



A Ten-step Functional Framework for building

Ventures and Alliances

among Seaplant Enterprises

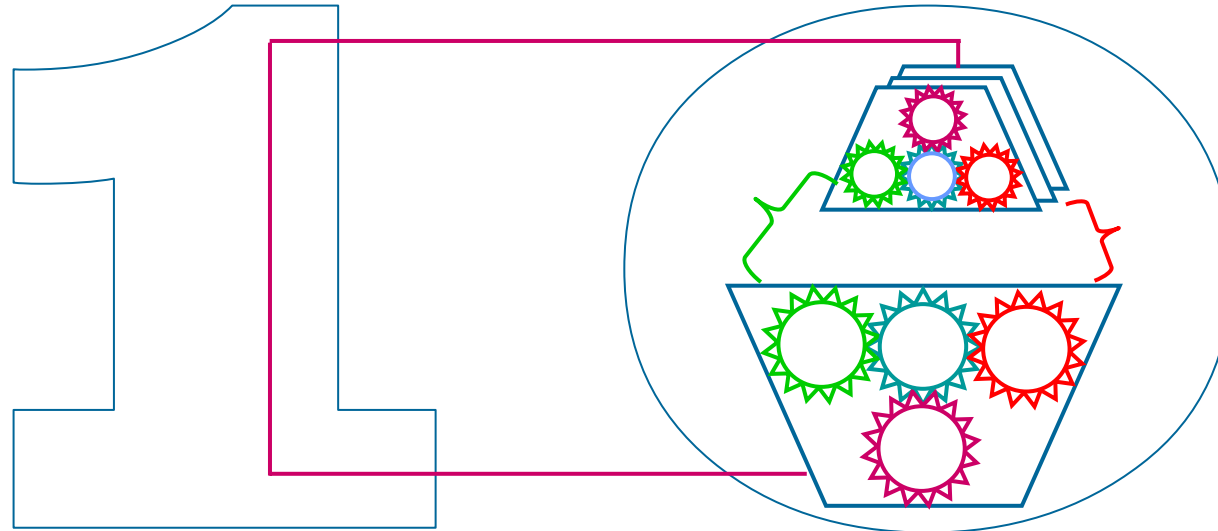


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The purpose of this document is to aid in the rapid, methodical development of functional frameworks that reduce the time, effort, expense and risk of alliance formation.

Why alliances are essential to small-medium seaplant enterprises...

With a supply that is globally dispersed and a demand that is globally diffuse there are compelling reasons for the formation of business alliances among seaplant value chain enterprises. Most are small-medium enterprises (SME) or micro-enterprises (ME). Strategic alliances are trusting relationships that are often the only feasible option for SME/ME building long-term competitive advantage while retaining independence.

❖ **Strategic business alliances** result when two or more enterprises combine core values and unique resources in order to seek competitive advantage in specified value networks.

❖ **Tactical business alliances** result when two or more enterprises combine firm resources (including relational capital) in order to optimize process capacity.

Seaplant SME and ME tend to be owned and operated by close associates and family members who build long-term business relationships. Thus bonds of personal trust, once established, can be smoothly transferred through managerial generations.

The formation of trust in alliances is a function of person-to-person relationships. "Trust" as such cannot exist between organizations; it exists by virtue of relationships among people. Forming trust relationships can entail the expenditure of a great deal of time, effort and expense during periods of trial and error. Since time and effort are among the most limited and valuable assets of SME managers the cost of forming trust relationships can be a major SME investment.

Although the formation of trusting relationships can be costly and risky for SME such relationships, once formed, can become important unique resources for SME.



Trust... but verify.

Building sustainable, independent SME through alliances.

SMEs comprise a high proportion of organisations engaged in business. For example Small Business Europe (2002) points out that SME account for 99% of all businesses in the European Union. Mazumdar (2001) found that in Asia SME are an essential economic factor that gains importance as economies gain stability and maturity. There are many reasons why enterprises remain as SME rather than being assimilated into large enterprises (e.g. see Schumacher, 1999). Reasons why seaplant-based enterprises remain as SME include:

- ❖ Seaplant farms require legally secure land, water, usage and harvest rights that are generally available only to local individuals or SME.
- ❖ Specialty crops such as seaplants require special conditions that can only be met in limited, highly valued locations that are often too small to support large enterprises.
- ❖ In many cultures the production of specialty crops and products is traditionally regarded as a prerogative of family or community business units.
- ❖ Efficient production demands diligent care by motivated individuals such as SME owner-managers.

Until recently SME have been at a severe disadvantage versus large companies in global value chains. Essential KITS were monopolized by corporations with resources far larger than any SME. Today, however, information technology (IT); communication tools (e.g. Internet-linked computers); functional business frameworks; and “metamediary” KITS providers (e.g. SEAPlant.net) enable SME to acquire KITS equal to those of large companies and at the same time to also retain the strengths of SME.

Effectively networked SME can be more efficient than large companies because personal agendas of SME owner-operators tend to be aligned with enterprise goals and long-term trust-based alliances are possible. Large-company employees tend to be “short-timers” with personal agendas that divert actions and focus away from enterprise goals. Long-term trust-based alliances are not possible.

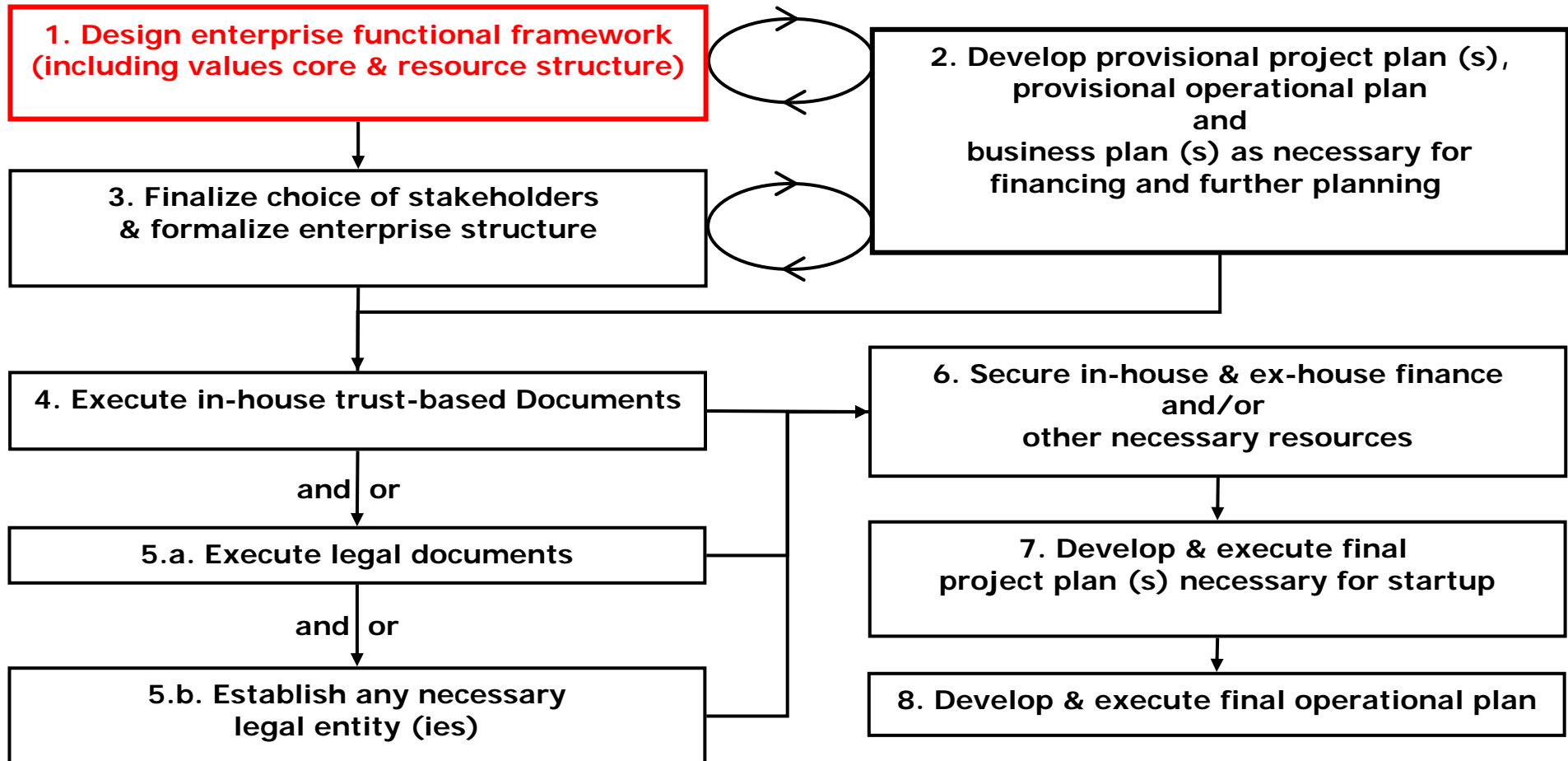
Current technologies & functional frameworks can put small enterprises on a level playing field with “the big guys”.



