconventional mechanisms of co-ordination that emerges when organisational designs like networks mature. These four are trust among the partners, reciprocity, mutual adjustment between the partners, and multiple lines relationships. Moss-Kanther argues, along the same line, when she says that successful relationships (as well as networks) do have to meet eight i: s to be successful, namely:

- Individual Excellence. Every actor, individual or corporation must have something of value to contribute with in the relationship.
- Importance. The relationship must be of importance for both (all) parties strategic and long term visions (goals).
- Interdependence. The parties need each other because they control complementary capabilities. No-one could alone achieve anything in comparison to what the parties can do together.
- Investment. The parties are prioritising the relationship(s) and are investing in it. Through resources and commitment a long-term co-operation is emphasised.
- Information. It is important that the communication is relatively open and that the information needed to make the relationship(s) to work is shared between the actors.

- Integration. The parties should craft links of connections and joint modes of operating to jointly facilitate and improve the work. This creates possibilities to broaden the contact surface between people.
- Institutionalisation. The relation and the activities performed will as such craft a distribution of responsibilities, decision rules and operative processes. The relationships will facilitate work mode and the process of institutionalisation implies that it cannot easily become disrupted.
- Integrity. The parties act from the point of departure of their own interests. Honesty and good performance will - over time - strengthen trust between the parties.

These aspects seem to be relevant independently of what kind of network- formation we are considering. Can we be sure that most (all) of these eight prerequisites are present? If not, is it really necessary? What kind of improvements could be made in order to create a situation where as many as possible of these apply?

Snow, Miles and Coleman emphasise some important roles that have to be carried out in a capable way in order for a network to be successful. These roles are:

- The Architect. One important role is that somebody has a vision of what the network in question should look like. This is not to say that a single actor must have the complete view and be able to dominate (control) other actors. That could be the case, but the core issue is that of someone being a facilitator and having a reasonable structured idea about where to go.
- The Lead Operator. An actor (or all actors) who in a more formal sense bond together actors within the specific network carries out this role.
- The Caretaker. This is a role focussing on improvements of the joint activities that are performed within the network in focus. It is desirable that the actor(s) performing this role has a broader view of the network as such – a broader network horizon does.

The same kind of questions raised above could be raised here. Is somebody performing the architect role? Are there existing lead operators? Is the caretaker function in operation? Both Moss-Kanther and Snow, Miles and Coleman seem to discuss from the point of departure of a formalised network view (an alliance perspective). Still the aspects they point at are, we think, of equal importance regardless of what kind of network- formation we are considering!

Conclusions

Our point of departure is two performed studies. One deals with purchasing trends and how these tend to influence actors further down the supply chain. The other deals with the resources available in a specific industrial district. The specific issue addressed concerns the ways in which stronger constellations of sources of supply can emerge taking this district as our point of departure. We identify four network patterns, point to the prevalence of such structures in Gnosjö and / or the vision to have them created. We also refer to literature when we discuss issues of critical importance to make each of the four constellations work. There are some general success- factors that should apply to all networks like the ones proposed by Moss- Kanther. But there are a number of specific issues that need to be solved for each of the considered network- formations.

