

# Who's in Charge Here? Some Case Studies about Leadership, Management and Control of Food Distribution Channels from a Value-System Perspective

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The original title of this research was “Some Case Studies on Food Security and Safety in East Asia.” Specifically, we were interested in examining three case studies: two outbreaks of bird flu/avian flu—first in 1997–1998 in Hong Kong and southern China, and then again in Southeast Asia from 2003 to the present—involving fresh chicken production and distribution, and SARS in 2003–2004, involving the production of fresh civet cat meat in the wild game “wet markets” of Guangzhou, southern China.

Our theoretical approach used the value-system perspective. According to Porter (1985), firms can be modeled as value chains, comprising sets of related business activities that can be redesigned and reconfigured through investments to achieve greater efficiencies in specific business processes (cost drivers), and/or relatively more value added in the product delivered to subsequent stages in the value chain or supply chain (value drivers). Investments in cost drivers and/or value drivers in the firm's value chain leads to greater value creation in the firm as a whole and to the potential for greater competitive advantage and long-term profitability for the value chain relative to competitors' value chains.

The chief advantage of this approach is that it takes the perspective of the businessperson, from his or her point of view at the firm level, in terms of which decisions were made and why they were economically rational, and yet led to such externalities as infectious diseases that posed threats to the public health locally as well as internationally.

In the creation of a value system, firms cooperate and vertically coordinate their value-chain activities for mutual benefit or gains in value creation, delivering more value and/or incurring less cost relative to competing value systems. Using the value-system perspective, then, the goal of the study would be to identify firm incentives to lower costs and/or add

value throughout the value system given current channel structures. In this process, the case studies might help identify areas where market failures occur, allow consideration of the implications, and suggest possible remedies (e.g., policy, investment, regulation and enforcement of laws.)

Also worth noting is the possible existence of problems with rent sharing and investment (who will do it, when, and why or why not). In the value system, managers look for improvements in the system as a whole by forming linkages between firms; that is, between primary and/or support activity stages of the value chains of the two firms. Where possible, the strategic goal is to achieve better sharing of skills and/or coordination of business activities between the two firms' value chains in order to create efficiency or value gains, or synergies. Either skills are transferred (competency building) or business activities are shared (efficiency gains made through achieving economies of scale or scope, outsourcing, elimination of duplicate cost-incurring activities, etc.) (Porter 1985, 1987).

However, after encountering an article on the USDA's denial of a Kansas meatpacker's petition to perform in-house mad cow disease testing in order to resume their beef shipments to Japan (Adamy 2004), we were presented with a fourth case study, which made our research design more interesting (or complicated, depending on your point-of-view).

Our new theoretical questions are: Should government (or arms of various levels of government) be considered as channel partners in the value-system framework? How do competing channel partners resolve their differences when more than one partner wants to compete for channel leadership? What if one of those partners is a governmental actor and the rest are not? What if there are multiple governmental actors (e.g., different agencies in a given value system?) Should we also treat trade associations and other stakeholders in a given value system as channel partners?

This raises other intriguing questions: How do

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firms create new value systems? What conditions foster the emergence of new value systems? What conditions hinder their formation or emergence? How are value systems maintained by system partners? How do value systems fall apart?

We are also looking at related keywords in the distribution/marketing-channel literature, such as channel leadership, channel captain, and channel

control; goal priorities; and business networking.

## References

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