

Entrepreneurial Supply Chains and Strategic Collaboration: The Case of Bagòss Cheese in Bagolino, Italy

Vincent Amanor-Boadu, Piercarlo Marletta & Arlo Biere

Dept. of Agric Economics
Kansas State University
Manhattan, KS 66506

Corresponding Email: Vincent@ksu.edu



Road Map

- Research Motivation:
 - Confronted with global competition challenges, how can small towns leverage their local assets to achieve and sustain competitiveness?
- Presentation organized as follows
 - Entrepreneurial Supply Chains
 - Definition
 - Typology and examples
- The case of Bagòss cheese
 - Background: Bagolino and its assets
 - Importance of governance and IP in sustaining competitiveness
- Discussion



Organization Approaches for Sustainability

- “Red Ocean” competition (Kim and Mauborgne, 2005)
 - Treats products as homogeneous and competes on price
 - Risk of tragedy of the commons (Hardin, 1968)
- Traditional supply chain
 - Champion-owner determines exchange rules and specifications
 - May be an improvement over “red ocean” under certain conditions but has risks of moral hazard and opportunism (Simon, 1991)
 - Engenders anonymity value (Amanor-Boadu and Starbird, 2005)



Organizational Approaches for Sustainability

- Entrepreneurial Supply Chains
 - Entrepreneurship is the process of “seeing” and seizing opportunities through innovative processes with the view of creating exploitable value (Schumpeter, 1942; von Mises, 1996; Amanor-Boadu, 2006; Timmons, 2007)
 - Inter-firm relationships characterized by a mutual recognition of need for, and dependence on, a valuable asset that is inexhaustible in use but depreciable with misuse or abuse
 - Participants realize a shared responsibility in protecting and enhancing the value embedded in the enabling asset through social ties and networks (Granovetter, 2005)
 - Overcomes homogeneity and opportunism and moral hazard risks

