

*Collaboration: the new 21st
century driver of innovation in
regional economies*

SEGRA 2011

Geelong, Victoria

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PROVOCATION!!

COLLABORATION is the 21st century economic new capitalism 'smarts'; adds the structural dimension to the importance of innovation and knowledge in the 20th century?

Wales: *Angus Beef Producers United*



- 2007: 19 local producers;
- 2011: 35 local collaborators;
- Collaboration supported by EFPF;
- Goal: Scope and Scale to meet niche market opportunities

Wales: Angus Beef Producers United

- Heavy investment in expertise through a company structure: marketing; governance and finance: \$500,000 = 17% average profit increase since 2007;
- 2011: 37 local collaborators, value chain – transport logistics; abattoir; own brand; niche markets in Europe – Nice restaurant chain



Why Collaborate: Beyond Scope and Scale?

Collaboration around the four key 'weaknesses' in regional/rural/remote value chains: **governance** (how to organise collective interests); **financial management**; **marketing and logistics**.

Agri-Food Tasmania: Responding to Change through Collaboration?

These change drivers include:

- from comparative to competitive advantage;
- from commodity based production to niche market products;
- from low price, high volume to high price, premium products;
- from market ignorance to market intelligence;
- from a production focus to a consumption focus.

Structural Issues for Collaborative Business Models?

- How an agri-food collaboration will create, market and deliver value to customers and consumers;
- How will it use its assets, access and structure financial and human capital;
- How will it use its relationships to generate profitable and sustainable revenue streams;
- Focus on profitability; competitiveness and sustainability

What does it look like?

- Enterprises retain control/ownership of resources and operations – no fence lines come down!
- Add value - \$\$\$ - in areas of agri-food 'weakness' beyond the farm-gate;
- Need a structure that is compatible with: Corporations Act; has a Shareholder Agreement; corporate governance and strategic direction; implementation resources
- Need investment in people – governance and strategic planning; financial management; marketing, branding, appellation – manufacturing and engineering, oysters, honey, wine, fruit, and wasabi?

Benefits of Collaborative Business Models?

- ***Constructing*** competitive advantage when the value chain's product and processes are difficult to duplicate; - Wales, Tuscany, and Basque Country;
- Opportunities for members of the value chain business model to reach goals which they would be unable to reach on their own;
- The building of critical mass required to increase market share; and
- Driving sustainable growth as a platform for generational transfer and transition – a future!

Collaborative Business Models: “Big Idea” of the 21st Century?

- Collaboration is first and foremost a mindset – only some will have the energy, resources and commitment or vision;
- Trust is built on demonstrated outcomes – can be facilitated by an intermediary – an honest broker?
- Market opportunities is central goal: intelligence gathering, dissemination and response;

Collaborative Business Models: “Big Idea” of the 21st Century?

- In a competitive global market place collaboration lowers the risk for all partners by sharing it;
- Understanding limitations – think collaboration
- Trust, respect and incentives support collaboration;
- Collaboration supports decisions, risks and rewards that are distributed fairly – governance/corporate structure.

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Reality Check: Why isn't everyone doing it?

- No-one asks enterprises to be involved;
- No-one demonstrates the competitive advantages – can't be a 'leap of faith' nor a 'what you people don't understand!!';
- Stigma of failed cooperatives in Tasmania is a generational stench!
- Must invest in the structure and the people;
- In regional and rural communities will probably be driven by 'the coalition of the willing'