

EXPLORING FAST FORMING COLLABORATION DYNAMICS IN NEW VENTURE NETWORKS

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Abstract

Focusing on the micro-brewing industry, this article presents a framework for fast forming collaboration in new ventures. Fast forming collaboration is defined as the ability of the new venture to rapidly create and co-create new resources and activities in interaction between current and future business partners. Fast forms of collaboration and new venture contexts are relatively new streams of research for the Industrial Marketing & Purchasing (IMP) group. Based on a case study of twenty-four new ventures in Ireland, Belgium and the USA, our findings add to this largely emerging field by identifying the drivers, risks, form and extent of fast forming collaboration. Our study demonstrates that fast form collaboration is challenging for the new venture with the form and extent of collaboration resting on a balancing act between the dynamics of the drivers and risks. Our paper adds to the growing body of literature that places interaction, relationships, and networks at the heart of collaboration dynamics and provides important insights for new ventures, which may lead to earlier, greater, and more planned and complex forms of fast forming collaboration. Theoretical and practical implications are offered in addition to avenues for future research.

Keywords: Fast forming collaboration, new ventures, case study research, marketing

INTRODUCTION

Using the craft beer sector in the USA, Belgium and Ireland as an empirical base, this paper explores fast forming collaboration dynamics in new venture networks. Collaboration is central to inter-organisational interaction facilitating the establishment of positive relationships that meet the desired goals of the parties' involved signalling relational longevity (Hoang & Antoncic, 2003). Collaboration involves jointly rather than individually enacting activities and represents the antithesis to the discreteness that underlies arm's length transactions towards a more relational exchange approach (Dwyer et al., 1987). In the context of this research, we define fast forming collaboration as the ability of the new venture to rapidly create and co-create new resources and activities in interaction between current and future business partners. Of note is fast forming and in interaction. Fast forming refers to the fact that these collaborative relationships have less time to fully develop (Lambe et al., 2000). In interaction with other firms is central to a business or industrial network perspective (Håkansson & Snehota, 1989; Håkansson et al., 2009), the approach that we adopt for this study.

From a large firm perspective, mutual benefits in relational collaboration can include joint adaptations and innovations (Batt & Purchase, 2004; Corsaro et al., 2012). The social network literature speaks to the value in collaborating with social connections to gather resources including, but not limited to, financial, information and emotional support collectively referred to as social capital (Hoang & Yi, 2015). Recent research has examined farmers markets (Orsi et al., 2017), beer festivals (McGrath & O'Toole, 2013) and social media platforms (Drummond et al., 2017) as forms of fast collaboration. Yet, a gap emerges, as we know surprisingly little about

the fast forming collaboration dynamics of new venture networks. This gap is salient as, despite the recognition that firms do not possess or control all the components of the resource combinations that the new business requires (Ciabuschi et al., 2012; La

Rocca et al., 2013; 2017), research remains scant in relation to fast forming collaboration dynamics in place to leverage business relationships and networks. Against this backdrop, and given the lack of research in the area, we pose the following question: What are the fast forming collaborative dynamics, in interaction, in new ventures? Given the wide scope of the research question, we look at three key themes to understand fast forming collaborative dynamics: a) the drivers for new firm collaboration; b) the risks involved in collaborating, and: c) forms and extent of collaboration.

Business network literature in a new venture context is reasoned to be in its embryonic stage (Gadde et al., 2012; La Rocca et al., 2013; 2017). We seek to contribute to this stream of research by exploring new venture fast forming collaboration dynamics in a microbrewery context. Our contribution rests in a deep exploration of the dynamics of collaboration, in interaction, in new venture business-to-business networks. For new ventures this presents an attractive trajectory to use fast forming collaboration for network positioning and to co-create new key external resources and activities overcoming the difficulties associated with being new and small.

LITERATURE

Fast forming collaboration drivers

No firm fully owns or controls all the components of the resource combination that the business requires (Håkansson et al., 2009). This is particularly true for the new ventures that suffer from resource constraints related to the liability of newness and smallness. To overcome newness, a driver for fast forming collaboration may be to build legitimacy and reputation (Hite, 2003). For smallness, through collaboration new ventures can access external resources critical to a firm's long-term survival (La Rocca et al., 2013). Resources sought may include necessary information for production, immediated problem solving or to realize an opportunity (Hoang & Antoncic, 2003; Lechner & Dowling, 2003). Prior positive experience, the ease of social media or the desire to grow quickly may also act as a driver for fast form collaboration. Early business network entry may be a motivation for fast forming collaboration for the new venture that may not be known as a player in the market.