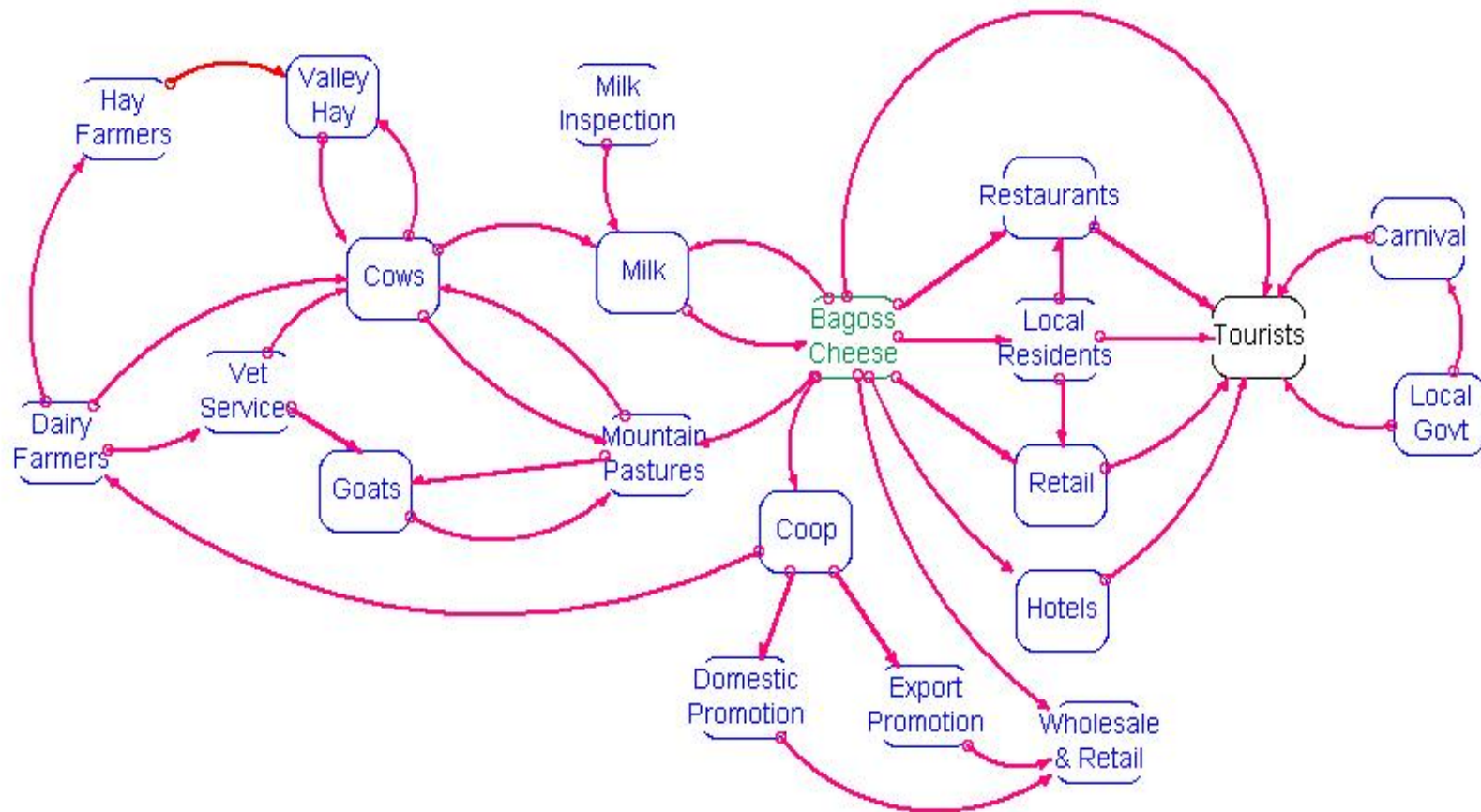


Typology of Entrepreneurial Supply Chains

Type	Immobility	IP Protection	Degree of Participant Engagement	Examples
Place	High	Low	Low	Hawaii Surfing; Grand Canyon; Swiss Alps
Place-Product	Low	Medium	Low	Italian Suits; Scotch Whiskey; Saskatoon Berries
Place-Product-Process	Low	High	High	Vidalia Onions; VQA Wines; Bagoss Cheese