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Figures

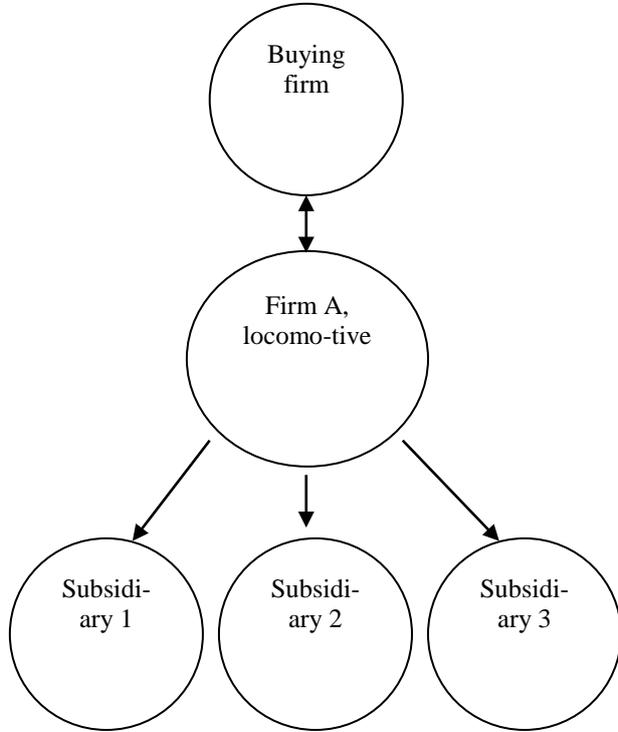


Figure 1 The locomotive- driven network

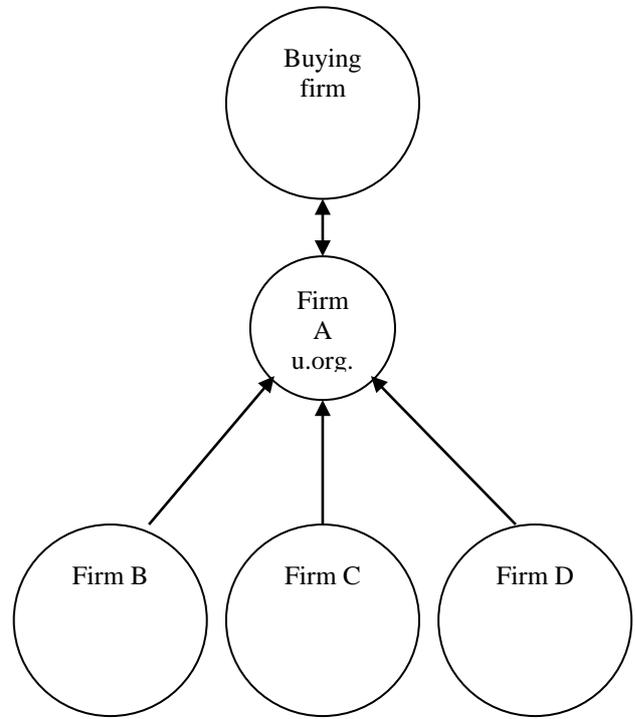


Figure 2 The joint umbrella

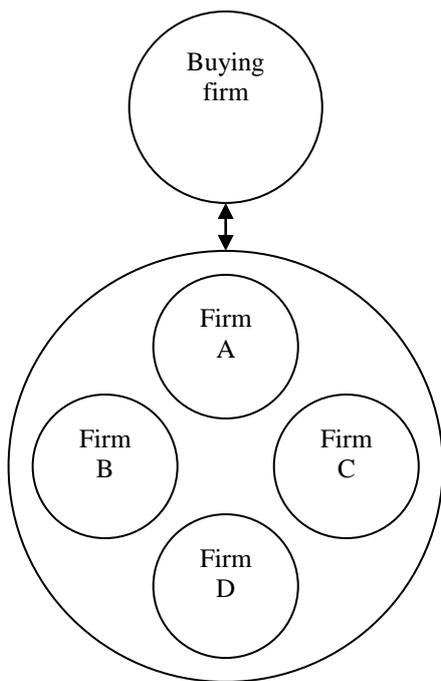


Figure 3 The alliance of equals

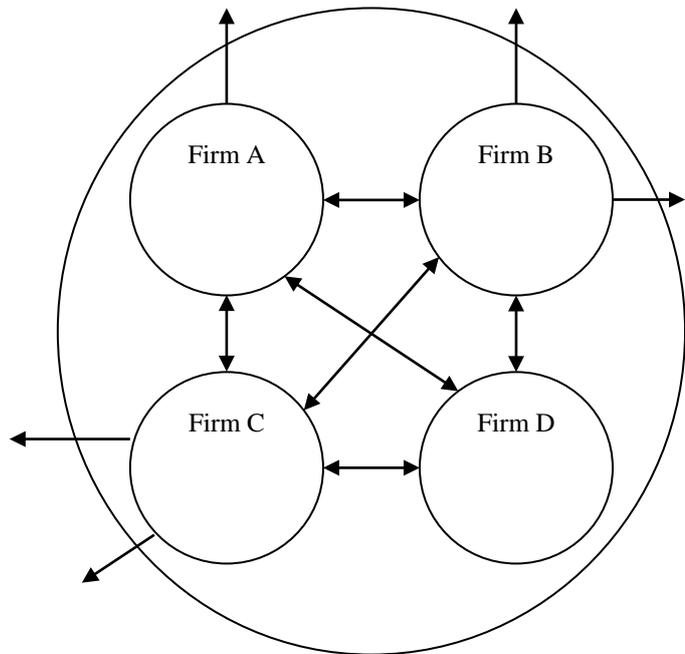


Figure 4 The naturally evolving network