Risks in fast form collaboration

Risk and benefit sharing are important aspects of collaboration (Harland et al., 2003), but not widely researched from a business network perspective. The new venture may depend on fast form collaborating within low risk networks potentially delimiting their access to network information and resources through relying on redundant sources, hemming, trapping and locking them within their own initial social/local network (Vissa, 2012). Conversely there is a risk in collaborating within the business network due to a potential loss of knowledge or financial resources (d'Angella & Go, 2009) or dangers in collaborating within unproductive relationships which may preclude partnering with other viable firms (Gulati et al., 2000). The desire for independence may translate to an unwillingness to financially partner with their business networks in order to raise capital or sell shares for fear of the risk of losing control (DeCarlo & Lyons, 1979; Birley & Westhead, 1994). Hence, fast form collaboration commitment and success depends on the perception firms have about the risk rewards assessment.

Form and extent of fast forming collaboration

We see two forms of interaction patterns for new venture fast form collaboration, planned and unplanned. Planned collaboration is intended, shared and accepted by all the actors involved whereas unplanned collaboration relies on patterns of consistent action over time with an absence of intention. Given our new venture context, we would expect to see an initial prevalence of unplanned fast forming collaborative dynamics with collaborative activities and resourcing driven by improvisation and intuition and the “ready, fire, aim” (Harrison & Leitch, 2005:361) mentality which characterises new ventures in their bid to access resources and solve problems on a day-to-day basis. With time, this could change to planned collaboration as the venture develops experience in interaction. Similarly, regarding the extent of fast form collaboration, we would expect to see more complexity in new venture collaboration in interaction as the firm evolves over time. At venture creation, collaborative interactions may be simple, for example we would see patterns in information and finance acquisition (Davidsson & Honig, 2003), social support (Greve & Salaff, 2003) and the social network acting as an initial sounding board for ideas and opportunities (De Carolis & Saparito, 2006). Over time, collaborative patterns would grow in complexity through experience in interacting in business networks with, for example, customers, distributors and suppliers. Business network relationships may become close, complex and long-term, with extensive contact patterns and joint activities as interaction may involve the technologies of both companies.

METHODS

This study aims to provide a deeper understanding of the fast forming collaborative dynamics of new ventures and the network of actors to whom they connect. Given the wide scope of the research aim and the lack of prior studies in the area we employ a case study approach (Yin, 2010), a favoured method when studying complex processes (La Rocca et al., 2017). The design has the unique strength of being able to deal with a full variety of evidence, including but not limited to, documents, artefacts, interviews, and observations (Yin, 2010). Hence, the researchers visited all the microbrewers at their premises and viewed their operations. This research is positioned within the microbrewery industry in Ireland, USA and Belgium. As a growing industry dominated by larger players the authors felt that the sector represented a good context for analysing fast forming collaborative dynamics given the potential benefits that could ensue for the new ventures.

The techniques used to analyse the data for this research were drawn mainly from the work of Yin (2010), Eisenhardt (1989) and Schurr et al. (2008). Having the three major themes identified from the literature in advance provided the anchor for the work on their refinement during the analysis and helped to maintain focus on the same phenomena across the cases and over time (Aaboen et al., 2012). We initially isolated critical interaction episodes using the three themes over the study period from interviews and supplementary documentation and arranged them to compile a complete map of the events, which could inform new firm fast forming collaboration dynamics (Schurr et al., 2008). Through an inductive analysis of the interview transcripts and interaction episodes, consistent patterns emerged which we labelled as core factors informing the drivers, risks, form and extent of collaboration. The themes and their associated factors are discussed in the following sections.

FINDINGS AND DISCUSSION

Fast forming collaboration drivers

A driver to collaborate was the ability of the owner manager to create opportunities

through their networks either out of necessity or to access relational and network resources. In common with most start-up businesses, each brewer relied heavily on information from key actors to get the business up and running as many had little brewing experience which required fast forming collaboration (Hoang & Antoncic, 2003; Lechner & Dowling, 2003). This desire to acquire information acted a key driver as many of the new ventures relied on existing brewers and suppliers to quickly provide information to facilitate their business development: *“One guy helped us to get through our first batch. Another guy helped us to clean our lines, transporting beer etc.: (NV 19). A further driver for fast form collaboration was the need to fix an immediate problem: “We had steam stack issues so I called the brew master at another brewery to see what he did” (NV 20).*

The proliferation of social media both enabled and acted as a driver for fast form collaboration. In line with the literature, the value of social media as a marketing and advertising tool was acknowledged by all of the microbrewers (Valos, et al. 2015). With business network connections, social media was also used to connect, share information and begin dialogue with one another (Leek et al., 2016), mobilise resources (Drummond et al., 2017), aid the sales process (Agnihotri et al., 2016) and intensify relationships with existing industrial partners (Jussila et al., 2012): *“For the first 6 months of production the vast majority of our retail customers came to us through a twitter connection” (NV 1).*

A desire to grow, and quickly differentiated the participants in their drive towards fast forming collaboration. Mirroring extant literature (Gartner, 1990; Lechner & Dowling, 2003), in our study entrepreneurs driven by money approached collaboration through a more strategic and business like lens, particularly in investment partnerships. Those motivated by their love of the craft process and product displayed a greater propensity to remain independent.

