



# Competitive Collaboration

Minnesota State Engineering Center of Excellence  
MEET Conference 2022



日露激戰畫圖

我軍定州  
を占領す  
日本  
大勝利





## The Competitive Mindset



# The Competitive Mindset



“It is not enough to succeed. Others must fail.” – Gore Vidal

“Do I not destroy my enemies when I make them my friends?” – Abraham Lincoln

# Coopetition

AKA Cooperative Competition; AKA Competitive Collaboration

- Recognizes that relationships in business do not have to be win-lose. Sometimes both / multiple parties can win.
- Business strategy using insights gained from game theory to understand when it is better for competitors to pool resources and collaborate to drive mutual gain and increase the benefits for all participants.



- Note: Coopetition does not in any way imply that businesses should not compete. (Indeed, capitalism inherently requires that they do)
- It suggests that business competitors can work together without ignoring their justified self-interest.

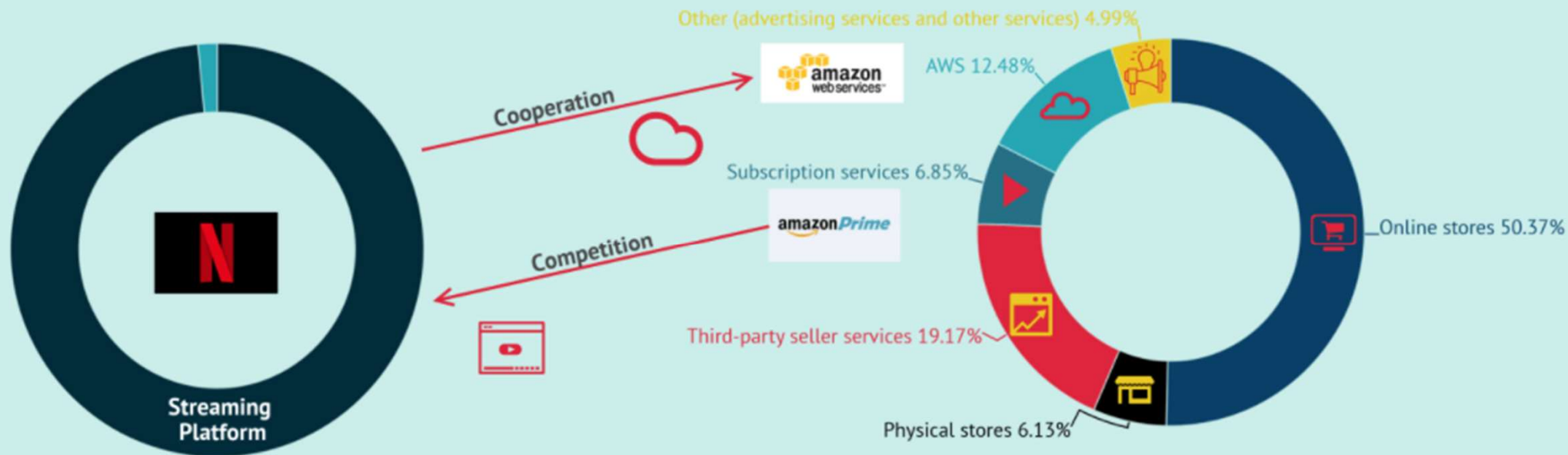


# The Value Net Model of Coopetition

Reference: *Co-opetition*. London: Profile Books, 196;  
Brandenburger, Nalebuff

# Coopetition In A Nutshell

Coopetition describes a recently modern phenomenon where organizations both compete and cooperate, which is also known as cooperative competition. A recent example is how Netflix streaming platform has been among the major customers of Amazon AWS cloud infrastructure, while Amazon Prime has been among the competitors of Netflix Prime content platform.





## Main Principle of Coopetition

*Don't just fight for a bigger slice  
of the pie.*





## Main Principle of Coopetition

Work in partnership to make the  
pie bigger.

And *then* fight for a bigger slice.

