Entrepreneurial Supply Chains and Strategic Collaboration: The Case of Bagòss Cheese in Bagolino, Italy

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Road Map

• Research Motivation:
  – Confronted with global competition challenges, how can small towns leverage their local assets to achieve and sustain competitiveness?

• Presentation organized as follows
  – Entrepreneurial Supply Chains
    • Definition
    • Typology and examples

• The case of Bagòss cheese
  – Background: Bagolino and its assets
  – Importance of governance and IP in sustaining competitiveness

• Discussion
Organization Approaches for Sustainability

• “Red Ocean” competition (Kim and Mauborgne, 2005)
  – Treats products as homogeneous and competes on price
  – Risk of tragedy of the commons (Hardin, 1968)

• Traditional supply chain
  – Champion-owner determines exchange rules and specifications
  – May be an improvement over “red ocean” under certain conditions but has risks of moral hazard and opportunism (Simon, 1991)
    • Engenders anonymity value (Amanor-Boadu and Starbird, 2005)
Organizational Approaches for Sustainability

• Entrepreneurial Supply Chains
  – Entrepreneurship is the process of “seeing” and seizing opportunities through innovative processes with the view of creating exploitable value (Schumpeter, 1942; von Mises, 1996; Amanor-Boadu, 2006; Timmons, 2007)
  – Inter-firm relationships characterized by a mutual recognition of need for, and dependence on, a valuable asset that is inexhaustible in use but depreciable with misuse or abuse
  – Participants realize a shared responsibility in protecting and enhancing the value embedded in the enabling asset through social ties and networks (Granovetter, 2005)
  – Overcomes homogeneity and opportunism and moral hazard risks
Typology of Entrepreneurial Supply Chains

- **Type**
  - Place
  - Place-Product
  - Place-Product-Process

- **Immobility**
  - High
  - Low
  - Low

- **IP Protection**
  - Low
  - Medium
  - High

- **Degree of Participant Engagement**
  - Low
  - Low
  - High

- **Examples**
  - Hawaii Surfing; Grand Canyon; Swiss Alps
  - Italian Suits; Scotch Whiskey; Saskatoon Berries
  - Vidalia Onions; VQA Wines; Bagoss Cheese
Bagolino and Bagòss Cheese
## Characteristics of Bagòss Cheese Producers

<table>
<thead>
<tr>
<th>Channel</th>
<th>Price/kg</th>
<th>Age at Sale</th>
<th>#</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mean</td>
<td>&lt; 1 Year</td>
<td>1 - 2 Years</td>
</tr>
<tr>
<td>Consumers</td>
<td>15.00</td>
<td>44,323</td>
<td>18,996</td>
</tr>
<tr>
<td>Restaurants</td>
<td>17.22</td>
<td>-</td>
<td>286</td>
</tr>
<tr>
<td>Local Retailers</td>
<td>12.97</td>
<td>30,354</td>
<td>-</td>
</tr>
<tr>
<td>Outside Retailers</td>
<td>15.10</td>
<td>11,434</td>
<td>10,972</td>
</tr>
<tr>
<td>Wholesale</td>
<td>14.13</td>
<td>16,356</td>
<td>-</td>
</tr>
<tr>
<td>Agers</td>
<td>12.50</td>
<td>999</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>103,466</td>
<td>30,254</td>
<td>5,070</td>
</tr>
</tbody>
</table>
Relative Performance of Tradition and IP to Base Scenario
Conclusion

• Given the unique place-product-process assets, seemingly unrelated organizations must collaborate to create sustainable competitiveness.

• The governance mechanism and IP system are important in their success:
  – Traditional supply chain creates unaligned objectives
    • Engenders cost minimization, leading to loss of uniqueness and attendant price premium
  – But entrepreneurial supply chain creates aligned objectives and controls opportunism
  – IP enforcement enhances benefits of entrepreneurial supply chain structure
    • Getting local government to pay for IP enforcement accentuates benefits
Further Research

• Our research has shown that governance mechanism and IP enforcement system matter in sustaining the competitiveness of a local solution to a global challenge when place-product-process assets define local competitiveness.

• We did not determine the relative importance of governance and IP enhancement or the effect of longer and more complex supply chains.
  – Further research should look into these to determine the effectiveness of ESC in using local solutions to address global challenges vis-à-vis other governance mechanisms and IP systems.

• Thank you.