Risks in fast form collaboration

While information sharing was prevalent across all contexts, more fine-tuned knowledge in relation to recipes were guarded with care. Some participants noted that they would not share information about our mix of ingredients keeping their recipes close to their vests: *“I don’t pass them around” (NV 15).* Others were willing to share recipes but not production processes. As was noted: *“If you listen to a song by Van you can kind of tell what they are doing. I can drink a beer and tell what it is. There has never been a secret ingredient. We may hold back on how we produce it” (NV 16).*

Social media was also viewed as “risky” with concerns over a loss of control of the flow of information and security concerns or risks for users (Shaltoni, 2017). The participant noted that they *“keep an eye on our competitors via twitter and facebook” (NV 9).* The new venture owners highlighted that they get ideas regarding where other microbreweries are selling their beer, who they are collaborating with and how via social media. Risks were also noted regarding collaborating with the wrong partners for collaboration beers and, although prevalent, in relation to food innovations: *“We know little about cheese and they know little about beer so it is risky” (NV 14).*

Given the newness of the businesses there would be an expectation of the use of family, friends and other contacts from their personal contact network: *“I have had financial backing from a few family members to get up and running ” (NV 11); “working on the tasting room, cleaning kegs” (NV 19).* Clearly, our findings suggests that some of the new ventures exhibited dependence on low risk or social networks

which had the potential to delimit their access to network information and resources through relying on redundant sources and locking them within their own initial social or local network (Vissa, 2012).

The risk of losing independence and a clear desire for control over their decision-making posed a risk in fast forming collaboration (Birley & Westhead, 1994; Lee & Tsang, 2001). For example, when asked would additional partners be taken into the business to relieve some of the resource pressures common responses were: *“We are trying to keep it in the family and we have no banks so far”* (NV 16) and *“We are not interested in getting an investor in to help us grow faster. An investor is a boss, one way or another”* (NV 21).

Form and extent of fast forming collaboration

Consistent with the literature, we witnessed various forms and degrees of fast forming collaborative innovations and adaptations throughout the study period (Gadde et al., 2012). Adaptations to product packaging and minor variations to product flavours were made based on retail customer feedback. Collaborative interactions occurred between the majority of microbrewers and complimentary food producers where the collaboration involved incorporating the beer into the partner's product and co-branding (McGrath & O'Toole, 2013). Five of the breweries from the USA collaborated in the brewing process making specialty beers. Collaborative events were prevalent and more coordinated and planned. In all three contexts, local and national festivals and beer dinners with local restaurants were organised by the brewers, which acted as a forum to bring the network of microbrewers together to discuss their companies and share information. Gathering at festivals facilitated the formation of lobby groups to enable action at a group level.

Generalized goodwill towards one another is evident throughout the findings with the new ventures collaborating in an unplanned manner to help each other out whenever the need arises. In all contexts, the new venture owners supplied each other with raw materials in cases of emergency, and provided assistance with technology or production as the need arose. Planned collaboration took place in operational processes with reciprocal benefits. For example, it was noted that one brewery *“put Christmas stalls up to sell their beer in December. They sold our beer at that fair – it helped us and took a little pressure off their production. They were very busy. Another type of business probably wouldn't entertain that”* (NV 3).

