

Network Impact on Business Strategy for Embedded and Peripheral Firms

Dr Emily Baines

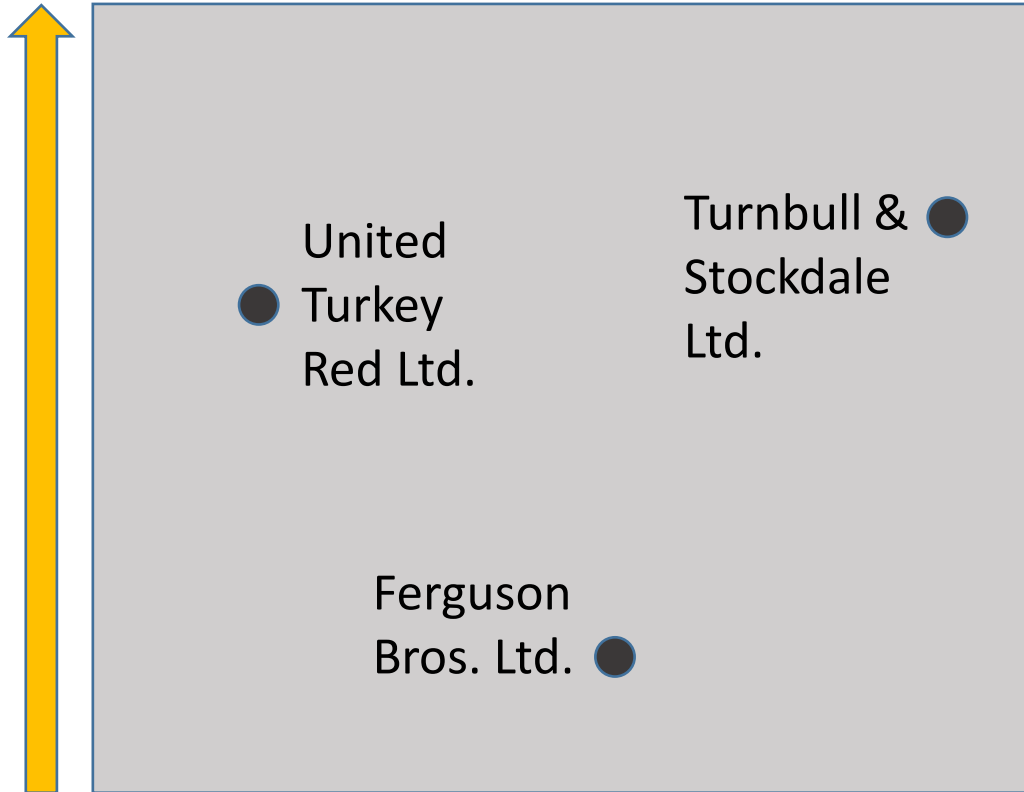
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Introduction

- This paper examines the impact of their involvement in networks on companies in the printed textile industry during the 1920s and 30s
- It compares the impact on their business strategy for firms who took different approaches to networks – embedded in industry organisations or peripheral to them; in a combination of interest-related organisations or just the specialist industry ones; in formal or informal networks. Some are geographically central to the main cluster, some embedded in a small local cluster peripheral to the industry.

Case Studies

More Embedded
in Networks



UTR works was in Alexandria,
Dumbarton and office in Glasgow;
Ferguson Bros. Ltd. in Carlisle;
Turnbull & Stockdale Ltd. in Bury

All family firms:
UTR directed by the Christie family;
Turnbull & Stockdale Ltd. by the
Turnbull family;
Ferguson Bros. Ltd. by the Chance
family

More Central to Cluster

Theory

- Determination of boundary between firms? Strategic alliances, co-ordination, co-operation (Grant, 2001)
- 'Bad networking' (Casson, 2003): acting in collusion through price-setting agreements and defensive lobbying on import taxes/ tariffs
- Knowledge creation and distribution through membership of networks (Grant, 2001): the epistemic cluster (Hakanson, 2005; Malmberg & Power, 2005) – acting to enable the organisation/ network as a community of practice with a shared history of learning and learning needs (Wenger, 1998)
- Connector (Kipping, 1999; Gladwell, 2002) or broker between communities through multimembership (Wenger, 1998), a nodal point through which the reification of views occurs
- Benefit through network connections (Nohria & Eccles, 1992); agency: making use of network (White, 1992)
- Power and influence: position within networks (Nohria & Eccles, 1992)
- Economics of benefit from information gained v. time spent networking (Casson, 2003)
- Social embeddedness in an industrial district (Staber, 1996; Wilson & Popp, 2003): enabling flexible specialisation as a competitive advantage of the local cluster (Piore & Sabel, 1984; Sabel & Zeitlin, 1997; Veyrassat, 1997; Capecchi, 1997)