Why a Functional Framework?

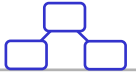







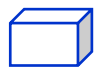

Enterprises fail if they are not built on a sound "functional framework".
Building a functional framework should be a first step in the development of any enterprise.

The other steps in business planning follow as shown below.

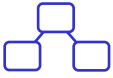


Ten Steps toward building a functional framework

The next ten pages describe ten steps toward building a functional framework for a strategic alliance. These steps are iterative. Prospective allies must recycle through these steps until a mutually agreeable functional framework is developed. After that they should take the further steps outlined on page 5 (above).

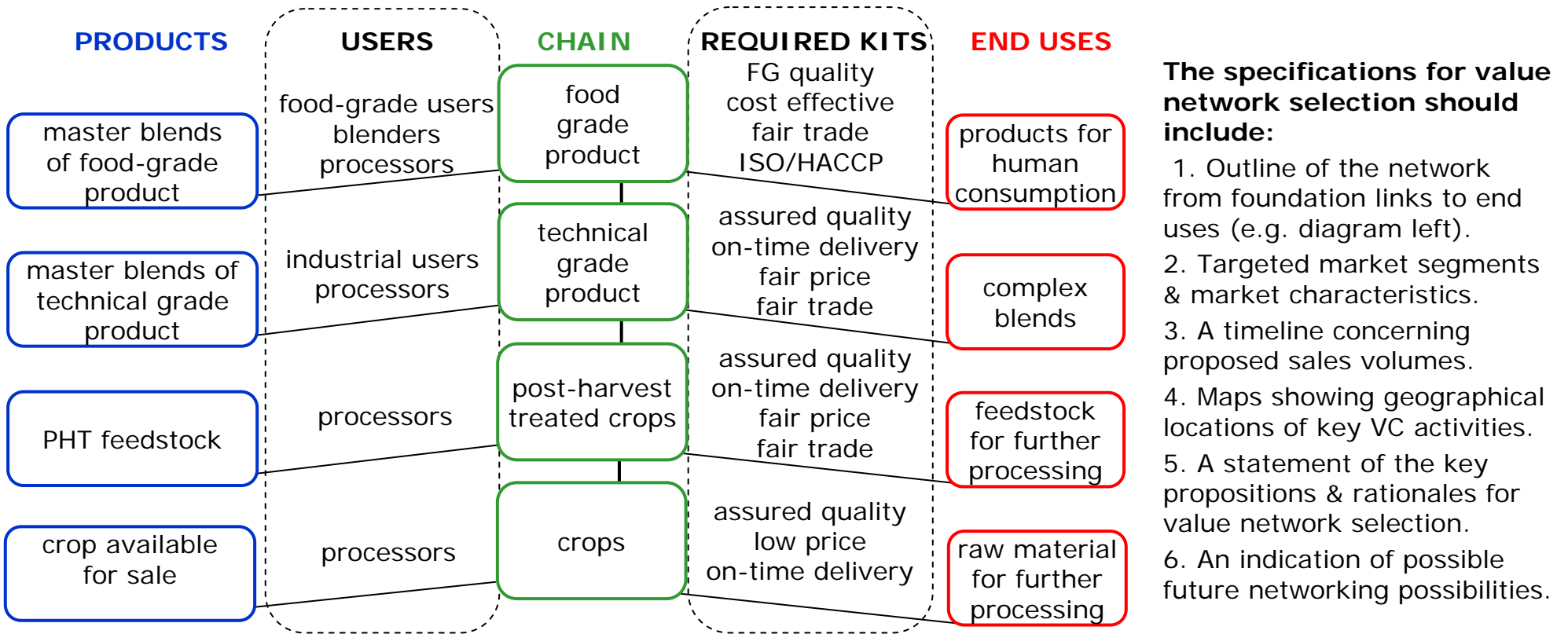
Step	Icon
1. Select the value network in which the alliance will participate.	
2. Select allies with complementary resources & capabilities.	
3. Specify value chain interactions of the alliance enterprise.	
4. Define the alliance core & values capabilities.	
5. Specify the unique resources required.	
6. Define the enterprise KITS strategy.	
7. Agree to means for acquisition and allocation of firm & liquid resources	
8. Define branding strategy.	
9. Define transparent in-house transaction paths & governance frameworks that foster transparency, communication, trust & commitment.	
10. Define transaction paths & governance functions between the alliance & other value-chain participants... then participate in selected value-chains.	





Step 1. Select a value network in which the alliance will participate.*

The diagram below illustrates value chain clusters that account for much of the product volume flowing through tropical seaplant value networks.



The specifications for value network selection should include:

1. Outline of the network from foundation links to end uses (e.g. diagram left).
2. Targeted market segments & market characteristics.
3. A timeline concerning proposed sales volumes.
4. Maps showing geographical locations of key VC activities.
5. A statement of the key propositions & rationales for value network selection.
6. An indication of possible future networking possibilities.

NOTE: This diagram is intended to convey the concept of value networks and is not meant as a comprehensive structural diagram.

* See SEAPlant.net Monograph no. HB2A 0808 V1 for more about how KITS work in value chains.



Step 2. Select allies with complementary resources & capabilities.