CONCLUSION

Collaboration is at the core of the business network perspective emphasising value co-creation, resource combining, adaptation and innovation, in interaction, with other business actors (Batt & Purchase, 2004; Turnbull et al., 1996). This present study adds to this rich stream of literature by providing an in-depth exploration of the fast forming collaborative dynamics of new ventures. Prior research on collaborative network dynamics highlights the importance of core relational processes such as trust and commitment, developed over time and in interaction (Halinen et al., 2012; Morgan & Hunt, 1994; Turnbull et al., 1996). Conversely, Lambe et al. (2000) discuss the less researched short term or interimistic relational exchange where the expected life span of the relationships is short and time limitations stunt the development of trust. Yet, such relationships are characterized by fast developing collaborations with resource combinations to address an important business opportunity and/or threat. Our findings in relation to fast forming collaborative dynamics in new ventures are similar to Lambe et al. (2000) in that the participants view of collaboration was short term,

even when collaborating with other breweries for product development. They collaborated quickly with multiple partners, in the absence of engaging in multiple trust building processes or the classic phases identified in the relationship development or alliance lifecycle models (Dwyer et al., 1987; Ring and Van de Ven, 1992). However, collaboration was shifting, transient and not constant with any one partner throughout the study although there was an anticipation that, post collaboration, the relationships would remain in place for the long term to be re-activated at any point through further collaborative projects.

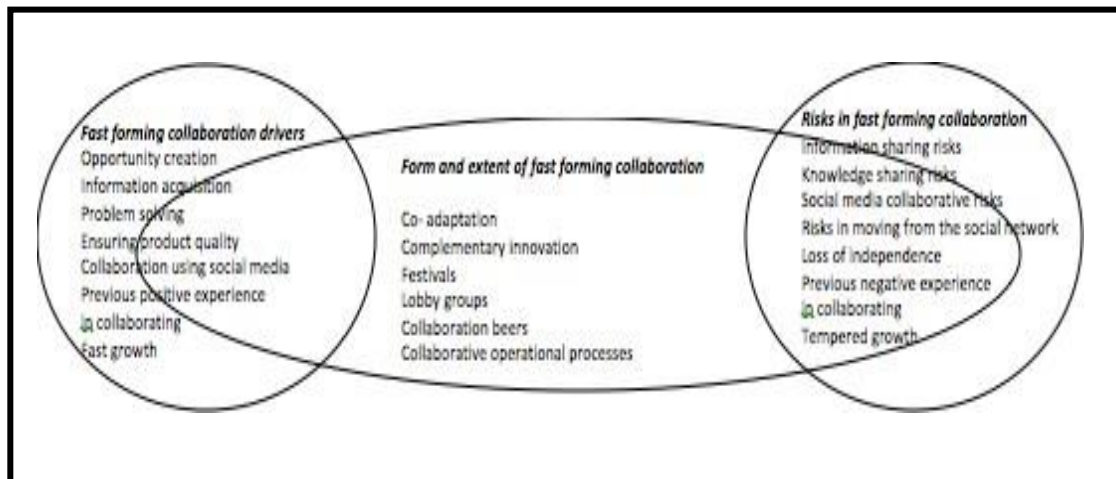


Figure 1: Framework for fast forming collaboration

A core contribution of this study is a framework identifying the key drivers, risks, extent and form of new venture fast forming collaboration dynamics (see, Figure 1). Understanding and appreciating the balance between the drivers and risks in collaboration is important for the new venture business owner. In the present study, it is clear that fast forming collaboration is important for the new firm for innovation, to attain legitimacy and reputation, in addition to being important for reputation of the microbrewery sector as a whole. The trajectory of fast form collaboration is uneven and highly dependent on the patterns of understanding of the new venture of the drivers and risks in network interaction that develop over time and with experience.

As with all studies, the present study has certain limitations. One of the limitations of the study concerns the fact that the paper is centred on the microbrewery sector. Hence, a broader study including new ventures from other sectors, using a qualitative methodology, may bring to light other collaborative dynamics in a new venture context. Taking a temporal view of fast forming collaboration, analysing the sector at another time point would show how fast forming collaboration dynamics change as the actors acquire new experiences from close collaborative activities.

The drivers, risks, form and extent of fast forming collaboration identified in this research were inductively derived and not exhaustive. Their definition, measurement and underlying conditions could be enhanced in further studies. Incorporating a longer time frame into the research might also be a fruitful area for research. A further very promising avenue relates to the business mindset and beliefs of the new ventures and their impact on fast forming collaborative dynamics. These intentions have been found to affect new ventures behaviour in their social networks (Brinckmann & Kim, 2015; Schillebeeck et al., 2016). This could influence their drive, assessment of risks and the form and extent of fast forming collaboration in addition to the timeframe it takes for them to collaborate in business networks. While

social media research within a business-to-business (B2B) context is still in its infancy (Quinton & Wilson, 2016; Siamagka et al., 2015;) we know that industrial marketing practice is profiting from social media used by marketers (Salo, 2017). We found that in practice, the low cost and simplicity in use associated with social media (Siamagka et al., 2015) made it an attractive route way for new ventures to engage in fast form collaboration. A more in-depth study focusing on social media and fast forming collaboration would provide fruitful insights in a new venture context.

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