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Collaborating with competitors: Value through coopetition in the New Zealand forest industry.

A thesis presented in partial fulfilment of the requirements for the degree of Master of Supply Chain Management.

At Massey University, Manawatu,  
New Zealand

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2015-2016

## I. ABSTRACT

The purpose of this research is to investigate the scale of possibility for cooperation to be applied to the logistics activities in the export log supply chain in New Zealand. The research ascertains there are financial benefits of approximately \$200million to the industry from cooperating in port logistics and shipping activities while continuing to compete in other sectors of the chain. The research tests to see if the existing theory on barriers and facilitators applies in this case study. Two research methods were used: 1. Qualitative interviews with exporters to probe for specific factors that support or hinder cooperation adaptation. 2. Quantitative research looking at financial implications, involving data collection from industry, building a simulation model, and simulating four degrees of cooperation adoption.

The research identifies that small levels of cooperation between exporters can produce the most cost reduction benefits, with decreasing returns to scale through further collaboration attempts. As well as providing overall cost reductions the research indicates that there is a significant reduction in cost volatility by collaboration in shipping and logistics. While exporters used various terminology the themes that emerged, through semi-formal interviews, the barriers and enablers that were identified in this context relate closely to those models of other authors. The alignment of the physical world in time and space, the connection between strategic business models and relevant levels of autonomy and risk and the alignment of values, history and ability to communicate with relationship and their cost were all found to be significant factors that could both enable or disable cooperation between competitors in this case. Levels of trust and communication were found to be generally low in the log export industry the input of an independent third party may assist in supporting cooperation. The research concludes that there is potential for at least small and medium sized players in the industry to adopt some level of cooperation to reduce costs in the supply chain. However, the findings indicated that there are significant invisible costs associated with cooperation outside of the operational costs. The full cost of building and maintaining relationships required for it to persist still needs to be investigated further. These factors should be considered when analysing the savings as they may easily erode any gains made through cooperation.

## II. ACKNOWLEDGEMENTS

I would like to thank SCION for generously funding my research and allowing me to keep a roof over my head while I completed my study. My thanks to the NZIF foundation for their contribution towards the costs of travelling to interview the exporters.

I would like to acknowledge the contribution of my supervisors Professor Paul Childerhouse, Professor Carel Bezeidenhout and Mr Graham West, thank you for your time and effort your inputs have been invaluable for my learning and growth through this time.

Acknowledgements to the port companies who participated in the questionnaire and were very helpful in explaining the processes that take place on their ports. Thanks to Port of Tauranga, Eastland Port, Napier Port, Port Taranaki, Centre Port, Port Nelson, Lyttelton port of Christchurch, Port Otago and South Port for your contributions.

My appreciation goes out to those individuals who fronted up to give their time and talk to me for the interviews. While privacy prevents me from thanking you individually please know I appreciate you taking time out of your day to contribute, for being both candid and passionate about your business. This research would not be the same without your very significant input. To the exporter who kicked off the idea for this research, thank you for your extra time and patience in explaining the industry in detail to me and garnering my interest in the topic.

Last but not least thank you to my friends and my family, most especially to my husband, for supporting me every day through this journey.

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