# 4 Types of Competitive Collaboration



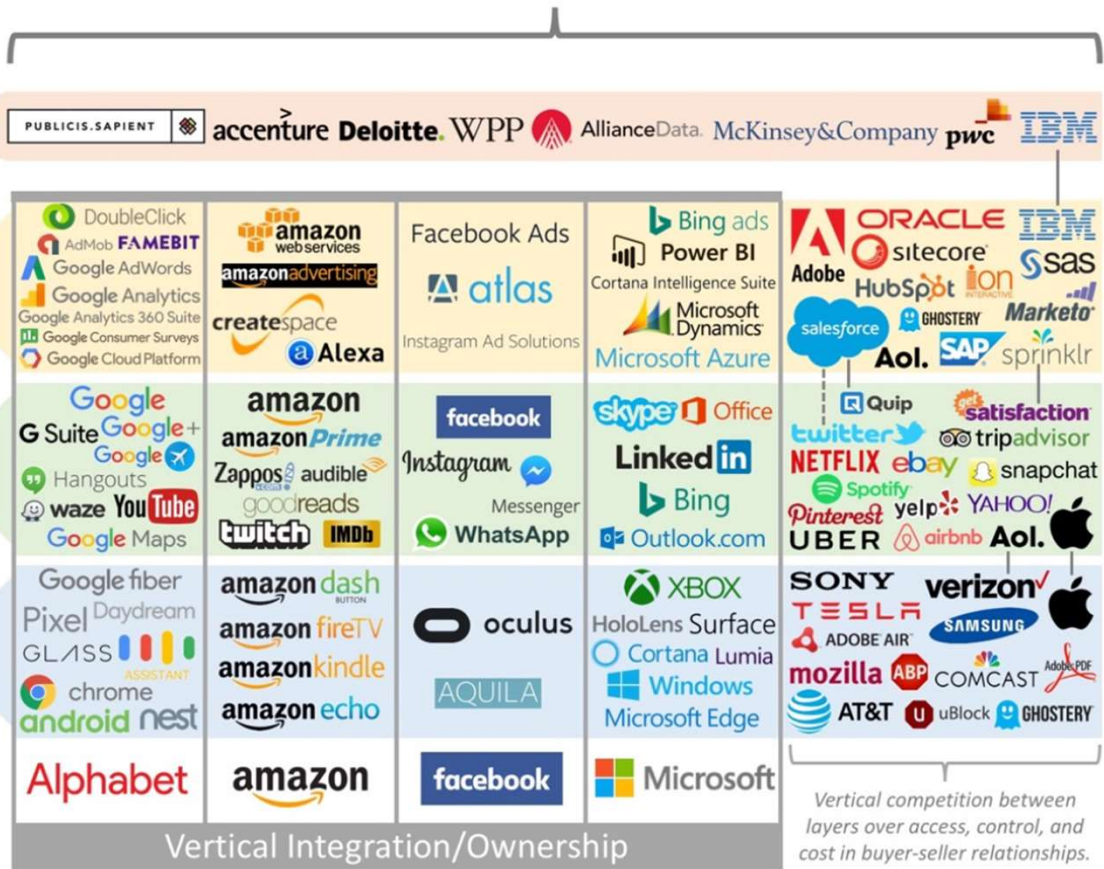
- Passive collaboration (mutual interaction required by law)
- Active collaboration (voluntary collaboration) in the form of agreements or coordinated actions
- Active competition (includes sales activities)
- Passive competition (indirect non-personal marketing)

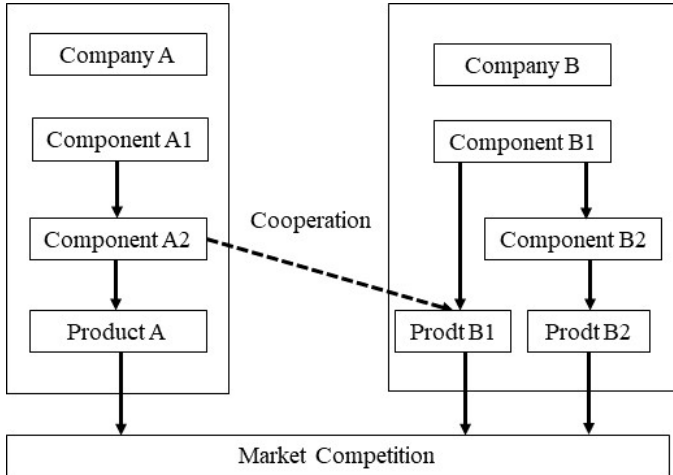
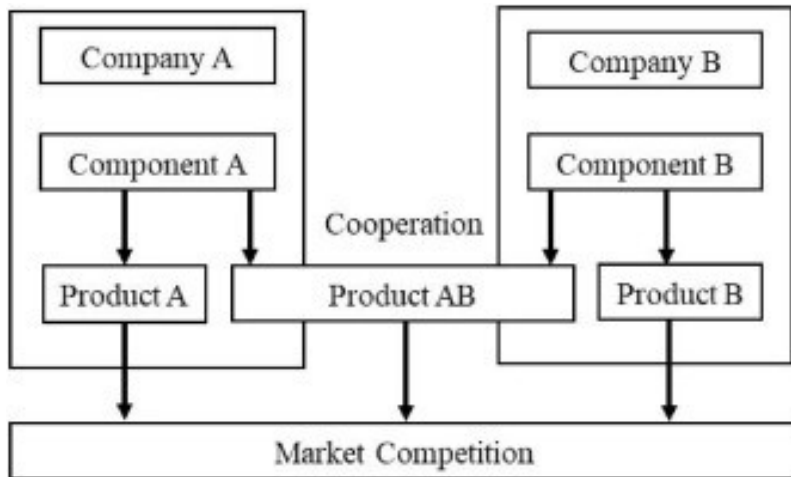
# Horizontal Competition