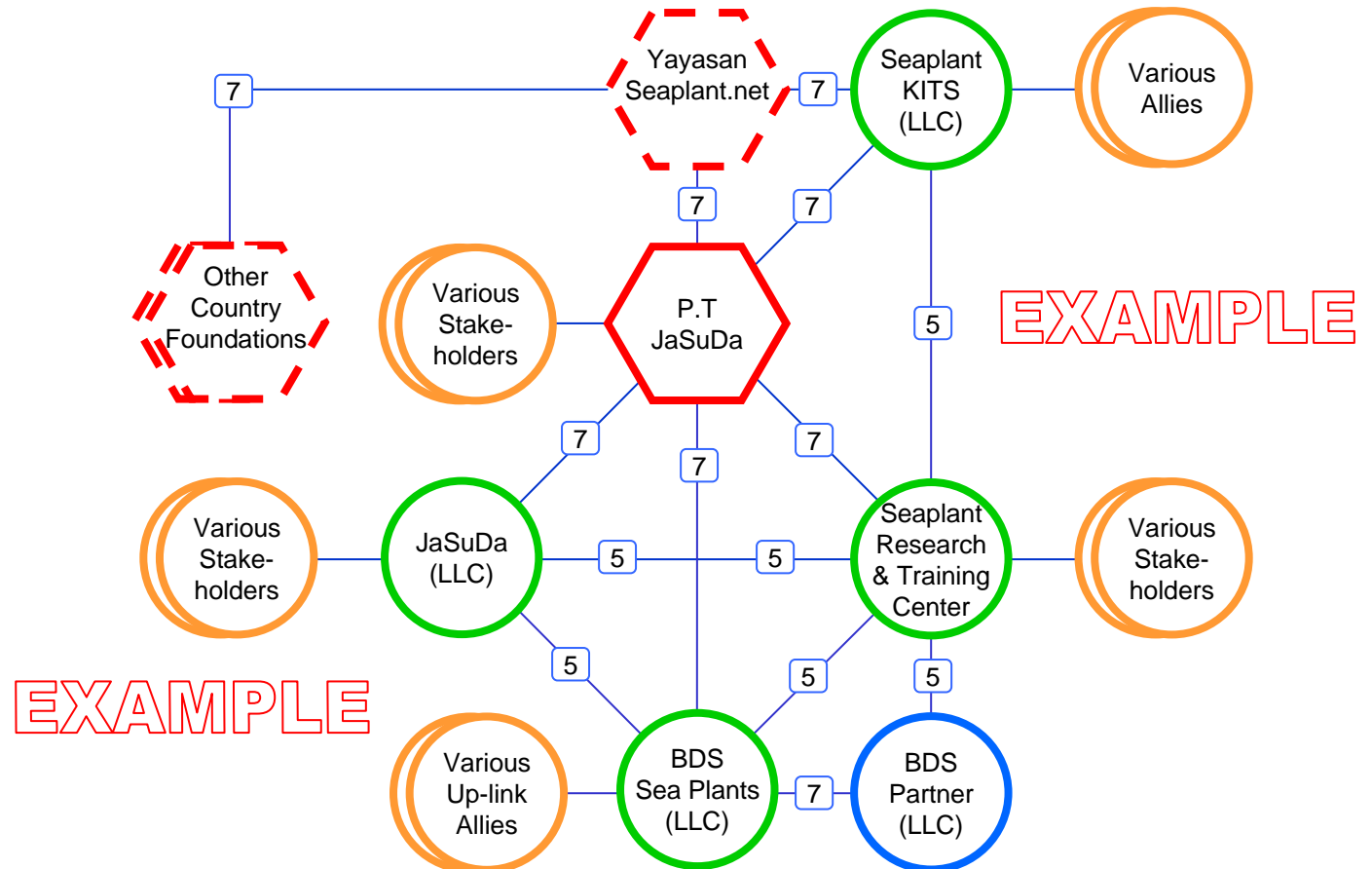
Organization type

- BFE Banking or Finance Enterprise
- FLO Formal Labor Organization
- FOC Formally Organized Cooperative
- FGO Farmer Group Organization
- OGO Official Government Organization
- IAO International Aid Organization
- IFI International Finance Institution
- LLC Limited liability company
- NGO Non-Government Organization
- SBA Strategic Business Alliance
- SPP Sole Proprietor or Partnership
- STF Science or Technology Foundation

Relationship & transaction type

1	Trusting relationship Trusting transactions
2	Ephemeral relationship Brief, infrequent transactions
3	Gang relationship Imposed transactions
4	Authoritarian relationship Forced transactions
5	Egalitarian relationship Voluntary transactions
6	Financial relationship Arm's length transactions
7	Robust relationship Secure transactions
8	Impersonal relationship Impersonal transactions

An alliance schematic such as this can help to clarify relationships.



Alliance name:

Yayasan Seaplant.net

Date:

June 12, 2008

Drawn by:

I.C. Neish

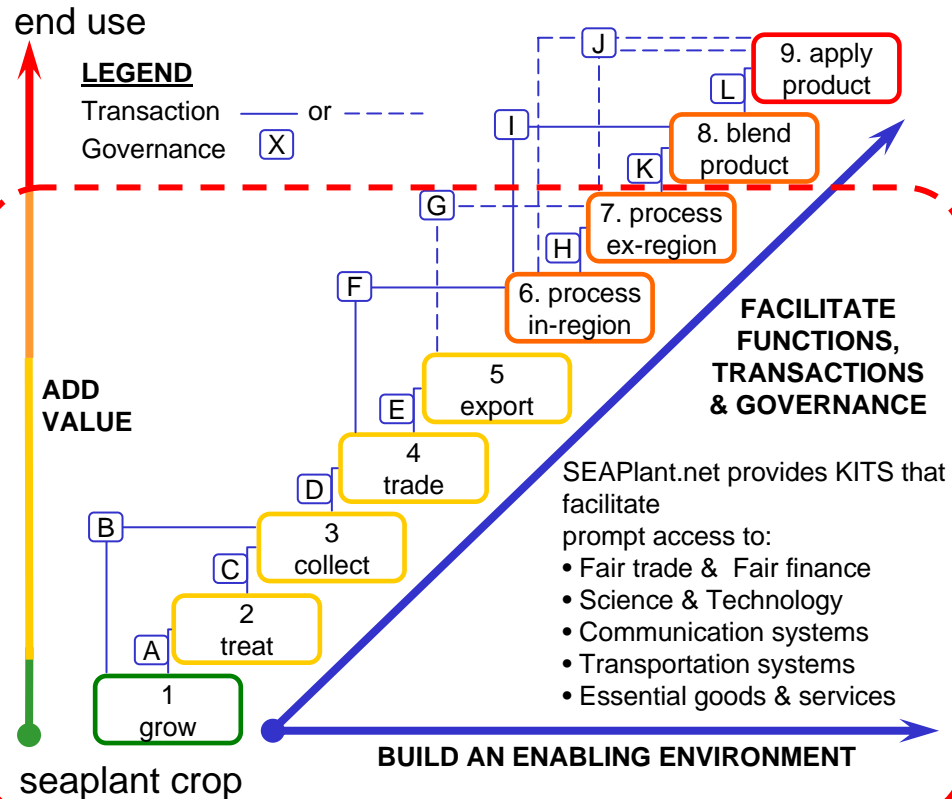
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Step 3. Specify value chain interactions of the alliance enterprise.*

EXAMPLE



Having specified the value network that the alliance will participate in (step 1) it is necessary to specify how it will interact with specific value chains in that network including:

1. Value chain (VC) schematics such as the one at left.
2. Clear indication of the segments of the VC where the enterprise will be directly active.
3. Specification of whether the enterprise will directly participate in product flow or will provide facilitation services.
4. Indication of the directions that further development can take.

This example shows a schematic of the process specification for a seaplant-based enterprise that covers value chains up to the master-blend level in eucheuma seaplant value chains. It specifies that beyond eucheuma-seaplant-based master blends the enterprise will expand horizontally to other crop-based value chains. It will not expand vertically through functions such as blending and end-usage,

* See SEAPlant.net Monograph no. HB2A 0808 V1 and Overviews 1-4 for more about how KITS work in value chains.





Step 4. Define the alliance core and values capabilities.*

The core of a great enterprise is a purpose that powers it by ambitiously combining the enterprise's basis for excellence; the passion that drives enterprise teams; and a revenue model that forms the basis for enterprise sustainability.

