

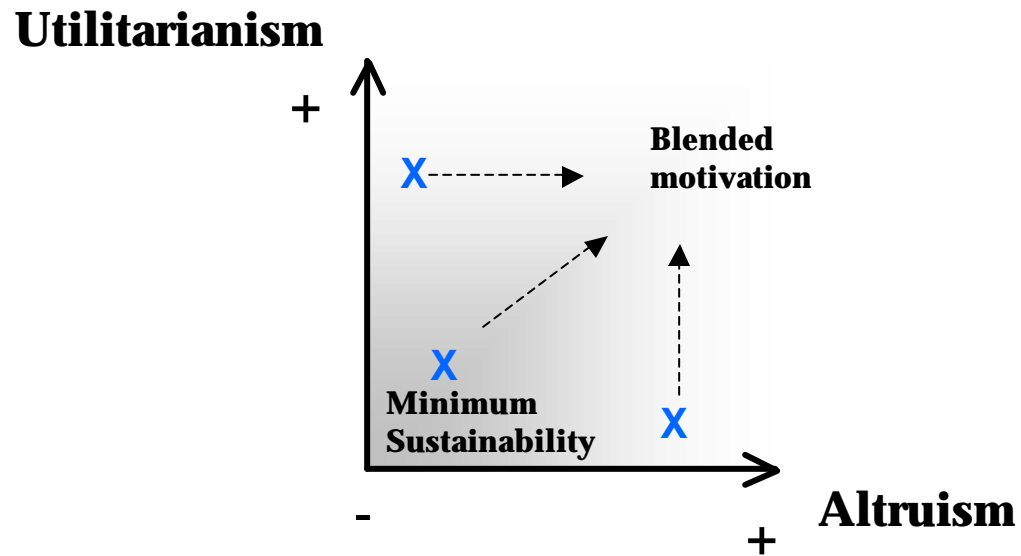
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# Competitive Advantage through Social Partnering

Prof. James Austin

*Inter-American Conference on Corporate Social Responsibility*

# Why social partnering?



# What is there to be gained?

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Gains centered around:

- Internal stakeholders
- External stakeholders
- Product/brands

# What is there to be gained?

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## 1. Internal stakeholders

- Motivation (*AUSOL*)
- Skills development (*Farmacias Ahumada*)
- Recruitment (*Danone*)
- Selection (*Meals*)
- Cross-cultural cohesion (*Tenaris*)

# What is there to be gained?

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## 2. External stakeholders

- Tighten consumer relationships (*Telemig*)
- Educate consumers (*General Médica*)
- Understand demand (*Johnson & Johnson*)
- Earn consumer credibility (*Bimbo*)
- Gain local acceptance (*Repretel, H-E-B*)
- Develop suppliers (*Starbucks*)
- Enable environment (*Indupalma*)
- Strengthen government relationships (*Indupalma*)
- Manage risks
  - Preemption of long term threats (*Tetra Pak*)
  - Preemption of long term threats (*Tetra Pak*)

# What is there to be gained?

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## 3. Product/brands

- Product line diversification (*La Nación*)
- Brand positioning (*Danone*)
- Price insulation (*Danone*)
- Market development (*Monsanto*)
- Differentiation
  - Organizational structure (*Posada Amazonas*)
  - Rare inputs (*Natura-Ekos*)

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# **How to achieve competitive advantage?**