Vertical Competition



analysis by chiefmartec.com





# Vertical vs. Horizontal Cooperation

- Vertical - firms collaborate in partnership form in a client-supplier relationship, and are competing upstream or downstream of this cooperation
- Horizontal - cooperation takes place between the two firms on some elements of the value chain that are upstream or downstream of the products for which they are in competition



# Cooperative Competition – Pros & Cons



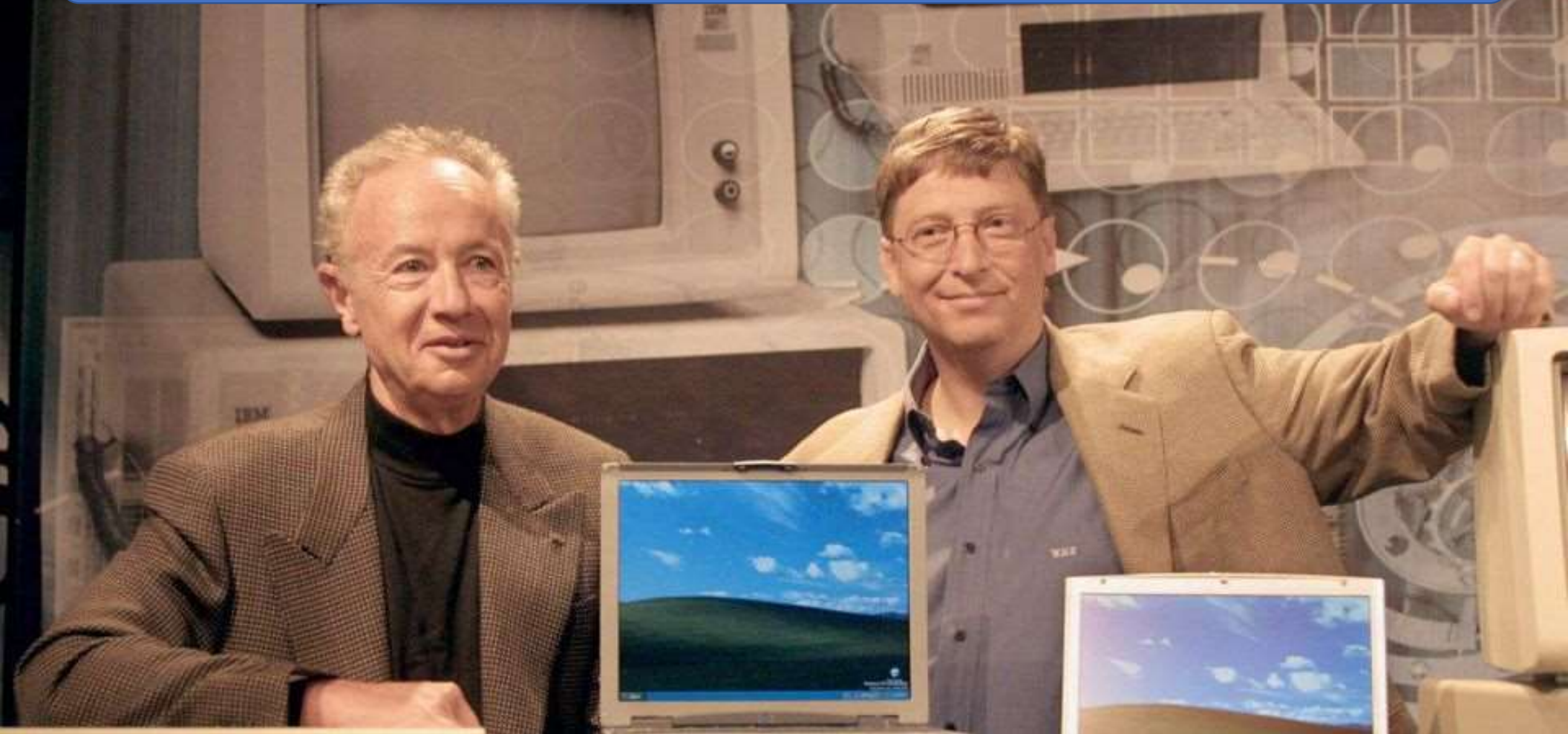
Benefits	Drawbacks
Share Strengths	Power imbalances
Distribute Workloads	Lack of trust
Team up against even larger competitors	Workload distribution inefficiencies
Improve market performance	Technology leakage / Customer defection
Foster innovation	Antitrust issues



