

# 'Coopetition' Workshop

## 1. Introduction

The Auckland Disability Provider's Network requested a workshop to explore the potential for inter-provider collaboration in order to reduce supply costs, establish greater resiliency within the sector and engender an enhanced sense of cooperation.

At a workshop at the Barry Court Motel on Friday 28 May 2010, the concept of Coopetition was introduced as a business model that took the advantages of a competitive model and wove them into a blended model comprising elements of a collaborative or cooperative approach. The workshop was facilitated by **Brett Marsh - General Manager Business Excellence at Spectrum Care**. These notes comprise a summary of the workshop outcomes.

Syndicates determined the attributes of each model and concluded that the collaborative model held more advantages for the individual organisations, the disability sector and the end-users. The attributes considered included;

- Staff
- Financial
- Social
- Scientific or knowledge creation
- Market
- Political
- Economic
- Reputational
- Personal and family
- Short and long term consequences
- Spill-over effects
- Greater good v lesser good.

There was agreement for those providers that elected to participate, to construct a list of those items that were regarded as tradeable and that these should be placed on the two websites, [www.adpn.org.nz](http://www.adpn.org.nz) and [www.nzdsn.org.nz](http://www.nzdsn.org.nz)

## 2. Competitive Business Model

The competitive business model is predicated upon a zero-sum outcome, that is, that there will be winners whose success comes at the cost of other providers in the sector. A strategy to seize market share underpins the competitive model. Characteristics include enticing customers from other competitors and 'locking them in' to the services or products of that organisation; creating markets before other competitors can respond to new market demands, undercutting by price, providing better service quality, a range of integrated services, or high quality specialist services.

## Competitive Model

	Advantages	Disadvantages
Your organisation	<ul style="list-style-type: none"> <li>• Opportunities for growth and financial performance</li> <li>• Security and stability</li> <li>• Business development opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Potential to be eliminated from the market. Steam-rolled</li> <li>• Ease of access for new entrants</li> <li>• Profit over service delivery</li> <li>• Lack of sharing and cooperation</li> <li>• Replication</li> <li>• Many people lose out</li> <li>• Decreasing knowledge and networking opportunities.</li> <li>• Minorities not valued</li> </ul>
Disability Sector	<ul style="list-style-type: none"> <li>• Strive for excellence</li> <li>• Best company wins</li> <li>• Diversity and specialisation due to demand</li> </ul>	<ul style="list-style-type: none"> <li>• Steam-rolled</li> <li>• Lack of sharing and cooperation</li> <li>•</li> </ul>
End-user / Customer	<ul style="list-style-type: none"> <li>• Lower costs</li> <li>• Better services and products</li> <li>• Enhanced opportunities</li> <li>• Range of choice.</li> </ul>	<ul style="list-style-type: none"> <li>• Less diversity</li> <li>• Monopolies, loss of choice</li> <li>• One size fits all</li> <li>• May not be value for money</li> </ul>

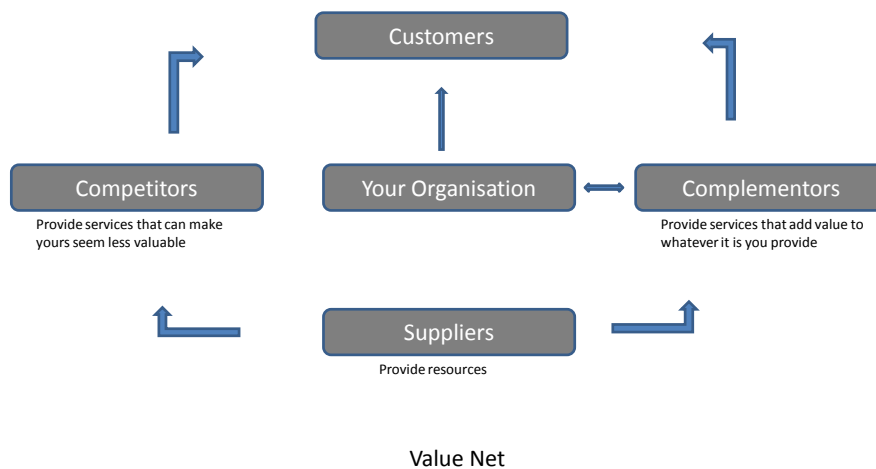
**Table 1 Advantages and Disadvantages of the Competitive Model**

### 3. Collaborative Business Model

The start point for the Cooperation approach was that market share and finances were not the currency of the model, but rather skills, equipment and other resources within the sector which are available to trade to provide mutual support and business advantage.

