

Case Study: Ontario East Wood Centre

Commentary

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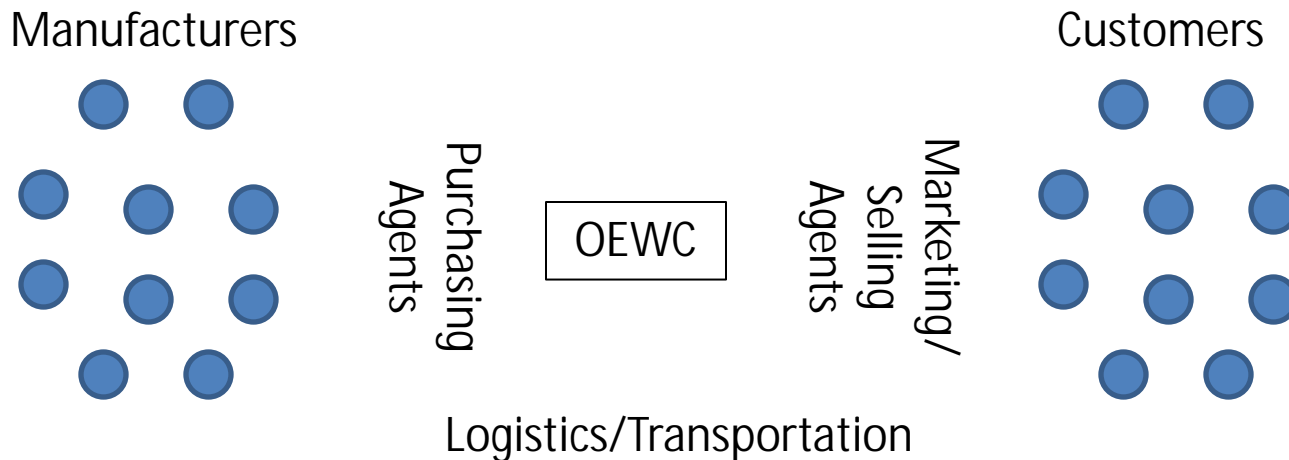
Problem Statement

- How can OEWC facilitate the development of a regional cluster for exporting value-added wood products to Asian markets?
- What is the most effective type of organizational structure for accomplishing this goal?



Organizational Structure

- Recommendation: OEWC to form holding company responsible for centralized transportation and logistics



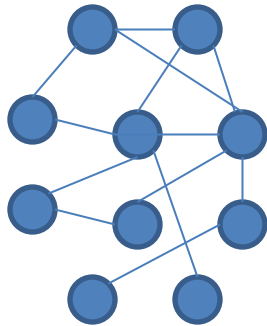
Critical Issues

- How can OEWC encourage intensive collaborative activity among manufacturers?
- How can OEWC promote collaborative activity between manufacturers and Asian customers?



Organizational Structure

Manufacturers

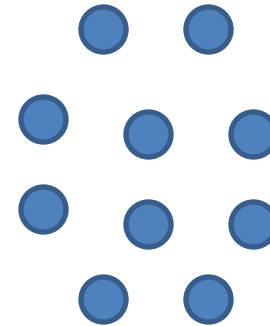


Purchasing
Agents

OEWC

Marketing/
Selling
Agents

Customers



Dense network structure

Network Identity

1. Facilitates exchange of tacit knowledge
Developing "Eastern Ontario Brand"
2. Curbs opportunistic behavior

Mechanisms:

Norms , trust, reciprocity

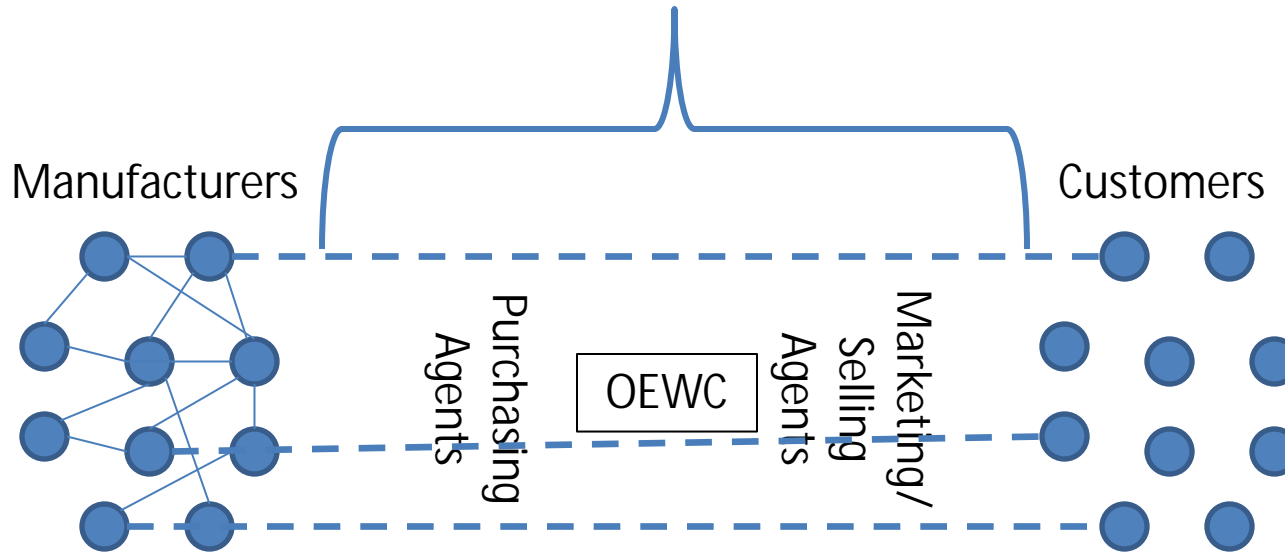


How can OEWC encourage intensive collaborative activity among manufacturers?

- Practices that enhance knowledge-sharing among manufacturers:
 - Manufacturers' associations (e.g., "special topic" committees, best-practice plant tours)
 - Consulting teams
 - Small group learning teams and workshops
 - Interfirm employee transfer



How can OEWC promote collaborative activity between manufacturers and Asian customers?



- Direct communication as a unique knowledge and resource
- Responsiveness
- Differentiators
- Profitability
- Opportunities
- Collaborative generation process



How can OEWC encourage intensive collaborative activity with between manufacturers and customers?

- Practices to increase knowledge-sharing with customers
 - Manufacturers to provide purchasing, marketing and sales agents
 - Strategic Alliances with “local” companies
 - Alliance portfolio management
 - Dedicated alliance management function



Role of OEWC

- In addition, to transportation and logistics, OEWC would have critical role in creating favorable conditions for:
 - knowledge-sharing activity among Eastern Ontario wood producers
 - promoting “Ontario wood products” brand
 - facilitating contacts between manufacturers and customers
 - developing alliance portfolio management expertise



Thank You

Questions/Comments?



Real Options Reasoning

- Sequential entry
 - South Korea -> China
 - Real option –a right to abandon or expand the investment in the future time when the uncertainty is reduced (learning and growth opportunities)
- Questions:
 - Why not China? The cost of the real option would be similar, but the upside potential is far greater?
 - Collaboration with Canadian firms already in South Korean market; Companies from British Columbia and Quebec are present in South Korean market.