# Competitive Collaboration

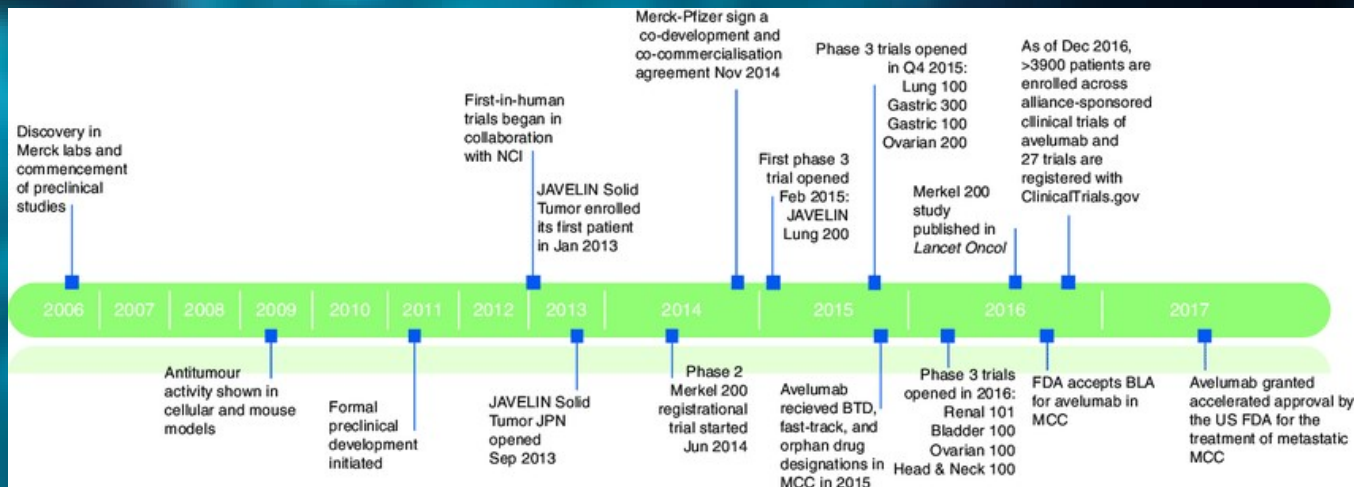
Putting It Into Practice

# *Wintel Alliance (Microsoft + Intel)*

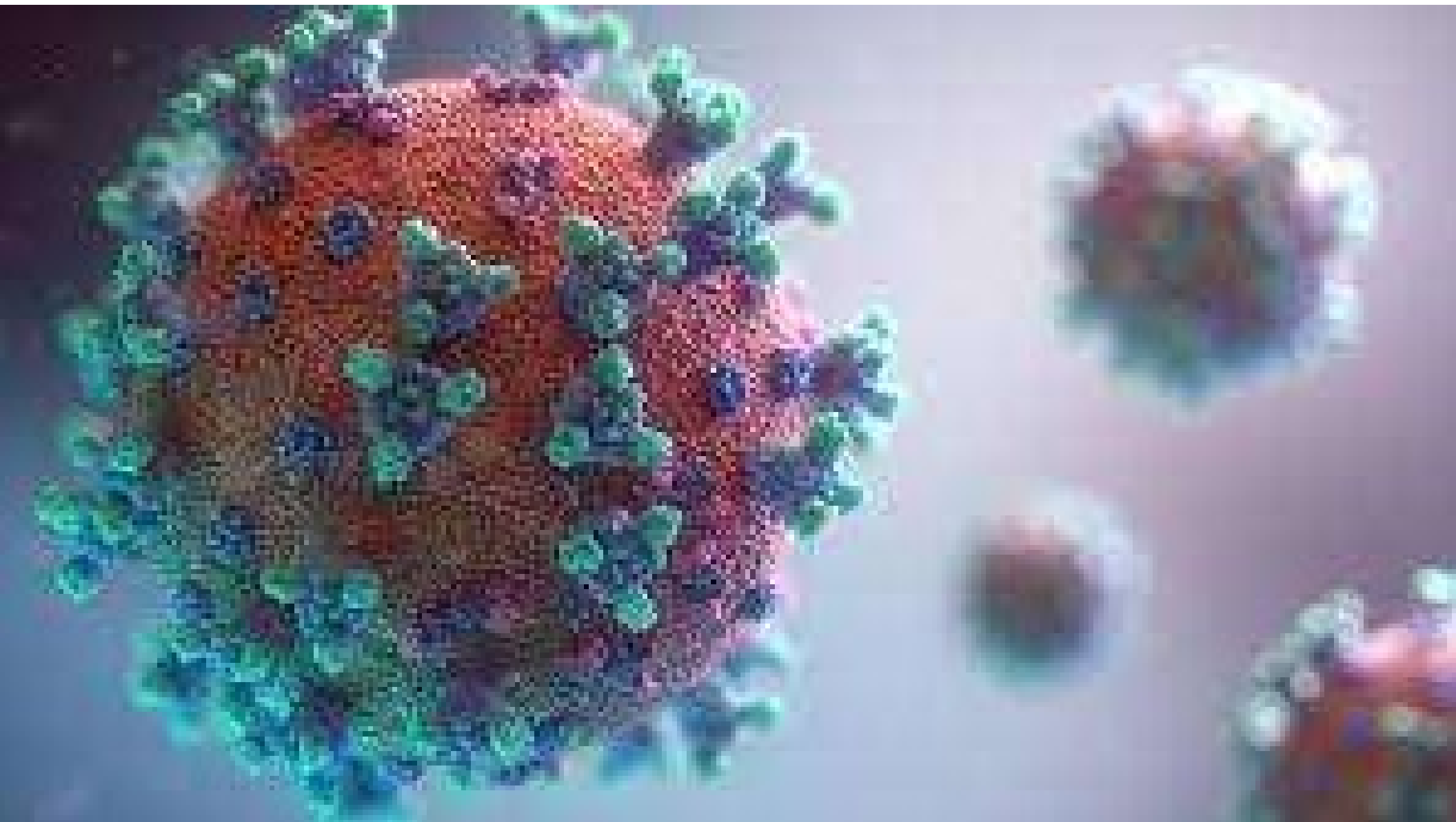


# POWER OF COMBINATION

Merck KGaA  
Darmstadt, Germany









**NEWS:**

On McHappy Day, all Big Mac sales are donated to Ronald McDonald's house charities that help children with cancer.

**NEWSJACKING:**

We embraced the cause by not selling the Whopper nationwide and encouraged our customers to go and buy a Big Mac instead.

We even went there ourselves!



# A DAY WITHOUT WHOPPER

THE DAY WE DONATED OUR GUESTS TO McDONALD'S CHARITY

AdAge TAXI Webretail ADWEEK YAHOO! Media Marketing 24/7  
LaVoz EL MISIONERO LA CAPITAL ELCRONISTA PERFIL ciudad magazine

**206M IMPRESSIONS**

**90% ORGANIC**

WE SOLD

**0**

WHOPPER IN 107  
RESTAURANTS NATIONWIDE

McDONALD'S SOLD

**73.437**

MORE BIG MAC'S THAN  
LAST YEAR

IT WAS A

**RECORD  
YEAR**

FOR McHAPPY DAY  
IN ARGENTINA

Clarín

"A TRUCE IN THE ETERNAL  
WAR OF BURGERS"

THE DRUM  
"BURGER KING EMBRACES  
McDONALD'S"



## Automotive Sector

- Ford and Toyota teamed up to develop hybrid truck/SUV platforms in 2011
- Biggest truck manufacturer + Biggest hybrid drivetrain manufacturer
- Seeds laid by 2008-2009 recession and big losses by both firms, by sharply accelerating EPA emissions penalties, by Lexus quality woes, and by a change in Toyota leadership

*Blissful as pictured... They broke up 18 months later...*



## Automotive Sector

- Volkswagen Group, General Motors, Nissan, Toyota, and many other multi-brand producers utilize multiple elements of supply chain cooperation
  - Co-warehousing
  - Load consolidation in transport
    - Reduce partial load costs
    - Increase negotiation power
  - Standardization of common components used across multiple platforms
  - Shared R&D costs





Automotive  
Sector

What do these cars have in common?