The diagram right was developed after a paradigm presented by Jim Collins in *Good to Great* (Chapter 5). Collins formulated this concept on the basis of a five year study (*op. cit.*). The central thesis of Collins concept was that good companies became great if their strategies have been founded on deep understanding along the three dimensions of passion, excellence and revenue model. They must then translate that understanding into a simple, comprehensible purpose that guides and powers their enterprises (referred to by Collins as the "BHAG" or "big, hairy, audacious goal").

Purpose

Defines how enterprise KITS will be applied to value chain functions. Purpose should be defined in the context of either sustaining or disruptive technologies will be utilized (see Overview 3).

Passion

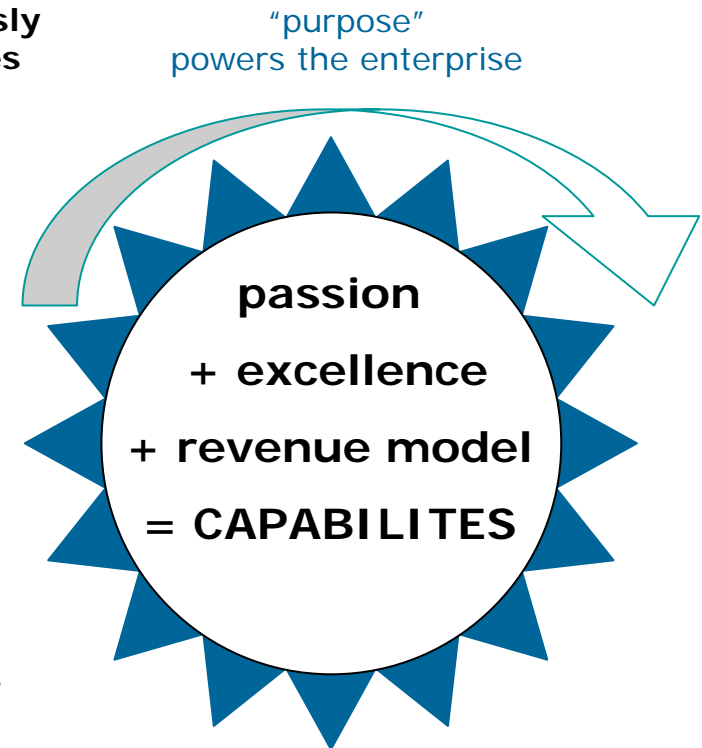
The shared drivers that motivate enterprise teams toward enterprise goals

Excellence

What an enterprise can do better than any other enterprise...

Revenue model...

The basis for enterprise sustainability...



Values capabilities define the bounds of behavior within which enterprises function. (E.g. desired rates of return; environmental impacts; social responsibility programs).

* See overviews 1-4 for more.





Step 5. Specify the unique resources required.*



Unique resources are closely held in-house except when the enterprise participates in strategic alliances.

The combination of enterprises' complementary, compatible or synergistic unique resources is an essential determinant of whether an alliance is truly "strategic" as opposed to being "tactical" or "transactional" (see Overview 4).

Unique resources and the enterprise core form the basis of an enterprise's competitive advantage. They are often referred to as "core competencies".

It is an important aspect of unique resources that they comprise the unique "inelastic" component of resources that enable an enterprise to operate beyond the dictates of simple supply-demand dynamics in the market environment.

Unique resources...

- ❖ **include the collective assets, skills, talents and know-how** that confer competitive advantage to the enterprise.
- ❖ **include ownership** of highly desirable land, water and harvest rights that can be an essential component of the resource base for specialty crop SMEs.
- ❖ **are the result of strategic asset placement** or of strategy-driven learning built through continuous improvement and enhancement over several years.

* See overviews 1-4 for more.





Step 6. Define the enterprise KITS strategy.*

Knowledge, information, tools and solutions (KITS*) can be retained as unique and firm resources or they can be developed as liquid resources and sold as products. Every enterprise must clearly define a KITS strategy. The strategy of SEAPlant.net is shown as an example.

In-house knowledge

Proprietary intellectual property and relational capital (e.g. trust relationships in networks).

Knowledge products

facilitating value chain stakeholder access to:

- fair trade & fair finance
- science & technology
- communication & transportation systems
- essential goods & services

In-house information

Proprietary databases that are unique and firm resources.

Information products:

Timely, accurate, comprehensive data, images and specifications necessary sold for the effective use of SEAPlant.net knowledge products and tools.

EXAMPLE

In-house solutions

The solutions that comprise in-house operations.

Solutions for sale:

supporting value chain stakeholder access to:

- fair trade & fair finance
- science & technology
- communication & transportation systems
- essential goods & services

In-house tools

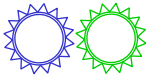
Physical assets of the enterprise.

Tools for sale:

- JaSuDa IT hardware & software
- JaSuDa IT hardware & software
- SEAPlant.net hardware & software
- in-house & alliance research, development, testing & training facilities

* See SEAPlant.net Monograph no. HB2A 0808 V1 and Overviews 1-4 for more about how KITS work in value chains.





Step 7. Plan for acquisition & allocation of firm & liquid resources.*

The difference between “firm” and “liquid” resources is that firm resources are retained as long-term assets of the enterprise but liquid resources are designated for exchange during the conduct of transactions.

Each can be converted to the other, however. Firm resources support business functions of an enterprise. They are so designated in the sense that they are “solid” and are necessary for the effective functioning of an enterprise.

Tangible firm resources are readily governed by enforceable legal means and include:

1. **Financial capital** such as funds & negotiable papers.
2. **Physical property** such as equipment, buildings, land & goods.
3. **Intellectual property** such as brands, patents & trademarks.
4. **Legal property** such as concessions & quotas.
5. **Intellectual structural capital** such as databases, information systems, processes & documents.



Intangible firm resources include attributes and activities not readily reduced to physical objects or legal documents such as:

1. **Intellectual human capital** including non-unique support competencies, experience & knowledge.
2. **Customer capital** such as goodwill, customer relationships, brand recognition/value/loyalty & reputation.
3. **Organizational capital** such as investors, allies, suppliers, communities, partners and other stakeholders.
4. **Social capital** such as trust, mutual understanding, shared values and behaviors that bind networks.



Liquid resources serve as media of exchange. They can be used by business organizations as they undertake transactions. Like firm resources they can be in the form of tangible or intangible resources.

* See overviews 1-4 for more.



Step 8. Define the branding strategy.

Brands are essential unique resources of all enterprises so special care must be taken to properly design and manage alliance branding strategies.

A comprehensive branding strategy should be integrated into the final version of any functional framework.

During alliance formation there must be clear designation of the legal entity that owns the brand. It is also essential that the brands of the alliance should be explicitly backed by the branding policies of alliance partners. There is a large and growing body of literature (e.g. Batey, 2003) and expertise concerning branding strategies but they all come down to a necessity for any enterprise to realize benefits that include the following:

- ❖ Branding builds name recognition for the enterprise and its products whilst articulating its values and explaining the basis of its excellence.
- ❖ Branding builds trust and establishes an emotional attachment that causes customers to make quick decisions based on memories of satisfactory previous experiences.
- ❖ A strong brand can command a premium price and maximize the volume of products that can be sold at that premium.
- ❖ Branding helps make purchasing decisions easier by creating a set of expectations that is independent of specific product features.
- ❖ Branding helps to "fence off" customers and protect market share while building "mind share" that makes customers automatically think of products of the enterprise.
- ❖ A strong brand can make individual product features virtually insignificant; communicates a strong, consistent message about enterprise value; and helps to sell the intangible aspects of products.
- ❖ A strong brand builds a lasting impression of an enterprise's products and signals a policy of building sustainable customer loyalty; not just selling products.

