

# *Case Study: Ontario East Wood Centre*

## *Commentary*

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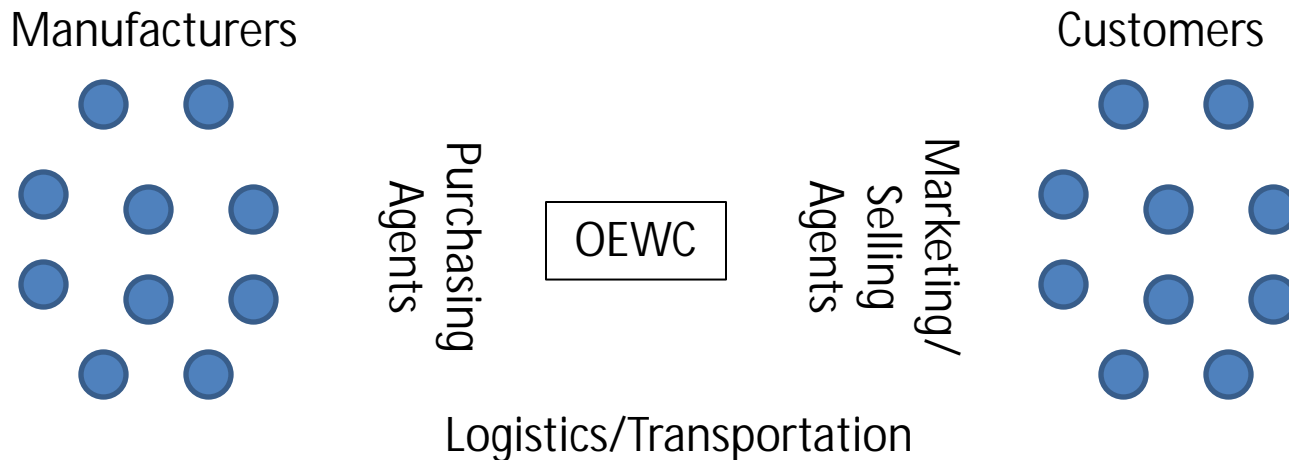
# Problem Statement

- 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



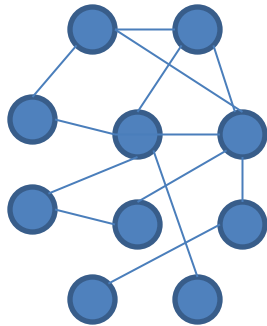
## Critical Issues

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



# Organizational Structure

Manufacturers

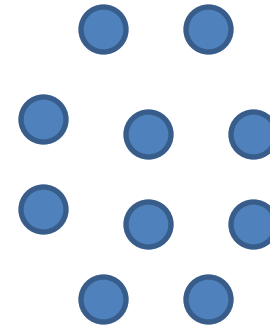


Purchasing  
Agents

OEWC

Marketing/  
Selling  
Agents

Customers



Dense network structure

Network Identity

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

Mechanisms:

Norms , trust, reciprocity

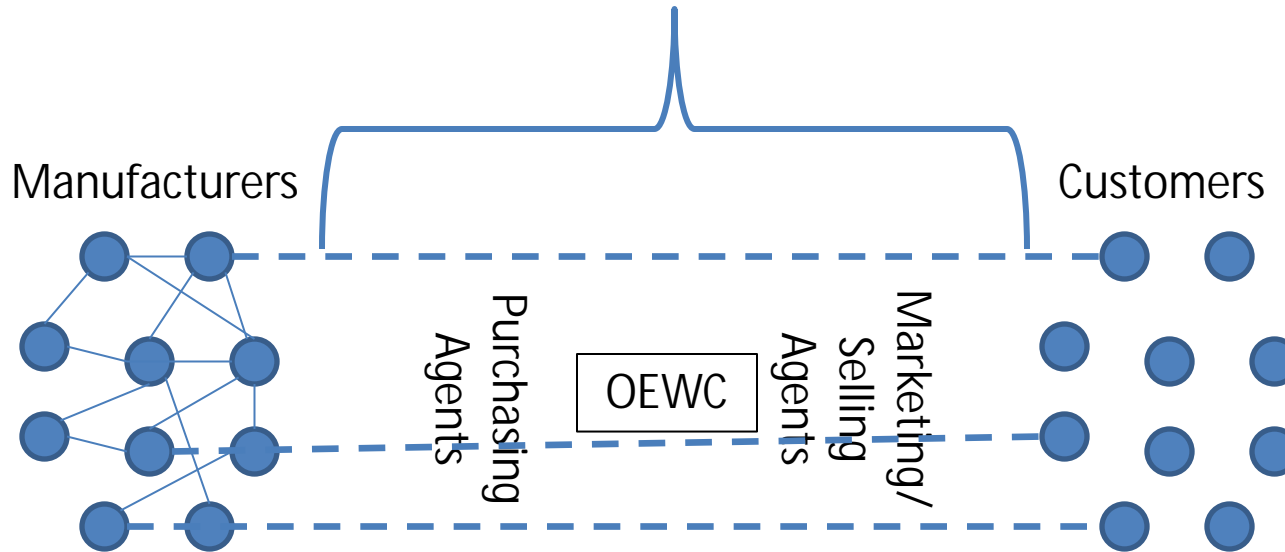


How can OEWC encourage intensive collaborative activity among manufacturers?

- 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
- flexible responsiveness
- Different firms recognize different profit
- opportunities and 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.