## Automotive Sector

Daimler, GM, and Ford pooled their resources to create Covisint as an automotive B2B exchange

On 4/5/22, GM and Honda announced co-development of compact EV platforms



## Chemicals Sector – Microban 24

**Residual  
Sanitization – a  
world's first!**

**Multipurpose  
Cleaner / Bath  
Cleaner / Aerosol  
Spray**

**5 different scents  
/ Multiple  
different sizes**

**\$200MM in  
Procter & Gamble  
revenue in 1<sup>st</sup> 12  
months post-  
launch**

# Microban 24 – Defenders!



GLOBAL LEADERS IN ANTIMICROBIAL AND ODOR CONTROL TECHNOLOGY

PROTECTION THAT LIVES ON  
**MICROBAN**



# Healthcare Sector

## Innovation Learning Network (ILN) Benefits:

- Cross-pollination & expanded access to knowledge
- Increased speed of problem solving due to joint resource deployment
- A sense of place and community
- Participation in a movement that is improving patient outcomes

Innovation Pillar 1: Cocreation  
and sharing

Innovation Pillar 2: Teaching  
innovation to build competency

Innovation Pillar 3: Cultivating  
trust



## Other Examples



- Airlines
- Retail
- Mobile Phone Chips
- Social Media
- Online Marketplaces
- Mobility
- Gaming Content
- Competitive Sports
- Animal Kingdom
- Finance
- PPE



# Competitive Collaboration

Special Section: Education Sector

# Educational Sector

- The primary mode of engagement in the educational sector continues to be a highly competitive pursuit of top student candidates.
- A new style of shared challenges, shared purpose, and shared development can offer a superior and efficient way of working.
- Joint Program Linkage
  - MBA/J.D. programs 'locking in' top tier candidates to the respective Universities
- International market development
  - Joint marketing & library access for B-schools
- Specific Geographical Networks
  - 6<sup>th</sup> form colleges in the UK
  - Consortium of Community Universities in South Brazil



# Network of 11 “6<sup>th</sup> form Colleges” in the UK

- Network of 11 Colleges which prepare 16–18-year-olds for A-level University exams
- While part of a network, the schools compete intensively for student enrollment which drives funding allocations, amongst other things.
- All located in the same geographic area (South England); students present a highly diversified socio-economic profile.
- Network aims:
  - Collaborating for quality assurance
  - Managing staff networks
  - Sharing good practices and jointly promoting the consortium
  - Negotiating with service providers (joint procurement)
  - Providing scaled, local training opportunities (group purchasing power)
  - Influencing national educational developments (joint lobbying at exam boards, joint access to local politicians and agencies for key votes)



# Network of 11 “6<sup>th</sup> form Colleges” in the UK



## Learnings / Practices

- The network employs a 3<sup>rd</sup> party coordinator who has no association with any network member to play a key brokerage role.
- Benefits realized over a 15-year period:
  - Information flow helped to eliminate myopia that historically developed within each college
  - Leverage with suppliers of hard goods and services from buying coalition that delivers efficiency benefits to all
  - Shared professional development shrinks structural gaps and enhances curriculum development
  - Joint quality assurance keeps the network prepared for National Inspection Agency audits
  - Higher enrollment across network participants vs. non-network 6<sup>th</sup> form colleges
  - Increased enrollment for subjects that previously had limited take-up.