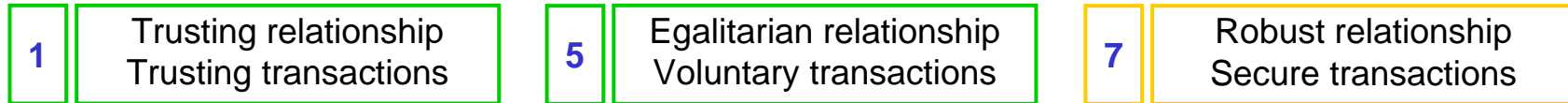




Step 9. Define in-house transaction paths & governance systems. *

Strive for transparency, communication, trust & commitment.

Alliances are fundamentally trust-commitment relationships so they should be built around the types of governance system listed below (See overviews 6-9 for more).

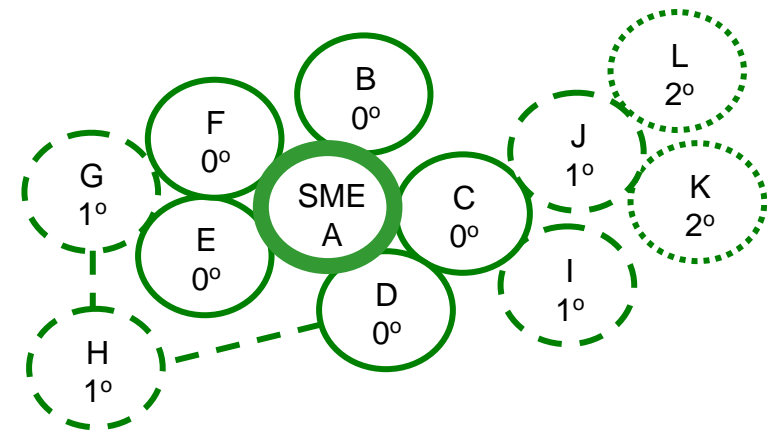


Alliances can be based strictly on informal inter-ally agreements such as “a handshake” or simple memoranda of agreement but for long term alliances or alliances among multiple partners a more formal structure will probably be more appropriate.

The list shown under Step 2 shows many of the types of organization that may enter alliances. For alliance enterprises as such the appropriate forms include a Formally Organized Cooperative, Limited Liability Company, a Non-Government Organization, a formal partnership or a Foundation.

Partners in a particular alliance will also be networked into **other strategic alliances** (diagram right & Overview 10) and it is essential that alliance partners are transparent with each other about such relationships.

Furthermore the alliance itself may form **further strategic alliances** so policies toward that must be clear.



* See overviews 6-10 for more.





Step 10. Define transaction paths and governance functions between the alliance and other value-chain participants... *

...then participate in selected value-chains.

The alliance must have clear policies on formation of:

Tactical business alliances that result when the alliance combines firm resources (including relational capital) with other enterprises in order to enhance process capabilities in subsets of value chain activities.

Transactional business relationships that maximize the efficiency and minimize the transaction cost of procurement activities.

During the conduct of business between alliances and other value chain participants all of the governance systems listed right are likely to be encountered.

The transaction governance types that present the most problematic policy decisions are the authoritarian ones (e.g. income tax and customs agencies) and the "gang" ones (e.g. extortion or rent-seeking by local power brokers). In many seaport source areas the distinction between forced and imposed transactions may get blurred (e.g. extortionate demands by rent-seeking officials).

Allies must be transparent with each other in handling forced and imposed transactions because the actions of one can have serious negative consequences for all if deals go wrong.

Relationship & transaction type

1	Trusting relationship Trusting transactions
2	Ephemeral relationship Brief, infrequent transactions
3	Gang relationship Imposed transactions
4	Authoritarian relationship Forced transactions
5	Egalitarian relationship Voluntary transactions
6	Financial relationship Arm's length transactions
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* See overviews 6-10 for more.

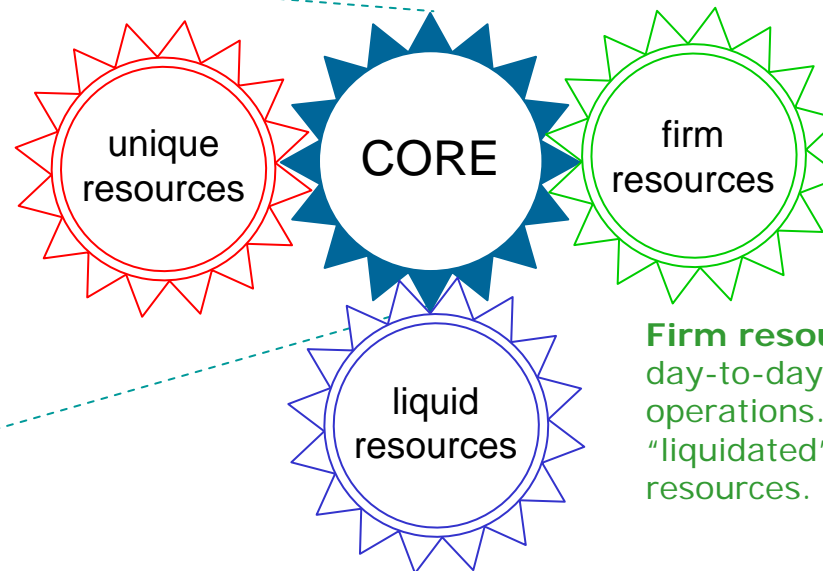
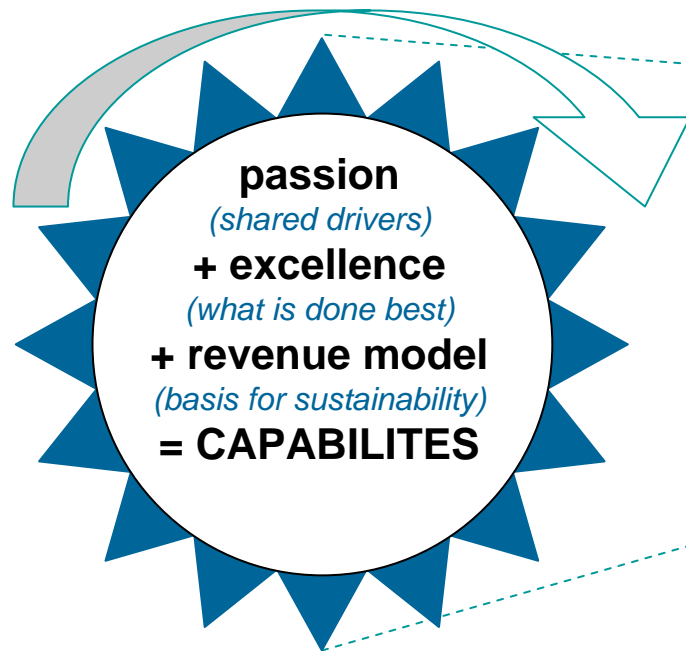


Overview 1: Enterprise capabilities and resources

Resource sets are the tangible & intangible presence of enterprises.

The core of an enterprise is a **purpose** that powers it and the **capabilities** that enable it to effectively utilize its resources.

Unique resources are kept totally in-house as “core competencies”. They are the basis for enterprise competitive advantage. **Robust brands** are essential unique resources that attract transaction opportunities.



Firm resources are used in day-to-day process operations. They can be “liquidated” for use as liquid resources.