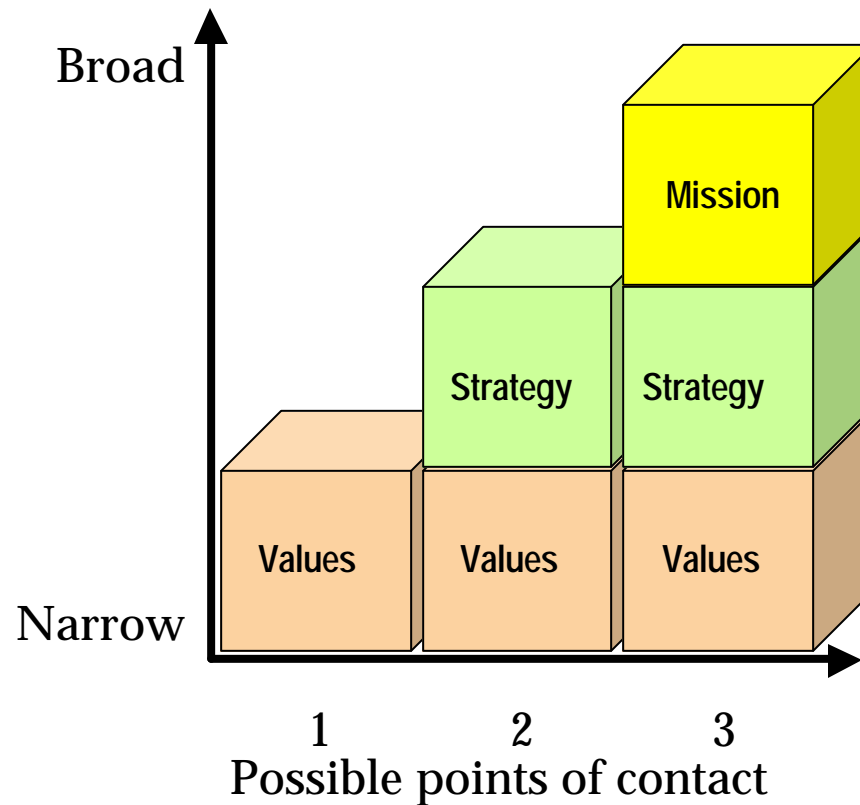
1. Alignment
2. Type of Resources



## 1. Alignment

a. Breadth

b. Depth

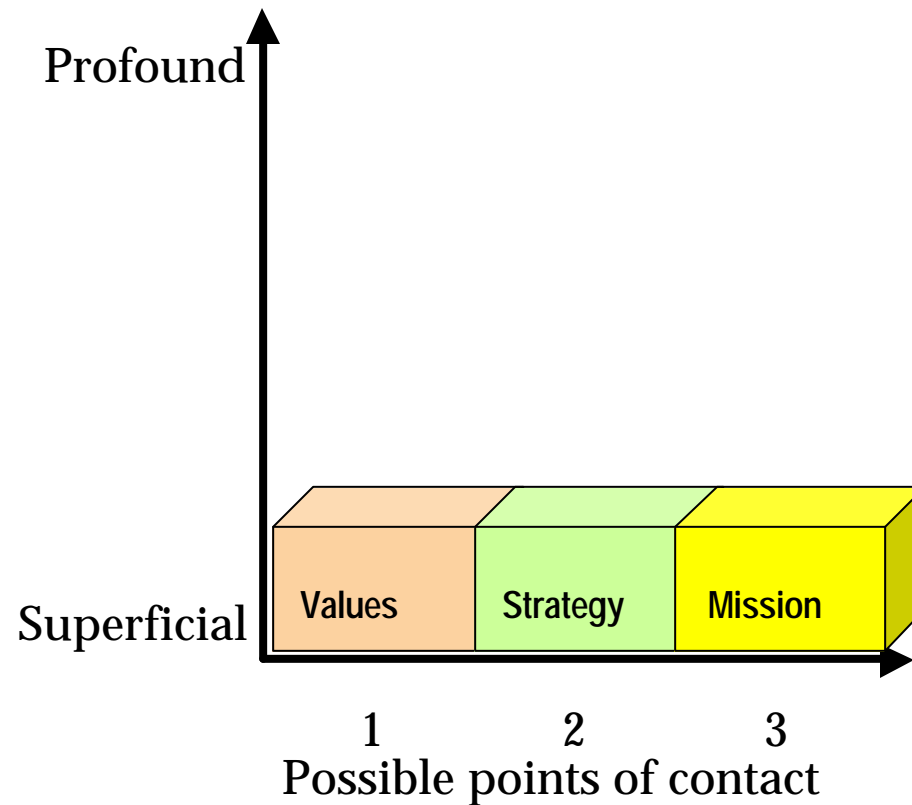




## 1. Alignment

a. Breadth

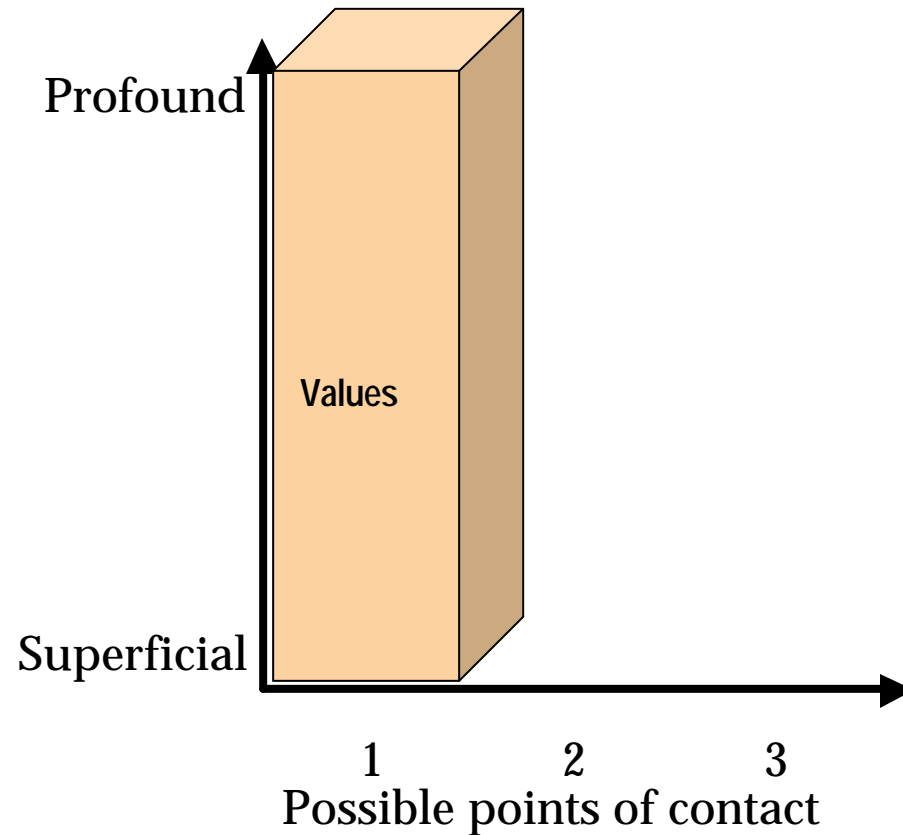
b. Depth





## 1. Alignment

- a. Breadth
- b. Depth

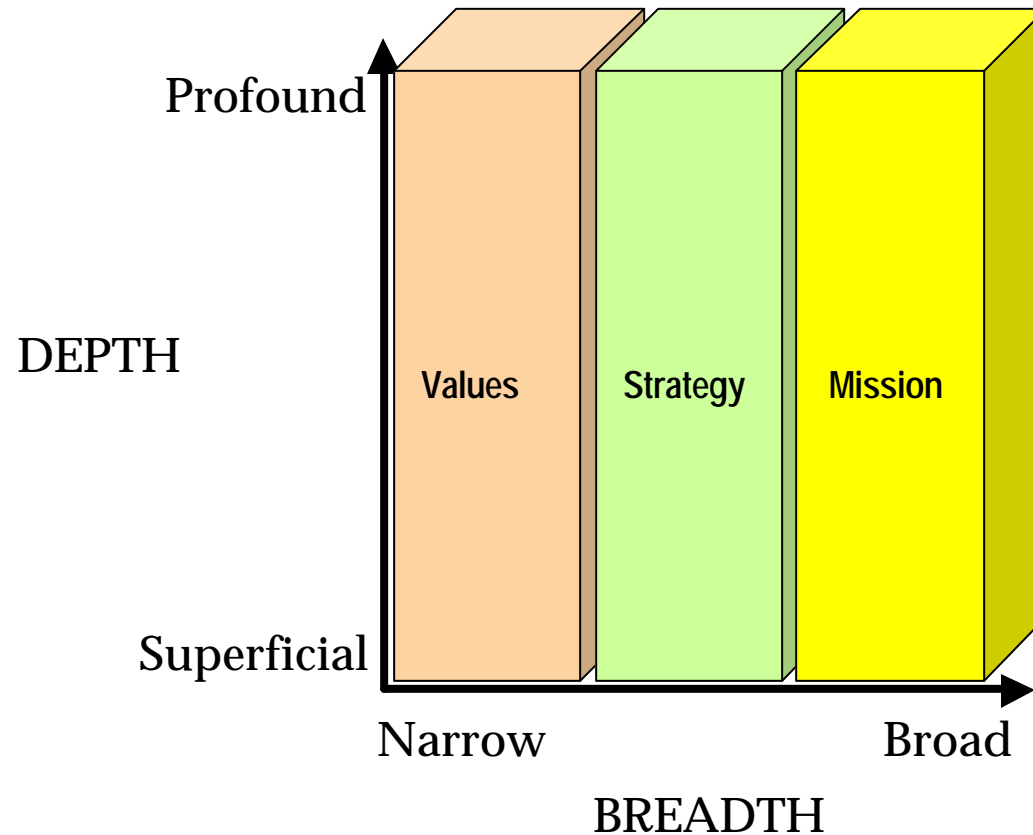




## 1. Alignment

a. Breadth

b. Depth





## 1. Alignment

a. Breadth

b. Depth

- How does alignment create competitive advantage?
  - More points of value creation
  - Generates tailored solutions
  - Harder to imitate



## 2. Types of Resources

- Three sources:
  - **Generic Resources**
    - Fill gaps
    - Tactical dimension



## 2. Types of Resources

- Three sources:
  - **Generic Resources**
  
  - **Key Resources**
    - Higher productivity
    - Higher differentiation
    - Create novel solutions
    - More sustainable
    - Strategic dimension



## 2. Types of Resources

- Three sources:
  - **Generic Resources**
  - **Key Resources**
  - **Combined Key Resources**
    - Capture synergies
    - Generates non-imitable solution



## Institutionalizing Your Social Partnerships

- Collaborations are born with individuals but blossom in organizations
- Each department → how to serve the collaboration (and vice versa)
  - Clear signals from top management
  - Integrate performance in collaboration into incentive structure
  - Walk your talk