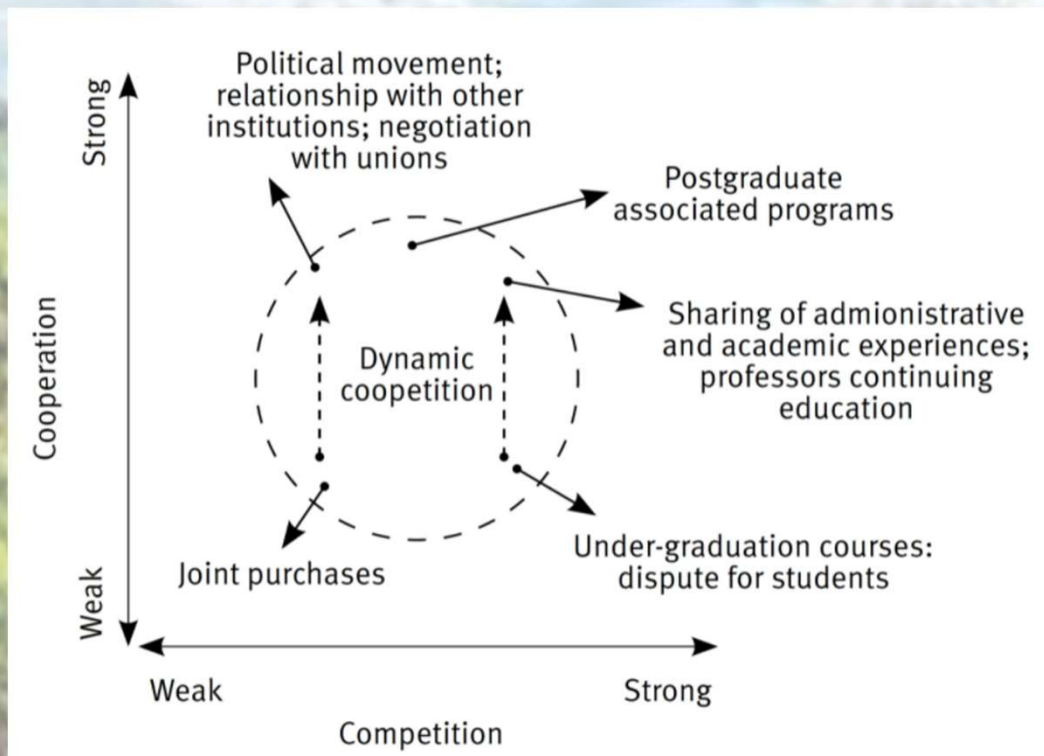


# Consortium of Community Universities in South Brazil

- Network of 15 universities across 40 campuses representing 208,000 students (~60% of total enrollment in South Brazil higher education)
- Network aims:
  - Collaborating for purchasing and administrative efficiencies
  - Sharing knowledge, capabilities, and assets to increase the homogeneity of network participants
  - Joint stronger voice with governmental economic and education audiences
  - Stronger joint negotiation power with worker unions
  - Development of academic expansions



# Consortium of Community Universities in South Brazil



- Benefits realized over a 20-year period:

- Reduction of total administrative and procurement costs
- Improved learning based on standardized testing results
- Expanded offerings in doctoral programs through joint funded development
- Decreased threat from entrance of new private higher education institutions (HEIs)
- Favorable joint renegotiation of federal debts



