

## Competition through cooperation

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### Abstract

In these times, business and competition are carried out through inter-company partnerships.

The Erg experience shows that the main route to quality growth and competitive development depends on the capacity for sharing skills and knowledge.

Several criteria define the organization of a business:

- a structure that links tools and persons
- a goal to be achieved through tangible and intangible resources
- a collective identity that interprets meaning from inherently complex environments– the «sensemaking» of the «linguistic turning-point of an organization».

I am fully in line with the editorial mission of «**Culture e impresa**» when I say that in these times, dominated by networks and information technology, business has become an **open space** in which tangible boundaries are increasingly replaced by strategic interdependence. We can trace this evolution of the organization from the **Fordist factory**, with its vertical integration and the physical boundaries of its plants, to the **post-Fordist network-enterprise**.

On this subject Robert Reich, Secretary of Labor during the first Clinton administration, describes the Pontiac LeMans production process at GM, once a prototypical Fordist company. The production process is now based on a global industrial network that links 9 countries and 3 continents: Japanese engines, German projects, English marketing, components from Singapore and Taiwan, data processing from Barbados, and so on.

Business walls came down long before the Berlin Wall in 1989! Nowadays, business and competition are carried out through «**coopetition**», i.e. inter-company partnership.

Andrea Lanza, doctoral fellow at Pennsylvania University, has rightly observed: “As a result of the evolution of both markets and technology, business is required to develop relational networks in order to keep pace with rapidly changing technological options and consumer trends.”

Research abounds with examples, but I shall describe the one I know best, i.e. the Erg case. Our company:

- grew stronger in the oil market in the 60's through cooperation with Bp
- recently started producing electric energy through a partnership with Edison mission energy
- is currently getting into the wind energy business thanks to fruitful collaboration with Spanish partners.

The outcome shows that the right way to **qualitative growth** and **competitive development** consists in being able to **share competences and knowledge resources**, thus creating proper **critical masses**.

This message has not been fully understood by Italian companies where the stereotypical idea that «small is good» has persisted despite the growing opportunities of the last twenty years. Underlining this problem, Confindustria president, Luca Cordero di Montezemolo states, «Business must establish **culture of cooperation**, which will not put an end to competition, but will build human values that are also useful on the market».

The concept of **coopetition** raises an extremely important issue – one that is central to the mission of «Cultura and Impresa» – that of the «desirability» of a business as seen by its potential partners. In other words, what are those *assets* that make a business a worthy choice? Surely, the real **strong points** are the know-how acquired by an organization over time. We can call them either cognitive heritage or culture, but the point is that a company is sought after when its human quality is high.

Luciano Gallino explained this point well in his last essay:

«a productive organization is a **distributed cognitive system**, that grows more complex when dealing with the development of advanced technologies, and their industrial application. The system is made up of uncountable parts of implicit and explicit knowledge, stored both in people's memories-- whether consciously or not-- and in archives, dossiers, and files from every single department, plant or office, at all levels in the chain of command. The special relations that link these single parts are no less important, since they make the difference between a chaotic jumble and a working system.» (La scomparsa dell'Italia industriale, Torino, Einaudi, 2003, p. 75).

I don't agree with «business futurologists» such as Peter Drucker, who think that we are on the verge of a post-capitalistic society. Drucker also says that «a modern organization cannot be made of managers and subordinates, but it must be a team of partners». Enterprise capitalism has yet to be replaced as the guiding formula for productive organizations to generate wealth.

Leadership remains a fundamental component of success. However, it is important to agree on the meaning of this term: nowadays, leadership is aimed at incorporating the culture of strategic change into market practices, and to promote innovative thinking throughout the whole structure. It follows that the **quality of leadership** is defined by the cultural assets of the organization itself.