
Open innovation through alliances and partnership: theory and practice

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Biographical notes: Ferdinando Chiaromonte is Managing Director of Studio Chiaromonte Snc., a company active in the managing development and consulting area. He was also Director of OMIT (Italian Observatory on Management Innovation and Technology) and past President of ISPIM (International Society for Professional Innovation Management), where now holds the position of Vice-President for Publications. His professional and scientific interests are primarily on Innovation Management, where he leads multiple projects on assignments of national and international public bodies and private companies. He taught Business Organization and Business Economics in various Italian Universities.

During 2001–2002, on assignment of the Italian National Council of Economic and Labour (CNEL) a consultative Public Body for the Italian Government and Parliament, we conducted a research project on *Innovation, Competitive Advantage and Employment*.

More than 200 Italian innovative companies were involved in the project, and an analysis of their behaviour in Innovation Management suggested that the practice of using external economies in managing innovation projects was strongly diffused in the Italian production system.

Let us recall some of the data concerning this point (Chiaromonte, 2002a).

A small 11% of the respondent companies managed innovation only with internal resources, while 80% used external resources too.

A little more than half of this 80% declared a prevalence of internal over external resources (in managing Innovation), while fewer showed a fifty-fifty attitude. The remaining 9% used essentially external resources.

If we look at the results from the point of view of the stages of the innovation process, the picture was the following.

The implementation stage was obviously that one where external economies were more widely used. However, also in the design stage of the innovation there was a large participation of external actors; and even the 'idea creation' stage, by definition the most exclusive for the innovative companies, was, unexpectedly, often managed in collaboration with other organisations.

The outcomes of our projects confirmed a recent trend that is emerging worldwide in research and studies on Innovation Management: the so called open innovation (Chesbrough, 2003).

From this perspective, companies look at innovation more like a goal to be pursued through different forms of external cooperation than like a task to be accomplished internally.

It seems, this way, that the competitive advantage is strongly increasing, if compared with the results of more traditional Innovation Management (Koza and Lewin, 2000).

It must be said that assigning to other organisations consistent parts of innovative activities has been a common practice since many years. That practice, however, in the early stages of externalisation, was essentially used for the implementation of an innovation design, largely developed internally by individual companies, which strictly kept the strategic control of that design (Chiaromonte, 2002b).

New trends, on the contrary, are mainly a peers cooperation effort. Every organisation involved has its part in the strategic process of innovation. Very often partners have and use different core competencies in managing a project that can be easily defined as a coinnovation effort.

Innovation Networks among companies, emerging from this process assume different configurations:

- *Clusters of Innovation.* Relationship structure and geographical proximity among companies are the most important in that case (Tracey and Clark, 2003).
- *Alliances and partnership.* The existence of complementary know-how and skills, both in technical and marketing areas, seems to be among the most relevant success factors (Frenken, 2000).
- *Coopetition.* A relatively new and recently identified phenomenon. It is characterised by a situation where different competitors, while still keep alive their competition in many areas, simultaneously develop, in other areas of their activities, cooperation efforts in order to realise a few specific goals (Bengtsson and Kock, 2000; O'Connell, 2001).

The papers the reader can find in this Special of IJTM are selected from among those presented at the XIV Ispim Conference in Manchester and are specifically focused on the issue of *Innovation through Collaboration: Clusters, Networks, Alliances*. The Special is built on three different parts. The first one focuses mainly on the theoretical analysis of inter-organisational relations or alliances:

- *Littler*, in his paper *Alliances Enigmas*, pinpoints a basic paradox in the development of alliances among companies involved in technological innovation. On the one hand – he says–there are managerial prescriptions that emphasise extensive preplanning, and symmetries in strategies, goals and ‘modus operandi’ of the different parties; on the other, there is a need for factors like flexibility, freedom and autonomous learning that are necessary for every partner. How this paradox can be dealt with for an effective alliances’ management and development?
- *Allison and Browning*, in *Competing in the Cauldron of the Global Economy*, stress the importance of ‘enabling infrastructures’ and ‘new forms of leadership’ to support the economic development of clusters. They suggest four success strategies for Companies that are developing a global business.

- *Karkainen and Hallikas*, with their *Decision Making in Inter-organisational relationship*, starting from the assumption of the systemic nature of network related decisions, investigate the system thinking implications on the dynamics of decision making in inter-organisational networks.
- *Zutshi's* paper, *Confucian Value system and its Impact on Joint Venture Formation*, deals with the important topic of the influence of religious culture on business alliances. The field of the analysis is one of the IJVs formed by Singapore firms in People Republic of China and India. Also, the influence of Confucian ethics and values on the formation of Chinese business network are explored.

Papers with prevailing orientation toward a field analysis are grouped in the second part of the Special.

- *Liang, Wen, and Se* in *Accelerating Innovation Through Knowledge Coevolution: a Case Study in the Taiwan Semiconductor Industry*, propose a conceptual framework to explain the relation between knowledge coevolutionary mechanisms and innovation development. Specifically, they review product and process innovation in the Taiwan semiconductor industry, focusing on knowledge coevolutionary cycle and organisational knowledge interactions between two or more firms;
- Knowledge is still the main issue explored by *Kreis-Hoyer and Gruenberg-Bochard* in their paper *The Use of Knowledge in Inter-organisational Knowledge Networks*. The authors run an empirical investigation sending a questionnaire to 3523 scientific and business organisations in order to test several hypotheses concerning the use of the knowledge output. The ways in which the knowledge is used depends essentially on the partners structure and the kind of research performed in IOKNs (Inter-organisational Knowledge Networks);
- *Tuominen and Antilla* present a paper on *Strategising for Innovation and Inter-firms Collaboration*. They start from the resources based view of firm, building, on the existing theories, a collaboration-innovation-advantages model. The model is tested with 327 Finnish firms across different industries, both in manufacturing and services, showing the importance of appropriate capabilities in inter-firms' collaboration for a competitive superiority.

Lastly, the third part contains the papers that deal with matters not immediately focused on alliances and partnership, although strictly related to these topics.

- The paper of *Barclay and Porter*, *Benchmarking Best Practice in SMEs for Growth*, proposes a methodology and various tools for SMEs self assessment of their own capabilities in key business practices.
- *Berg* in his contribution, *Benchmarking of Quality and Maturity of Innovation Activities in Networked Environment*, starts from the assumption that the effectiveness of the inter firms collaboration requires effective measurement systems. Then the author recalls the basics of its Quality and Maturity Method for R&D and Innovation, and focuses on the presentation of the whole database, a general assessment procedure of one case-study, a benchmarking analysis of another company and a networking analysis of six companies.

- *Ojanen and Vuola* deal with the same problem of research and development assessment in their *Coping with The Multiple Dimensions of R&D Performance Analysis*. The purpose of the contribution is to increase the understanding of the essential factors and dimensions related to R&D performance analysis, and to introduce and facilitate a process of choosing applicable metrics of R&D performance for a specific need, context and situation.

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