)

Networks

- Federation of Calico Printers and subsidiaries ■
- Furnishing Textile Manufacturers' Federation ■
- Manchester Chamber of Commerce ■ (discussed in Rose, 2000;)
- JCCTO ■
- Federation of British Industry
- **Textiles Institute** ●
- **DIA** ●
- **Manchester Art Gallery**
- Local informal networks within cluster ●

Did any provide access to opportunities , or flexibility of working and response (Veyrassat, 1997; Capecchi, 1997)?

Skill development and knowledge creation ()?

Provide strategic alliances, co-ordination, co-operation that mediated the boundary between firms (Grant/ Seely Brown)?

Ferguson Bros. Ltd., Carlisle



Holme Head works, Denton Holme,
Carlisle, by weir on River Caldew



Morton Manor (1780):
now a community centre
and wedding venue, in
Chance's Park



Robert Ferguson
Primary School

Ferguson Bros. Ltd. network strategy

- Geographically peripheral to main Manchester/ Lancashire cluster but local small cluster of manufacturers of cotton, woollen tweed and yarns (Morton Sundour Fabrics Ltd at Dentonhill, Robert R. Buck & Sons at Denton Holme, Cowans Ltd and others at Mill Eilers Dalston; Stead McAlpin at Cummersdale; Langholme mills including Reed & Taylors; Thomas Brown & Co.)
- Limited, disengaged/ peripheral to formal industry networks: FCP member only
- Socially embedded in local 'web of relations' in Carlisle industrial district (Wilson & Popp, 2003; 10) with key role in local social networks
- Social status through personal local responsibility (Joseph Ferguson was Mayor 1836-7, MP 1852-7; Major Robert Ferguson was Mayor 1854-5 and 1858-9, MP 1874-86, Chair of Carlisle School Board, President of Carlisle Mechanics Institute, Fellow of Society of Antiquaries; Sir Frederick William Chance KBE Mayor 1904, Cumberland County Council, MP 1905-1910, High Sheriff 1915; Capt. Frederick Selby Chance High Sheriff 1934; Sir Robert C Chance JP, Mayor 1929-30, High Sheriff of Cumberland 1938; Major Kenneth Miles Chance; JS Chance)
- Acknowledgement of corporate social responsibility (Joseph Ferguson charity, suspension bridge, cottages, 1882 coffee tavern & reading room, Robert Ferguson school, non-contributory pension for employees with £2-4,000 p/a contributions to the Workers Benefit & Pension Fund, grants to employees holding Preference Shares (2.5% 1917-18, 1% 1919, 1.5% 1920-9), 1920-1 & 1926 donations to Cumberland Infirmary, 1924 recreation field, 1925 hard tennis courts and adjoining land; 1930 relinquished proportion of contingent bonuses and discontinued 1932; FW Chance waived his director's remuneration from 1930 to 1937, all directors 1938-9; offered Morton Manor to city for community use 1944)

Ferguson Bros. Ltd marketing strategy

- Entrepreneurial, differentiated: in dress fabrics
- Vertically integrated production from fibre to finished textile at Carlisle site, sale to retailers & wholesalers; focused marketing and product development strategy with product types and ranges for different markets
- Innovation throughout the integrated value chain: artificial fibre, textile products (mixed fibre, finishes), print techniques and textile design, promotion