Cooperation holds that getting part of a contract is better than getting nothing, and that contributing what you do best to partnerships means you don't have to be all things to all funders. Collaboration allows partnerships to be organic, in the sense that they are able to change with each new partnership, each new project and be involved in multiple partnerships at a time.

The notion of a Value Net that encompasses all the players in an organisation network was used to explore the opportunity of turning competitors into complementors as part of a changed relationship. It also suggests the potential for supply costs to be realised if competitors and complementors to your organisation negotiated supply cost reductions by trading off supplier margins against volume purchased.



7

**Figure 1 Value net taken from *Coopetition, a Revolutionary Mindset That Combines Competition and Cooperation* – Adam Brandenburger and Barry Nalebuff**

One of the key considerations of Coopetition is that in a post recessionary lag phase and ongoing funding shortfalls, most providers will need to address corporate overhead and supply costs. Duplicating these within each provider may add unnecessarily high costs to operating budgets and some significant cost reductions could be entertained if some resources were shared, or that providers collaborated on projects rather than competed. For smaller providers the opportunity exists to leverage off the economy of scale advantages of larger providers gaining access to a broader range of services, talent and equipment. For larger providers there is a potential to sell spare capacity to create modest revenues, or trade with others over the use of equipment etc, which is not fully utilised. In this scenario, larger providers may have different but equal benefits to those enjoyed by smaller providers - but ultimately all organisations have the option to benefit from collaboration.

#### Collaborative Model

	Advantages	Disadvantages
Your organisation	<ul style="list-style-type: none"> <li>• Survival</li> <li>• Lower supply costs in sharing resources and better use.</li> <li>• Partnerships formed</li> <li>• Concentrate on what your organisation is best at</li> <li>• New jobs potentially created</li> </ul>	<ul style="list-style-type: none"> <li>• Potential loss of intellectual property</li> <li>• Job losses through job sharing</li> <li>• Partnership mismatch</li> <li>• Compromised confidentiality</li> <li>• More complex communications both internally and</li> </ul>

	<ul style="list-style-type: none"> <li>• Business growth</li> <li>• Greater bargaining power</li> <li>• Higher profits if competitors can be removed</li> <li>• Raised profile</li> <li>• Broader training options</li> <li>• Knowledge sharing</li> <li>• Shared staffing pool for smaller providers</li> <li>• May improve career pathways</li> <li>• Reduces waste</li> <li>• Breaks down silos</li> <li>• Allows the development of skills banks</li> <li>• Opportunity to be generous</li> <li>• Opportunities for joint tendering for contracts</li> <li>• Strength in size</li> </ul>	<p>externally</p> <ul style="list-style-type: none"> <li>• Set up effort</li> <li>• May highlight internal vulnerabilities</li> <li>• May not believe the arrangement to be equitable, Risk of manipulation</li> <li>• Potential conflicts of interest</li> <li>• Not seen as a market leader</li> <li>• Loss of market share</li> <li>• Reduced point of difference.</li> <li>• Staff may be poached or lost to larger providers</li> <li>• Loss of client-relationship</li> <li>• Fear of the unknown</li> <li>• Loss of identity</li> </ul>
Disability Sector	<ul style="list-style-type: none"> <li>• Knowledge of gaps in the sector, but also knowledge sharing and promotion of best practices</li> <li>• Consistency in applying sector standards</li> <li>• Stronger collective voice</li> <li>• Not reinventing the wheel, and avoiding duplication</li> <li>• Enhancing the excellence of the sector</li> </ul>	<ul style="list-style-type: none"> <li>• When partnerships hit the speed bumps</li> <li>• Philosophy clash in training</li> <li>• Red-tape processes for monitoring shared resources. May need to be managed through MoU or guidelines. Therefore a reliance on trust. Innovation may slow down. Creating change may be more difficult</li> </ul>
End-user / Customer	<ul style="list-style-type: none"> <li>• Lower prices and costs</li> <li>• Better product and services</li> <li>• Better access</li> <li>• Give sector new blood and fresh thinking</li> </ul>	<ul style="list-style-type: none"> <li>• Time to adapt to change</li> <li>• Individual needs may not be able to be attended by company, dilution and averaging</li> <li>• Providers may collaborate for price fixing.</li> <li>• May reduce choice</li> </ul>