Bagolino and Bagòss Cheese

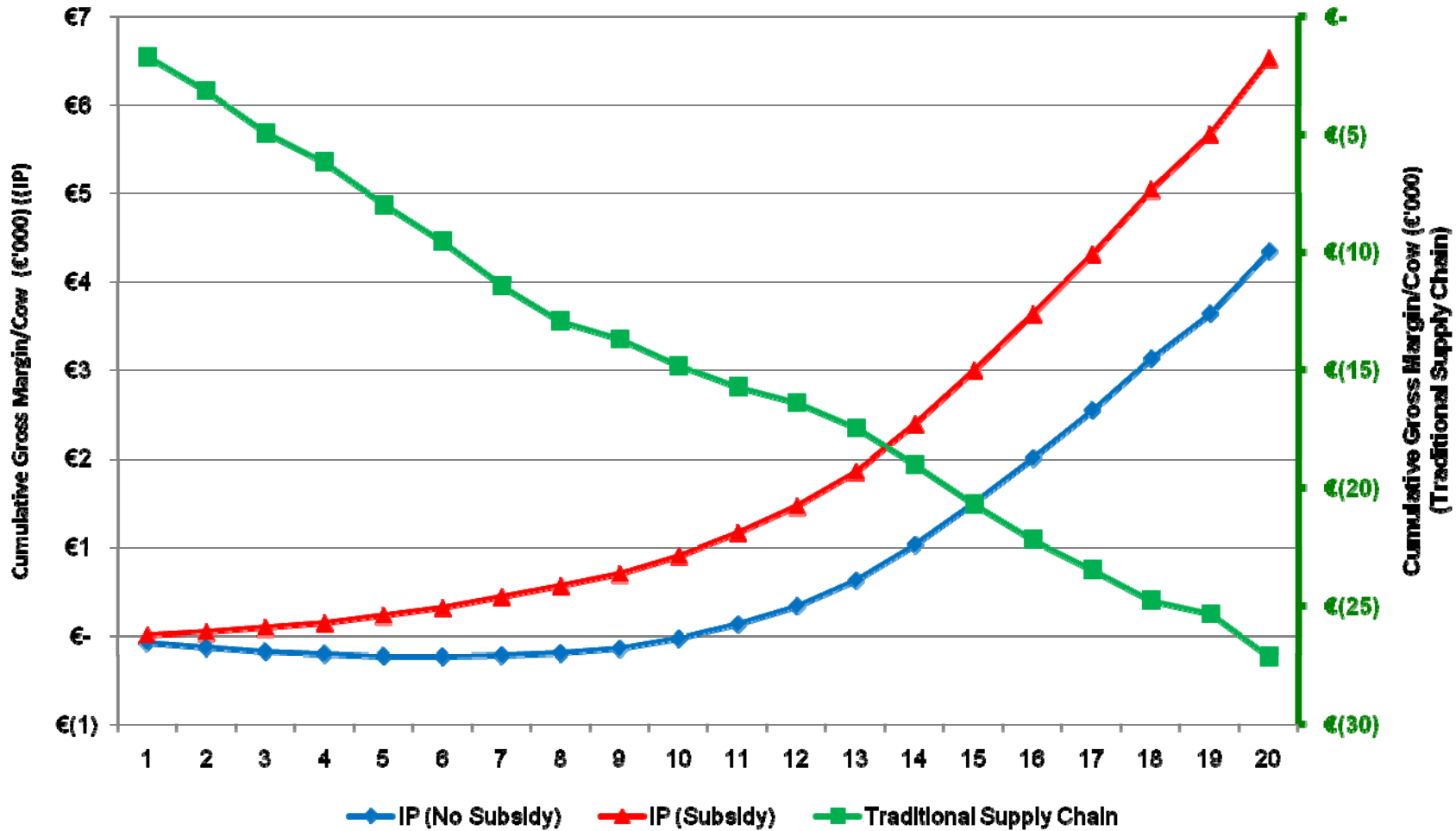


Characteristics of Bagòss Cheese Producers

Channel	Price/kg	Age at Sale				#
	Mean	< 1 Year	1 - 2 Years	2+ Years	Total	
Consumers	15.00	44,323	18,996	-	63,318	14
Restaurants	17.22	-	286	5,070	5,356	9
Local Retailers	12.97	30,354	-	-	30,354	15
Outside Retailers	15.10	11,434	10,972	-	22,406	10
Wholesale	14.13	16,356	-	-	16,356	8
Agers	12.50	999	-	-	999	3
Total		103,466	30,254	5,070	138,790	23



Relative Performance of Tradition and IP to Base Scenario



Conclusion

- Given the unique place-product-process assets, seemingly unrelated organizations must collaborate to create sustainable competitiveness
- The governance mechanism and IP system are important in their success
 - Traditional supply chain creates unaligned objectives
 - Engenders cost minimization, leading to loss of uniqueness and attendant price premium
 - But entrepreneurial supply chain creates aligned objectives and controls opportunism
 - IP enforcement enhances benefits of entrepreneurial supply chain structure
 - Getting local government to pay for IP enforcement accentuates benefits



Further Research

- Our research has shown that governance mechanism and IP enforcement system matter in sustaining the competitiveness of a local solution to a global challenge when place-product-process assets define local competitiveness
- We did not determine the relative importance of governance and IP enhancement or the effect of longer and more complex supply chains
 - Further research should look into these to determine the effectiveness of ESC in using local solutions to address global challenges vis-à-vis other governance mechanisms and IP systems
- Thank you