Ferguson Bros. Ltd. printed dress textiles

1930-1 Voile



Art Silk 1930

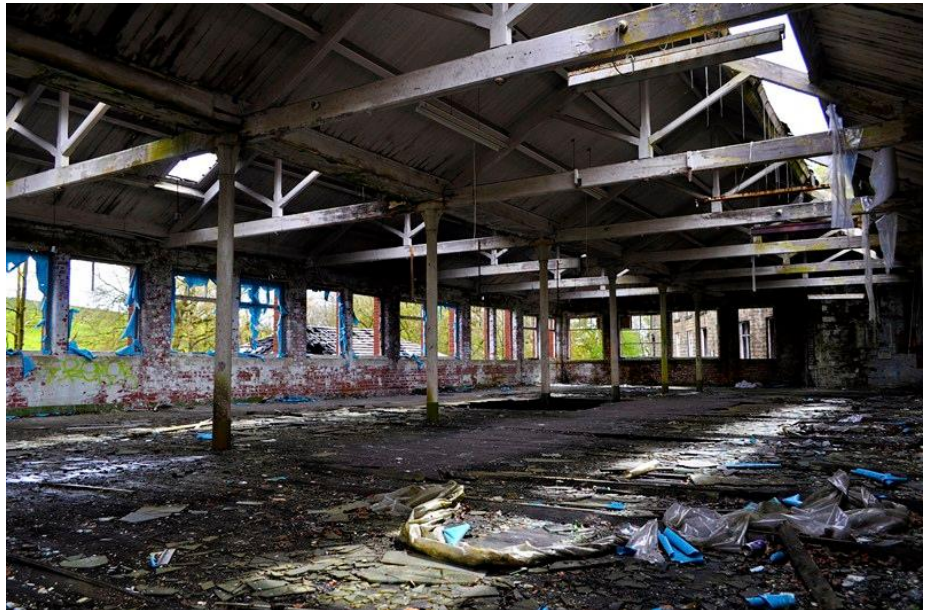


Printed Cotton 1926-31





Turnbull & Stockdale Ltd.



Rosebank Printworks (originally Edenwood Mill), Stubbins, Lancashire, 2012
(www.derelictplaces.co.uk/)

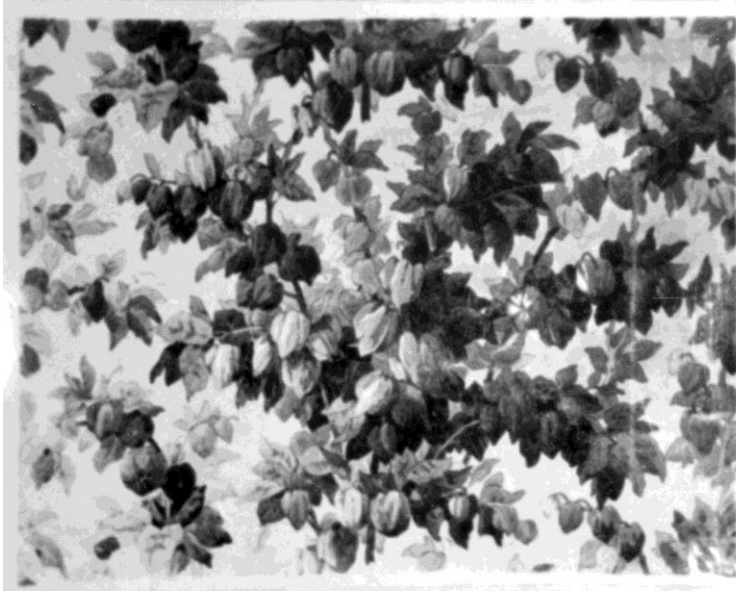
Turnbull & Stockdale network strategy

- Engaged: Capt. William Turnbull
- Connector/ broker between organisations on design and design education, acting as reifier of views for industry
- Membership but more peripheral engagement in other industry network aspects

Turnbull & Stockdale Ltd.

- Strategy combines commission-processing (for dress fabrics) and more entrepreneurial (for furnishing textiles) models
- Quality positioning for furnishing prints
- Produce finished printed fabrics: vertically integrated bleaching/dyeing/ printing
- Innovation in design, but within dominant context of established competence

