Effective supply chain management for international niche firms: an exploratory study

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Abstract

Purpose – To explore how internationally oriented niche firms accomplish collaboration among supply chain partners in light of the Partnership Model, and thereby add to the limited research knowledge regarding niche marketing.

Methodology – Exploratory research. Structured in-depth interviews of key informants in eight companies.

Findings – This study suggests that niche firms seek to establish partnerships with customer and supplier firms. However, the Partnership model is not fully adapted to niche firms in that; 1) niche firms engage in fewer partnerships, and 2) there are two additional Facilitators to partnership development when niche firms are involved: shared ideologies and niche firm ownership.

Research limitations and implications – The selected methodology makes these results alone unfit for generalising to a larger population. We need improved theoretical models for generating more knowledge about niche firms and their efforts in crafting their partnerships, possibly by extending the Partnership model.

Practical implications – The Partnership Model, originally developed on the basis of successful partnerships between large corporations, should be used with care when applied to partnerships involving niche firms because it ignores two important Facilitators. First, there is the power of clearly expressed and shared ideology. Second, there is niche firm ownership. Partnerships are costly to initiate and develop, and thus it is wise to initiate the “right ones”.

Originality/value of paper – This study offers exploratory findings on how internationally-oriented niche firms develop their partnerships, and extends current research from the dyad to entire supply chains.

Key words: Niche marketing, supply chain management, partnerships, seafood, wine.

Article type: Research paper.

Introduction

A successful competitive path for niche firms can be found in effective supply chain management. Niche marketing is often understood as focused marketing towards a limited market consisting of a few customers and competitors, where the concepts of firm specialisation, product differentiation, customer focus and relationship marketing are frequently applied (Dalgic and Leeuw, 1994). Possible pitfalls of niche marketing, on the other hand, include cost disadvantages in production and logistics, information and funding shortages, and locked-in specific investments. Effective supply chain management enables niche firms to benefit from the apparent advantages of niche marketing while at the same time reducing some of its disadvantages. For example, it has been claimed that streamlining operations all along the supply chain leads to process efficiencies that translate into cost savings, better products, and improved customer service (Chibba and Hörte, 2003). Also, since supply chain management includes the integration of key business processes across the network of firms that comprise the supply chain (Lambert, 2006), a niche firm is able to compete with the backing of an entire supply chain rather than standing alone in the competition (Vaaland and Heide, 2007). In this respect, partnering is one way to develop competitive advantage for supply chain members (Mentzer *et al.*, 2000).

Academic research on supply chain management has escalated in recent years. The field currently comprises areas such as partnership (Boddy *et al.*, 2000; Knoppen and Christiaanse, 2007; Spekman *et al.*, 1998), collaboration (Holweg *et al.*, 2005; Min *et al.*, 2005; Simatupang and Sridharan, 2002; Tuominen, 2004), alliances (Anand and Khanna, 2000; Kandemir *et al.*, 2006), performance (e.g. Chibba and Hörte, 2003; Fung *et al.*, 2007; Shin *et al.*, 2000; Tan *et al.*, 1999), purchasing (e.g. Carr and Pearson, 2002; Chen *et al.*, 2004; Krause *et al.*, 2001), uncertainty (Prater *et al.*, 2001), innovation (Roy *et al.*, 2004), integration (Frohlich and Westbrook, 2001), relationships (e.g. Barnes *et al.*, 2007; Fung *et al.*, 2007; Matear *et al.*, 2000; Morrissey and Pittaway, 2006) and strategy (Martínez-Olvera and Shunk, 2006; Tan *et al.*, 2002).

There are few studies on internationally oriented niche firms and their supply chains. International supply chains are complex and uncertainty prevails (McAuley, 1993).

Moreover, most research relies on the dyadic perspective, failing to fully take into account the complex interplay between supply chain partners. It has been claimed that the global context which is characterized by volatile demand and rapid technological changes requires competition between entire supply chains of networks rather than between individual firms or dyads (Christopher, 2005). This has lead to recent calls for extending the research beyond the dyad (Knoppen and Christiaanse, 2007).

The purpose of this paper is to extend current research from the dyad to entire supply chains and to explore how internationally oriented niche firms organize their partnerships and accomplish collaboration among supply chain partners in light of the Partnership Model (Lambert *et al.*, 1996), and thereby add to the limited research knowledge regarding niche marketing. We describe how four successful international supply chains for niche food and wine products organize their partnerships and accomplish collaboration among their supply chain partners. As we examine entire supply chains, this research contributes to extending the research beyond the dyadic approach.

In the following, conceptual aspects regarding supply chain management in terms of the Partnership Model (Lambert *et al.*, 1996) are presented. Next, the methodology for the research at hand is presented, followed by its findings. The paper then continues with a conclusion and implications of this research, followed by pinpointing some of its limitations and providing recommendations for future research.