Table 2 Advantages and Disadvantages of a Collaborative Model

#### 4. Tradeable

Attendees were asked to identify possible items that could be traded. These have been listed in the following table. Organisations should now begin identifying those services in which spare capacity can be offered up for trade, sale, lease etc at less than commercial cost and post their needs and items to be traded on the two websites listed on p.1

<b>Training</b>		
Leadership	L2 & 3 Certificates in Com Sup	Specific medical conditions
Outcomes	Active Support	Induction
Risk Management	Train the Trainer	Financial Training
Nutrition	Investigations	Disciplinary
BCP	Quality & Problem Solving	Business Excellence
Treaty	Strategic Planning	SLT
Advocacy	Business Writing	Aged care
Team building activities	Mentoring	Teamwork
<b>HR</b>		
Mediation	Disciplinary Investigations	CEA Negotiations
Job Descriptions	Policy Writing	Redundancy
Recruitment	Psychometric testing	Review Process
Performance Management	Roster development	Mentoring
Cultural Advisors	Health Advisors	
<b>Finance</b>		
AP/AR Processes	Contractual Reporting	Financial Management
Budget Consulting	Annual Reports	Investigations
Reviews	Financial Advice	
<b>Quality</b>		
Audits (Not as (DAA)	Peer Review	Infect ion Prevention & control
Complaints Management	Dev. of Policies/procedures	Forms design & Compliance
0800 Outloud - Anon reporting	Best Practice guidelines	Handbooks, manuals
<b>Casual Pool</b>		
Recruitment	Specialised Training	Deployment
Casual Coordination	Matching – by culture	Admin/manager
<b>IT</b>		
Systems Consulting	Sharepoint	Microsoft CRM
Navision	Website design and hosting	Hardware Leasing
<b>Client Outcomes</b>		
Reporting Framework	Consulting	Training Coordination
Outcomes in practice training	Outcomes reporting framework	Brokerage
Contracting for outcomes	Peer review	Day Services
<b>Advocacy</b>		
Informal Mediation	Casual Advocacy	Self Advocacy
Family Governance models and implementation		Family engagement
<b>Management Consultancy</b>		
Strategic Planning	Business Dev. Plans	Market Analysis
Planning Days	Business Continuity Planning	Training Facilitation
Mergers/Acquisitions	Meeting Facilitation	Mentoring
(Refer Training)	Change Management	Service Evaluation
<b>Comms</b>		

Website Development	Media response	Branding
Communication Plans	Publications	Business writing
Events Management?		
<b>Payroll</b>		
Outsourcing	Training records	Electronic Payroll
Leave Reports	Disaster Recovery	
<b>On Call</b>		
After Hours Support	Coordination & Backup	Emergency support – Mutual Aid
<b>Fleet Management</b>		
Purchase and disposal	On base/short lease	Insurance advice
Vehicle modification	Benchmarking	
<b>Property Management</b>		
Regulations & compliance	Short term lease	Responsive Maintenance
Disability modifications	Rental (Holiday)	Property Audits
<b>Secretarial</b>		
Reception	Filing	Telephony
<b>Resources</b>		
Library and publications	Media projectors	Laptops
Spare mobile phones	Office equipment / furniture	Flip Charts and whiteboards
<b>Space</b>		
Meeting Rooms	Interview Rooms	Board Rooms
Training Rooms	Workspace for sector projects	Car parking
<b>Events</b>		
Social/sports events		