Values capabilities define the bounds of behavior within which enterprises function. (E.g. desired rates of return; environmental impacts; social responsibility programs).

Liquid resources can readily be used as media of exchange in transactions (e.g. money & finished products).



Overview 2: How "KITS" lead to process capabilities in 4 steps

functional frameworks define the capabilities that impact value chain performance

Step 1. knowledge + information + tools + solutions = actions

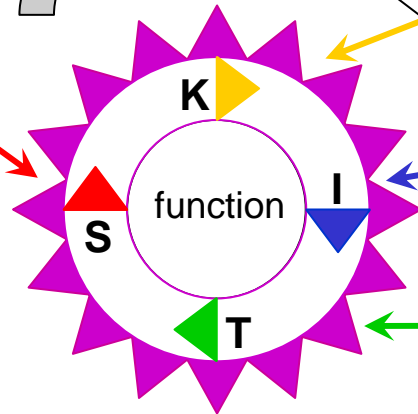
"SOLUTIONS"
combine knowledge, information and tools to make "actions" happen.



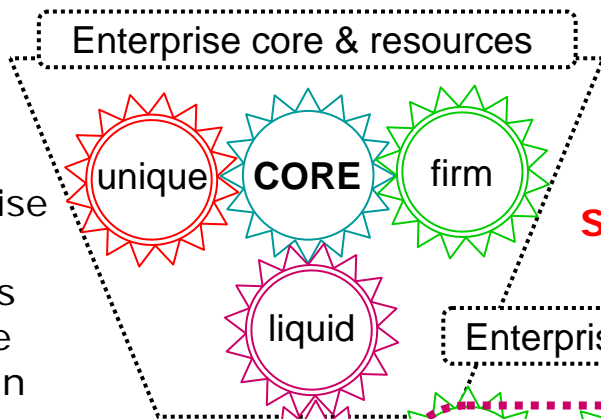
"KNOWLEDGE" is "know-how".

"INFORMATION" makes knowledge useful.

With "TOOLS" (including money) know-how can lead to action.

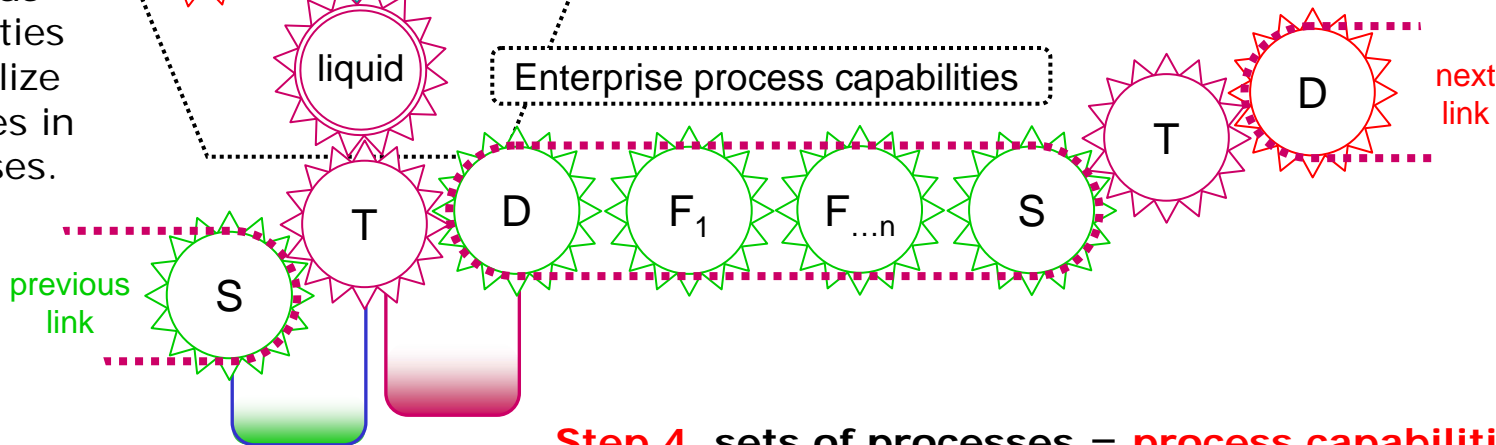


Step 2. integrated actions = functions



The enterprise core has capabilities that utilize resources in processes.

Step 3. functions integrated by core values = processes



LEGEND
D = demand
F_{1...n} = functions
S = supply
T = transaction

Step 4. sets of processes = process capabilities



Overview 3: Capabilities and technologies – sustaining or disruptive?

A clear understanding of enterprise capabilities and the nature of technologies is essential for seaplant enterprise managers because both sustaining and disruptive technologies are found among seaplant-based value networks.

Globalization and rapid, discontinuous change are norms of today's business world. Seaplant enterprises must capitalize on these trends – not be defeated by them. Enterprise's capabilities must be developed for either a sustaining, continuously changing environment or a disruptive, discontinuously changing environment.

Sustaining technologies support evolutionary product improvement along established lines of perceived customer requirements in business climates geared to **continuous change** (e.g. continuously improving technology for making steel).

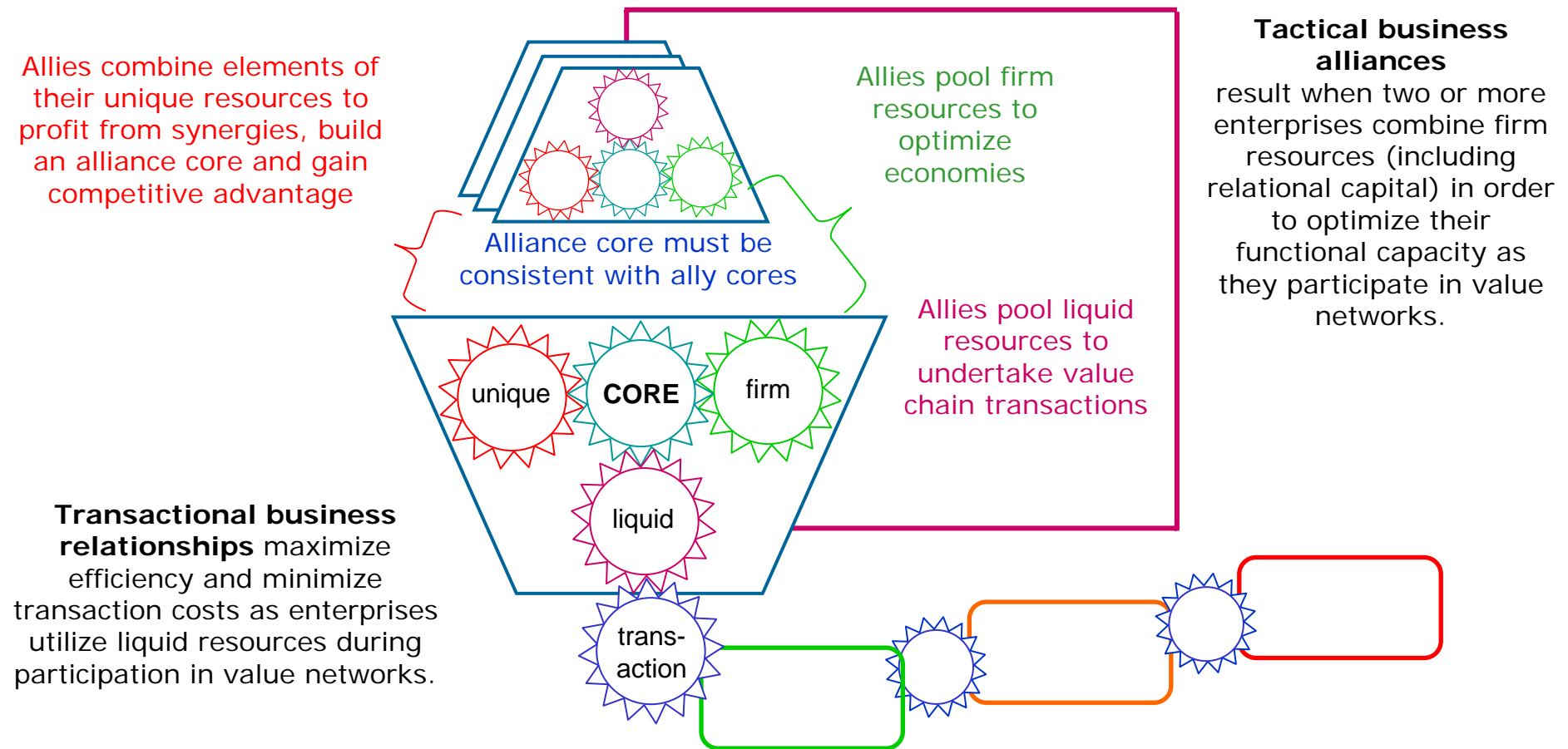
Disruptive technologies are simplified technologies initially developed for unknown, ill-defined and/or low-margin markets in business climates adapted to **discontinuous change**. They stimulate new customer requirements and disrupt established value networks (e.g. steel mini-mills displacing large integrated mills and SRC displacing refined carrageenan).