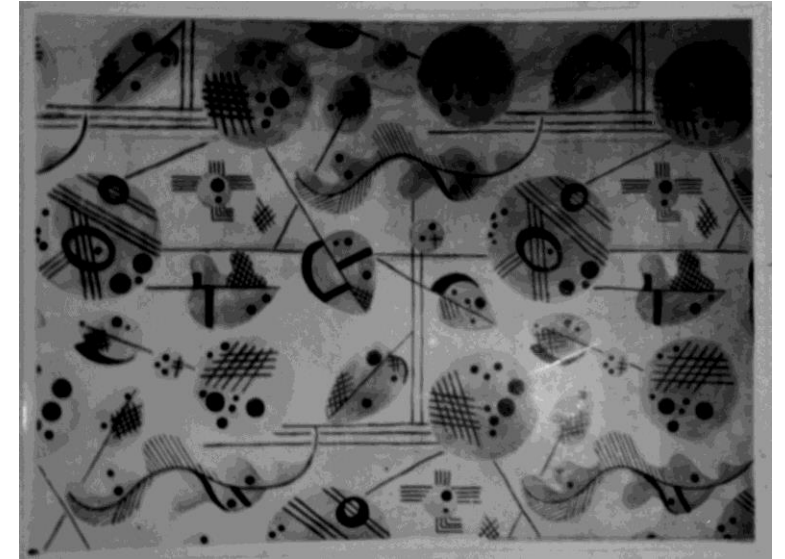
Turnbull & Stockdale Ltd. printed furnishing textiles (engaged to T&S)



Rigby 'Cape Gooseberries', 1930,
Machine Print



SGB 'Jacobean Trail' 1933,
Machine Print



Aufseeser 'Balloon & Leaf
Design' 1933 Screen Print



UTR Co. Ltd.

Levenbank Printworks,
Jamestown: 1927



Lade at Dillichip works:
Archibald Orr Ewing & Co.



Dalmonach
School House, at
Dalmonach Works



Alexandria works and
nearby India Street

United Turkey Red Co. network strategy

- Geographically peripheral to main cluster but local small cluster
- Intense agent/ information network within industry for market intelligence gathering, personal contacts;
- Engagement with formal industry network (FCP): responsive and defensive approach

United Turkey Red Co. marketing strategy

- Cost leader approach:
- Production of standard product types for particular markets (Para Browns, Para Red and Yellow Scarves; Alizarine Red, Pink and White double-border Garts, 3 colour Gagra, Indigo and Alizarine Red Sarongs, Kangas, Tablecovers, Marocains, Wax Block Prints)
- Price competition and close observation of market;
- Some production of novelty effects and cloths in response to 'the tendencies for novelties' noted in 1930 but no design interest indicated, though market disadvantage noted ('it is not easy to displace CPA goods, that are taken by the dealers because of the large range of patterns available and the good work and colours available in these styles' 21/1/1925). Dye innovation by John Christie jnr, not adopted.
- Micro-response to market in imitation of competitors/ products ('Calcutta quiet – no demand Para Prints. GH Christie had heard that all Mr Swallow's machines were working - find out what styles Swallows are printing and see if we can obtain a share of the business' 11/1/1928; 'Simpson & Godlee doing large trade in Pintades and allied styles: necessity to get share in business' 14/3/1928; 'Art silk: Mr C. instructed to get busy, push for orders, visit London and find out if our designs are suitable for the market and also what design is in demand in the market. The Chairman impressed on Mr C. the necessity for pushing all possible orders in these styles as up till now, our share had been very disappointing' 10/7/1929)

UTR
export
dress
prints,
c1920



Conclusion

Different approaches to networking:

- ‘Bad networking’: UTR was embedded in formal networks and established its own network of agents for information gathering. It attempted to act as an agent in using the network to its commercial benefit on Indian tariff and price-setting (White, 1992; Grant, 2001). Its engagement in these networks and preoccupation encouraged a defensive corporate strategy (Casson, 2003; Bowden & Higgins, 2003).
- Design networking by Turnbull & Stockdale: acting for the benefit of the cluster, in knowledge creation and distribution (Wenger, 1998; Grant, 2003; Hakansan, 2005; Malmberg & Power, 2005) and appears to have given some advantage to the company through contact with innovative designers and new trends in their furnishing textiles, though the time taken may have had a negative impact (Casson, 2003) A follower in technical innovation: competence based approach, but design innovation bitty, giving muddled corporate image. Passive approach in the dress textiles business.
- Ferguson Bros. Ltd. was socially embedded in the Carlisle cluster and community (), with a peripheral role in industry organisations which allowed it the independence to act entrepreneurially in creating and marketing new products.

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