ORGANISING COLLABORATIVE PRODUCT DEVELOPMENT ACTIVITIES:

A CASE STUDY IN THE DANISH FOOD INDUSTRY

Thesis summary

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The aim of this thesis is to address the organising of product development activities by Danish food producers in collaboration with industrial customers or other market actors. The thesis studies how food-producing companies in collaboration with their customers define, divide and coordinate the joint product development effort. Furthermore, it ascertains how Danish food companies build routines for organising collaborative product development activities and offers explanations of why this may restrict product innovativeness.

This is important because the food industry plays a significant social-economic role in Denmark, measured in industrial output, employment and export. The issue of product development has accordingly been receiving attention in practice, politically as well as in academia as ground for the ongoing development and prosperity of Danish food companies and the industry in general. The product development effort of Danish food companies is, however, challenged on several fronts. Food companies are experiencing demands for the development of novel products from various groups of consumers and industrial customers in the food chain from earth to table. Still, this is not reflected in a highly innovative effort in the industry, which has in general been criticised for being too incremental in their developments. Further, the Danish food industry is characterised by a historically-conditioned technological and distributional specialisation and concentration condemning product developing food companies to be interdependent on e.g. retailers for reaching end-consumers. Therefore, collaborating for product development is not a question of whether or not. The essential question is instead related to how companies may organise the joint effort. This thesis addresses how collaborating companies may respond to these challenges and

strengthen their collaborative development effort as a basis for the continuous prosperity of the industry.

Against this backdrop, the thesis takes an inter-organisational focus addressing the research question of: *How do Danish food-producing companies organise product development activities in collaboration with industrial customers?* A substantial part of investigating *how* Danish food companies are currently organising collaborative product development activities is focused on *why* product development activities are organised the way they are. The investigation of why Danish food-producing companies organise their joint product development effort in a certain way intends to provide understandings of the interactive setting in which the development unfolds. The specific research interest of the thesis is related to exploring the interface between the organising of product development activities of a company and the degree to which the organising is conditioned by the interaction and collaboration with a customer.

The thesis contributes to an existing and ongoing academic discussion where existing research to some extent has already investigated the complex task of organising product development in interaction with external partners. The contribution of the thesis is to refine existing theory and deepen our general understanding of collaborative product development. The value and contribution of this thesis are to be viewed in the light of the special setting and contingencies of the Danish food industry.

The organising of collaborative product development activities by Danish food companies is analysed on the basis of a theoretical framework anchored in the industrial network approach. In the industrial network approach, business markets are understood as networks of organisations connected through their relationships with one another. Relationships, viewed as complex and long-termed in nature, mirroring past interactions and mutual investments between two actors. Companies are seen as goal-seeking, active actors, however interdependent on their relationships with other active actors. The theoretical framework and the analysis address primarily the inter-organisational and organisational level. At each level, different theoretical concepts are applied in discussions of how food-producing companies organise product development activities. In general the analysis contributes to discussions of product development as a negotiated process, highlighting how a company's strategic intention for product development may collide with the customer's intention. A central focus is put on how interaction between collaborating parties will influence the joint organising of product development activities – not only in terms of what is developed and exchanged, but also through the collaboration atmosphere in the relationship. Further, discussions revolve around how the companies' views on the wider network setting may

affect the collaborating partners' quest for finding a common ground for their joint product development effort.

The empirical foundation is constituted by studies of the collaborative organising of product development activities by Danish food companies with industrial customers. Methodologically, this thesis adopts a case study approach as a unique method for building and utilising in-depth understandings of empirical phenomena that may develop and refine existing theory. Four cases of dual collaboration between a food-producing company and a customer are addressing the research question. The cases are studied based on observations of joint product development meetings and interviews. These methods allow for an in-depth understanding of the actual interaction, relationship atmosphere and the dual collaboration.

Findings reveal that the organising of product development activities by Danish food-producing companies in collaboration with customers is achieved through standardised activities and routines. To capitalise on the joint development effort with customers, the strategic intention of the product-developing company is to balance routinisation and customer specific adaptations in a way where the adaptation cost is not immeasurable. When company routines for product development are confronted with customer routines, the joint effort is found to be configured through 'adding' or 'composing'. Even though routines utilised across various customer relationships may be a way for food-producing companies to capitalise on the product development effort, routinisation is also shown to hold the consequence of standardising product development to a degree that is trivialising it.

The study finds the following explanations of *why* collaborative product development activities in the presented case are organised through routines. Basically, product development activities are defined as having other purposes than the actual new product – product novelty is considered less relevant. Instead the development effort is considered a standard marketing activity utilised for building a stronger position as development partner and for developing closer customer relationships. Criteria for the introduction of new products are found to move away from the end-consumer. The companies' perceptions of relationships and the wider network constitute a basis for this understanding, and the findings provide insights on how a company's 'network picture' pervades routines created for organising product development activities.

Secondly, the organising of the joint development task is determined by other activities i.e. product development activities are organised to cement existing working procedures, activities and routines in e.g. production or marketing (either at the company or by the customer). Since the

interdependencies between product development activities and other activities are standardised and organised through routines there is no need for complex coordination. Still, based on past modes of exchange, the collaborating companies have built a profound knowledge and familiarity of the counterpart's internal working procedures and processes. Although the product-developing company knows the involved customer to the last production detail, this knowledge is not utilised for increasing the innovativeness of new products developed. Partners are hold in 'strong iron fetters' where a high degree of customer involvement seems to hinder more radical product development.

A final explanation is found in the partners' interactive process where product development activities are redefined to determine the roles of the collaborating partners and the division of labour. This process is not only characterised by one company executing its power over another. Dimensions of closeness, empathy and time frame in the relationship atmosphere are influencing the joint organising of product development activities. The relationship atmosphere dimension of compatibility of the partners' strategic intentions provides insights on the extent to which either of the involved parties are bending their own strategic intentions for complying with the strategic intentions of the counterpart. Hereby, contributing knowledge about the interfaces between the organising of activities and actions of a single company and the collaborative organising of activities with an involved development partner is obtained. The study of how the collaborating companies are handling potential conflicts and disjoint aims contributes, in other words, to our knowledge of when companies follow and when companies lead in the organising of collaborative product development activities.