Christensen (1997, pp. 186-207) explained how some types of enterprise can support sustaining technology development and continuous change while others are better suited to profit from disruptive technologies under conditions of discontinuous change. He described how leading, well managed enterprises can fail in the face of disruptive technologies because their resource base, entrenched processes and value systems emphasize sustained growth in perceived markets. This makes such enterprises fundamentally incapable of moving toward the ill-defined, low-margin markets that are first penetrated by products from disruptive technologies. Christensen concluded that there are means for enterprises to deal with both sustaining and disruptive technologies but enterprise managers must recognize the difference between such technologies and understand how to deal with them effectively. Generally this succeeds best when sustaining units and disruptive units are split into separate business units.



Overview 4: Strategic business alliances - a special type of enterprise

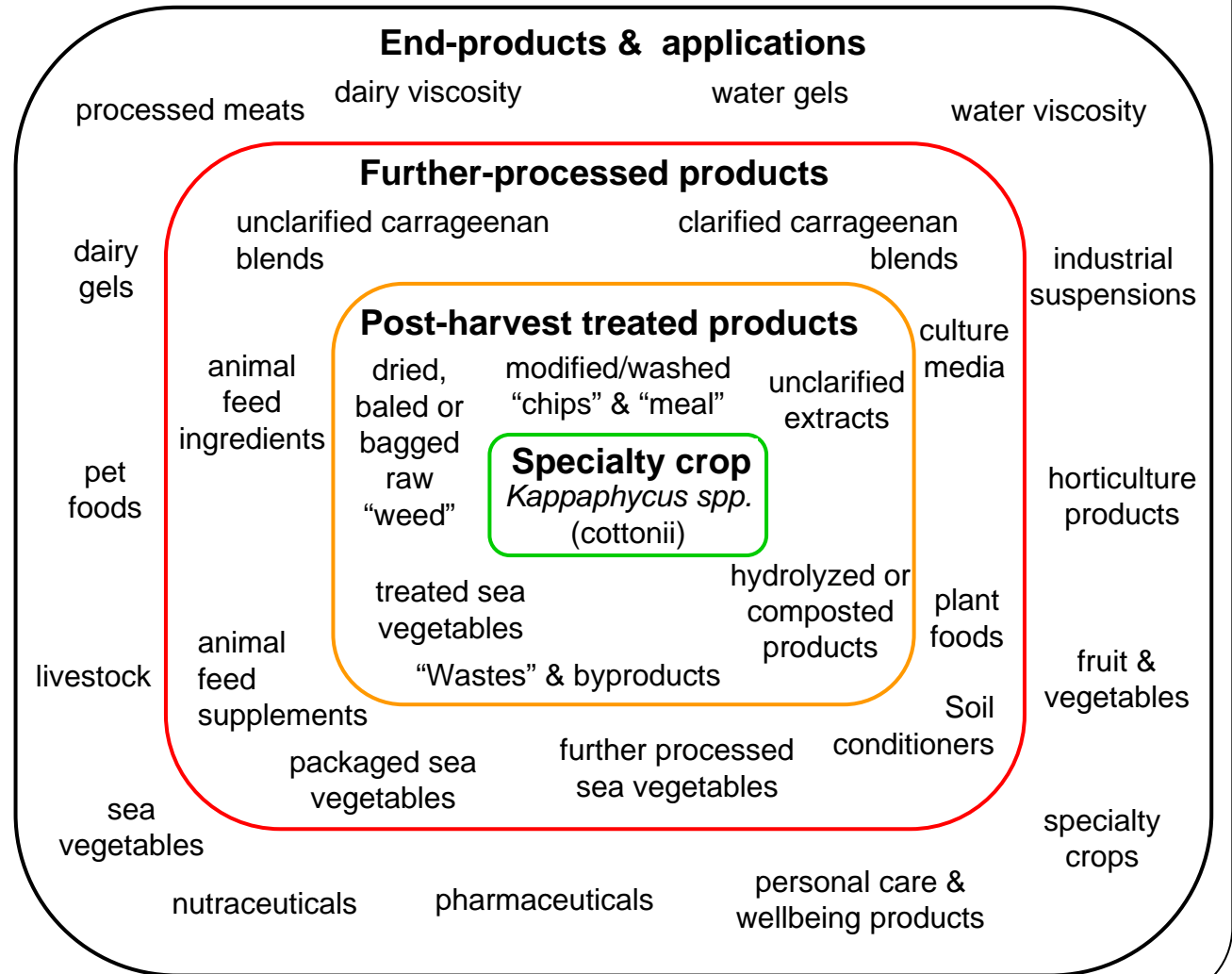
Strategic business alliances result when two or more enterprises combine core values and unique resources. They then pool firm + liquid resources to jointly develop and operate an enterprise that seeks competitive advantage in specified value networks.



Overview 5: Value networks are clusters of value chains

Value networks are clusters of value chains that are based on a common foundation link. In the case of seaplant networks the foundation link is a specialty crop based on particular genera or species of marine algae.

The paradigm right depicts the sort of value network that can be formed of *Kappaphycus spp. (cottonii)* value chains (After Christensen, 1997 pp. 36-44). Individual enterprises may participate in one or several of the value chains in a network such as this and synergies among value chains may significantly impact process economics. For example the by-products and wastes from alkaline carrageenan production may form a basis for agricultural products of high value and result in "wastes" becoming a profit center rather than a cost item.



Overview 6: The nature of governance

Governance systems are the mechanisms by which enterprises' capabilities, core functions and transaction systems are directed and controlled.

According to OECD (1999) the structure of business governance systems is such that :

- 1. They specify the distribution of rights and responsibilities** among different participants in value chains, and alliance networks such as managers of partner enterprises and other stakeholders.
- 2. They spell out mutually agreed rules and procedures** for making decisions on business affairs.
- 3. They provide the structure through which business venture objectives are set** and the means of attaining those objectives and monitoring performance.