## Strengthening your partner

- Partner's institutional capacity constrains value creation
- How to strengthen?
  - Organizational structure
  - Skill development
  - Infrastructure



## Communication

- Internal Communication
  - Key to consolidate relationship and capture value
    - Newsletters
    - Dissemination meetings
    - Word of mouth



## Communication

- Internal Communication
- External Communication
  - Powerful tool for value creation
  - To communicate or not to communicate?
    - Some companies attach great weight to it
    - Others hesitate
    - Tension point: taking credit for doing good



## Communication

- Internal Communication
- External Communication
  - Powerful tool for value creation
  - To communicate or not to communicate?
  - Management of communication risks
    - Each has clear communicational strategy
    - Joint message is agreed upon

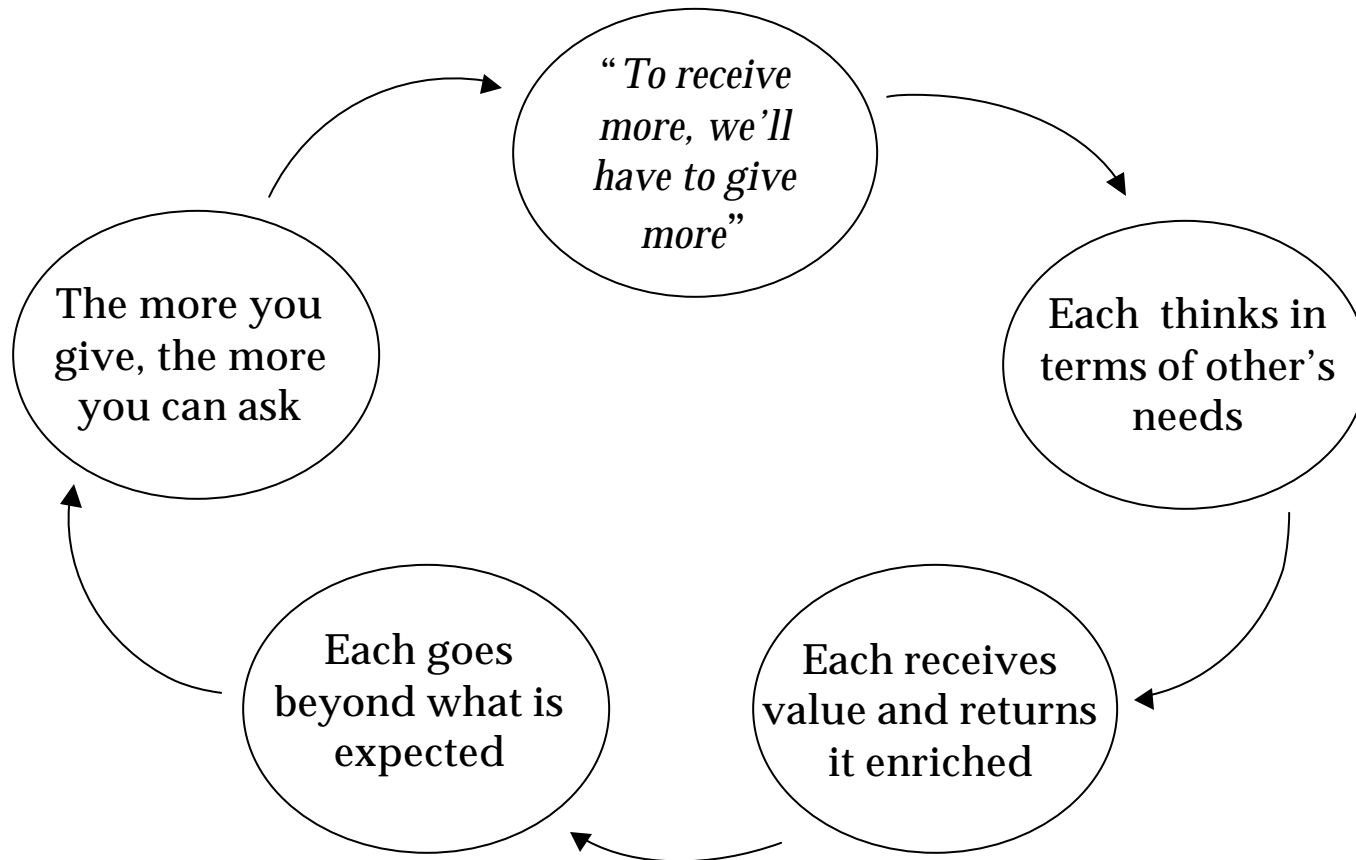


## Collaborations as Learning Laboratories

- Learning platform to tackle more ambitious partnerships
- Learning spills over to organizational development in other areas
- Best learners invest in learning



## Virtuous Circle of Value Generation



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