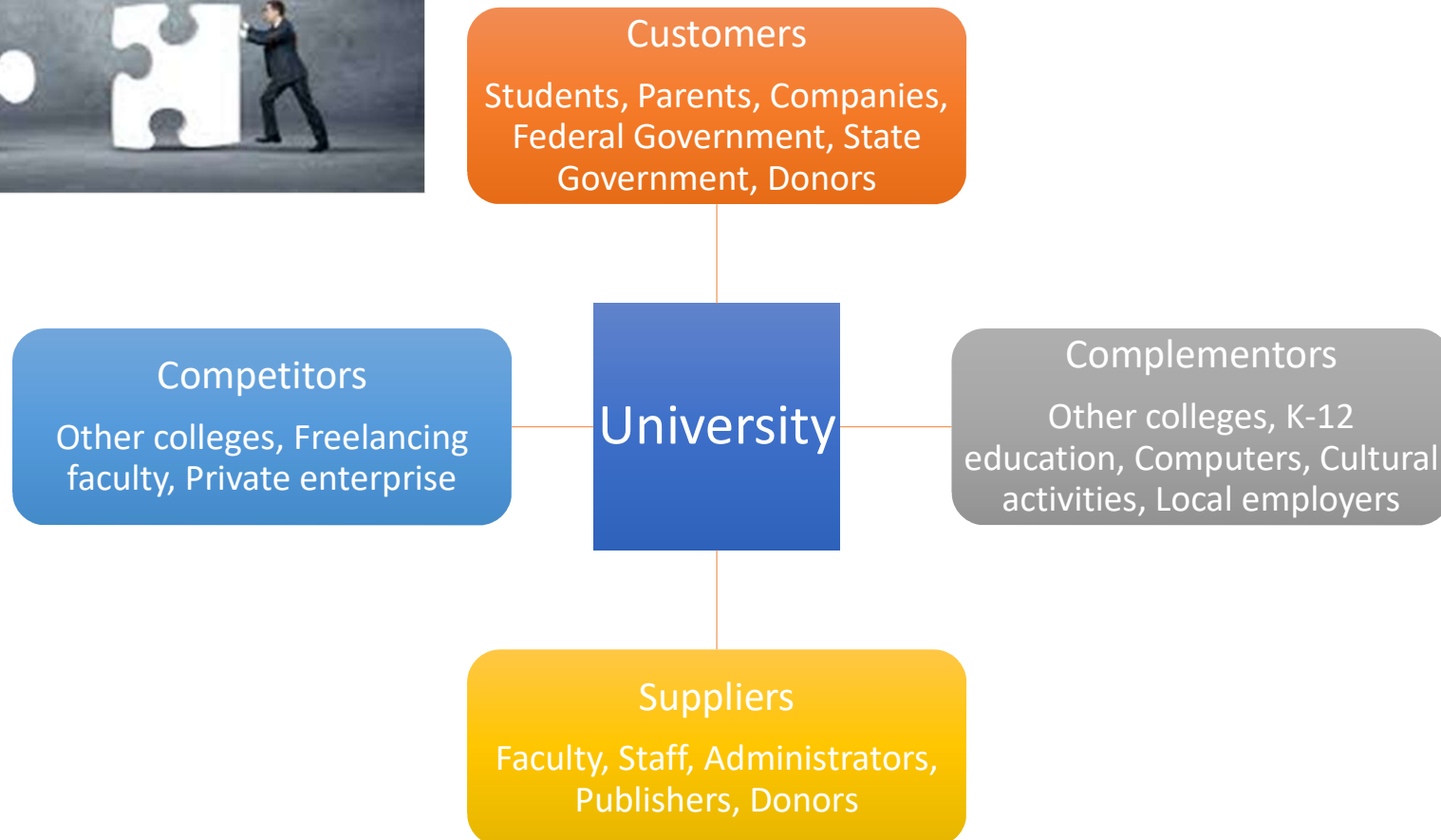


# Competitive Collaboration

Considerations and Best Practices



# The Value Net of Coopetition - University



# How to avoid a Mess? Ask the right Questions

## 1. Can You Achieve Your Goals Without the Competitor's Help?

Real / Win / Worth

## 2. What Is the Purpose of the Partnership?

Scope / Boundaries

## 3. What Are the No-No Areas?

Identify the areas that neither of you will ever go into (e.g. pricing strategy, customer information, sales approaches) and be sure to inform the employees / participants

## 4. What Are the Limits on Sharing?

What is Essential / Need-to-know / How can we Isolate

## 5. Are You Still Protected?

Continually reassess as 'drift' can happen naturally and inconspicuously.





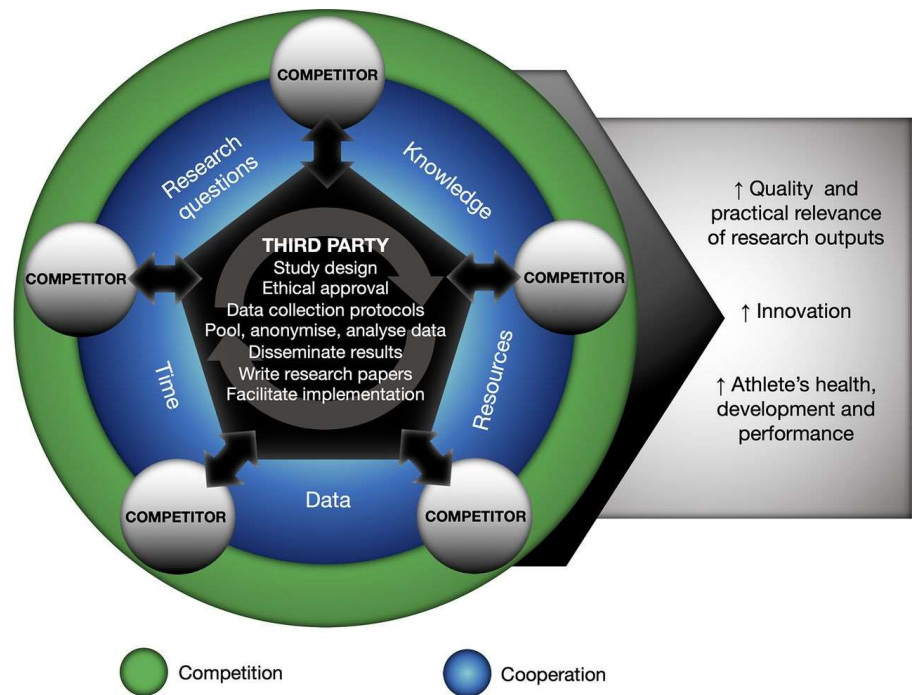
# What should be in place to properly balance the forces of Cooperation and Competition?

## 4 key principles

- Interdependence
- Coordination
- Definition of Benefits
- Value Creation

## 2 most important elements / practices

- Trust
- Unbiased, Independent, 3<sup>rd</sup> Party Involvement



# What to look for in a collaboration partner



**SHARED  
TARGET MARKETS  
+  
SIMILAR  
BUYER PERSONAS**



**COMPLIMENTARY  
BRAND INDENTITY**



**SIMILAR  
MARKETING GOALS**

# Effective Coopetition



HAVE A COOPERATIVE  
ATTITUDE (CULTURE  
MATTERS)



BE SELECTIVE ABOUT  
WHO YOU  
COOPERATE WITH,  
AND THE INFO YOU  
PROVIDE



TREAT YOUR  
PARTNERS LIKE YOUR  
CUSTOMERS



GET CREATIVE; BE  
PREPARED TO WORK  
IN NEW WAYS



BE TRANSPARENT;  
TRUST IS A 2-WAY  
STREET



BUT – PER THE  
EXAMPLE, EAT AS  
MUCH HAY AS YOU  
CAN...