Three governance systems applicable to business alliances are:

1. Legal governance systems

Legal mechanisms include contracts, certificates, deeds, financial reports and other written legal instruments that specify sanctions in relation to compliance

2. Hierarchical governance systems

Hierarchical governance systems are based on explicitly defined systems of authority, rank and layered reporting relationships. They are typified by the presence of powerful leaders.

3. Trust governance systems

Trust governance mechanisms are based on established patterns of personal integrity, trust and commitment between individuals and among groups.



Overview 7: Types of relationship & transaction governance

1. Trusting relationship Trust/commitment governance prevail over legal and hierarchical governance. Strategic alliances are fundamentally trusting relationships.

2. Ephemeral relationship Tend to be arm's-length, brief and virtually independent of business-to-business (B2B) governance. An example is the spot-purchase when a person buys "as-is-where-is" goods from a stranger.

3. Gang relationship Strong trust and hierarchical governance but weak legal governance. Examples include businesses led by "Godfather" figures.

4. Authoritarian relationship Governed by a strong hierarchy but involves low levels of trust or legal governance. An example is an *ad hoc* subcontracting arrangement between a prime contractor and a short-term subcontractor.

5. Egalitarian relationship Strong legal and trust governance but high degree of authority delegation and weak hierarchy. Examples include firms that are adopting "disaggregation" as in the case of the "spaghetti organization" (Foss, 2000).

6. Financial relationship High level of legal governance but weak governance via trust or hierarchical mechanisms. (e.g. the purchase of shares by a day-trading speculator)

7. Robust relationship Strong governance of all types including legal, hierarchical and trust. Examples include the most successful and investment-worthy firms.

8. Impersonal relationship Units bound by stringent legal and hierarchical structures but trust is weak (as in many large bureaucracies).

1. Trusting transactions Trust governance systems predominate as in a "handshake transaction". May involve tangible and/or intangible media of exchange.

2. Brief, infrequent transactions Examples are one-time-transactions concerning supplies or services. Generally involve tangible media of exchange.

3. Imposed transactions Similar to forced transactions except that the element of trust enables the use of either tangible or intangible media of exchange.

4. Forced transactions Governed by a strong hierarchy but involve low levels of trust or legal governance. Such transactions typify the attitude expressed by "make him an offer he can't refuse". Limited to tangible media of exchange.

5. Voluntary transactions Essentially trusting agreements with "papers – just in case". May involve tangible and/or intangible media of exchange.

6. Arm's length transactions Dominated by legal governance and generally involving tangible media of exchange. An example is the purchase of titled or guaranteed goods or property in exchange for cash. Limited to tangible media of exchange.

7. Secure transactions Strong governance of all types makes transactions as secure as humanly possible. May involve tangible and/or intangible media of exchange.

8 Impersonal transactions Bound by stringent legal and hierarchical structures without dependence on trust. (e.g. temporary employment of a person by a large company). Limited to tangible media of exchange.



Overview 8: Governance decision tree

Does this relationship or transaction depend on strong legal governance?

No... legal governance is weak! If things do not work out legal measures are useless.

Yes! We'll go to court if things do not work out.

Are powerful people going to make trouble if this relationship or transaction does not work out?

No... nobody can hurt me

Yes... I will be in trouble

no

yes

Can I really trust these people?

no

yes

1

Trusting relationship
Trusting transactions

3

Gang relationship
Imposed transactions

2

Ephemeral relationship
Brief, infrequent transactions

4

Authoritarian relationship
Forced transactions

Are powerful people going to make trouble if this relationship or transaction does not work out?

No... nobody can hurt me

Yes... I will be in trouble

no

yes

Can I really trust these people?

no

yes

5

Egalitarian relationship
Voluntary transactions

7

Robust relationship
Secure transactions

6

Financial relationship
Arm's length transactions

8

Impersonal relationship
Impersonal transactions



Overview 9: Governance games... power or cooperation?

Legal and hierarchical governance - "Power Games"

	LEGAL	HIERARCHICAL
Type of "game"	Legal Power	Hierarchical Power
Building of trust	Create fear of legal sanctions	Create fear of hierarchical sanctions
Level of Commitment	Avoid dependence by playing partners off against each other	
Adaptation	Through legal coercion	Through power coercion
Relationship bonds	"Closed", formal, detailed contracts; competitive bidding	Forced contracts; use competitive options for leverage over current partners.
Termination costs	Retain flexibility for self; lock in partners with high termination or switching costs	Retain flexibility for self but lock in partners by reducing or eliminating termination or switching options.
Shared values	Reduce conflict by contracts; not by sharing values	Reduce conflict through power and by sharing values
Communication	Primarily "top-down" and unilateral	
Satisfaction	Resolve conflicts through force or legal systems	Use force to eliminate conflicts
Opportunism	Seek opportunities for self	

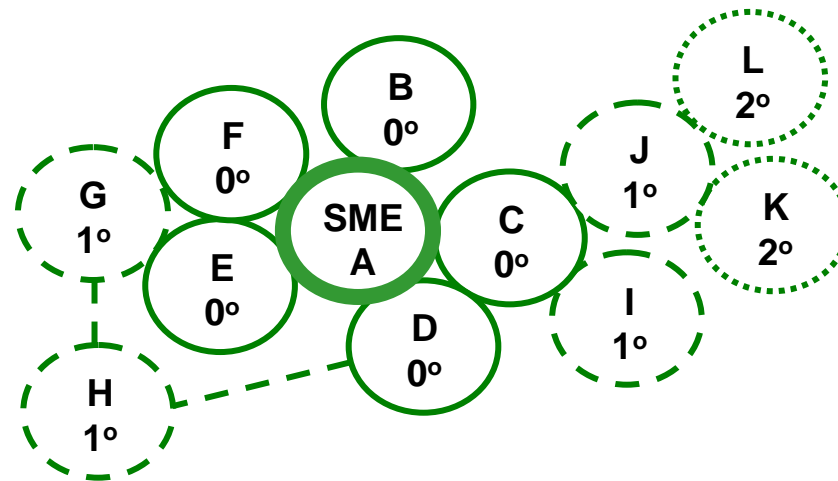
Trust relationships = "Co-operation Game"

	TRUST
Type of "game"	Co-operation
Building of trust	Build trust through integrity
Level of Commitment	Foster mutually beneficial interdependence among allies & stakeholders.
Adaptation	Through competence and trust
Relationship bonds	"Open," informal contracts - check market prices occasionally
Termination costs	Allies signal their commitments through specialized investments and combination of unique resources
Shared values	Minimize conflict by selecting partners with similar values
Communication	Multilevel and multilateral
Satisfaction	Resolve through discussion, mediation or arbitration
Opportunism	Seek opportunities for the group



Overview 10: Degrees of separation in alliance networks

Most value networks are complex so individual enterprises and alliances may become components of complex systems. In the example below SME A and its allies are designated by letters. Degrees of separation from "A" are shown for each. Ally B is structurally isolated from other allies. Ally C has 0° links with Allies A, D, I & J and 1° links with Allies H, L & K so enterprise C would be in a stronger position than SME B.



According to "small-world theory" a vast proportion of the human race is connected through not more than "six degrees of separation" (Matthews, 2000). An understanding of small-world theory and practise is a useful competence for any SME where "networking capacity" is a unique resource. The availability of modern communication, transportation and IT tools is making all aspects of "small-world" relevant including the good (efficient, rapid networking); the bad (rapid circulation of misinformation) and the ugly (rapid spread of diseases and computer pathogens).

As a network builder one function of SEAPlant.net™ is to facilitate the reduction of "degrees of separation" among industry stakeholders. As a "metamediary" facility SEAPlant.net™ serves as a link that connects key people and organizations through zero to one degrees of separation.



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