The Partnership Model

We rely on the definition of partnership provided by Lambert *et al*.(2006, p. 169):

"A partnership is a *tailored* business relationship based on mutual trust, openness, shared risk and shared rewards that results in business performance greater than would be achieved by the two firms working together in the absence of partnership".

A central model within the partnership literature is the Partnership Model (Lambert *et al.*, 1996). The model is a tool for developing appropriate relationships between members of the supply chain (see Figure 1). Firms are advised to first assess the Drivers and the appropriateness of partnering. If the organisations see a potential, Facilitators should be evaluated and the appropriate type of partnership and suitable Components should be implemented (Lambert *et al.*, 2006).

Please insert Figure 1 about here

We consider this model to represent a necessary corrective to the over-emphasis on the benefits of relationships (and correspondingly insufficient focus on its disadvantages) within the relationship marketing literature. Praising the benefits to be achieved from "partnering", Kotler (1992) suggested that companies must move from short-term transaction-oriented goals to long-term relationship-building goals. Not surprisingly, there have been some high profile breakdowns of established B2B relationships. This implies that if Lewis' (1995) influential book "*The connected corporation – how leading companies win through customer – supplier relationships*" had been written a few years later it could probably not have used M&S, Chrysler or Motorola as three of its four examples of exemplary relationship customers. The reason for this is that in the late 1990s, the behaviour of each of these companies led their suppliers to radically reasess the benefits of pursuing relationship marketing policies with them. We should not forget that relationships bring with them disadvantages that have to be set against their advantages. Håkansson and Snehota (1998) is one of the few publications to provide insights into these disadvantages – but is seldom referred to in the relationship marketing literature.

According to Lambert *et al.* (2006, p.170) there are three types of partnerships:

- **Type I**

Type I has usually a short-term focus involving a limited number of functional areas within each organisation. There is limited coordination of activities and planning.

- **Type II**

Type II has a long-term orientation, and multiple functions within the organisations are involved in the partnership. Compared to type I, the organisations involved have moved beyond coordination of activities to integration of activities.

- **Type III**

Type III includes the organisations which are highly integrated in operational functions. Typically, no "end-date" exists for the partnership.

In the model, Drivers are the "whys" – the benefits that would not be possible without a partnership (Lambert *et al.*, 2006, p.176). Compelling Drivers are: cost efficiencies (Borys and Jemison, 1989), improved customer service, e.g. reduced inventories, shorter lead times and more timely and accurate information (Weitz and Jap, 1995), improved marketing advantage (Oliver, 1990) and profit improvement (Noordewier *et al.*, 1990).

Facilitators are firm-characteristics that help partnership development. Above all, it is a question of compatible management philosophy and technique, culture, and business objectives (Lambert *et al.*, 2006, p.181), and the willingness to collaborate, i.e. developing a norm of mutuality (MacNeil, 1980; Cooper and Gardener, 1993). In addition, symmetry or "demographically" similar partners, enhances success (Langley and Holcomb, 1992).

Components are managerial actions that are implemented in order to create the benefits of partnering (Lambert *et al.*, 2006, p.186). These are: joint planning (Simchi-Levi *et al.*, 2008), joint operating controls (ability to implement changes for the good of the partnership) (Gardener *et al.*, 1994), communications (Borys and Jemison, 1989), risk/reward sharing (Cooper and Ellram, 1993), trust and commitment (Dwyer *et al.*, 1987), contract style (Macauley, 1963), scope (or complexity) (Borys and Jemison, 1989), and financial investment (Heide and John, 1988).

Examples of Outcomes in effective partnerships are: process improvement, profit enhancement, improved product quality or other improvements in competitive posture, depending upon the Drivers and the Components (Lambert *et al.*, 2006, p.192). As long as partners achieve the desired Outcomes, the Drivers, Facilitators and Components would further strengthen the partnership (Anderson and Weitz, 1992).

Methodology

Design and Setting

In order to examine international supply chain partnerships for niche firms, an exploratory approach was found appropriate. Past research on the types and content of firm relationships is scarce, and in cases where relatively little is known about the phenomenon to be investigated, exploratory research is recommended (Churchill, 1979).

Structured in-depth personal interviews of key informants were used as the data collection method in order to allow for discussions and follow-up questions. This method allows insight into the respondents' own interpretations of their environments and improves the researcher's possibility for understanding underlying or latent constructs (Miles and Huberman, 1994), and the extent and richness of data make such a method more suitable for partnership research than other methods (Lambert *et al.*, 2006). While the number of observations is limited, the data is suitable for practical implications, and such an approach is well-suited to extend the emergent theory (Diamantopoulos and Cadogan, 1996; Eisenhardt, 1989).

The population selected for this research is the seafood and wine industries. In these industries the supply chain complexity is even more pronounced as perishable products are moved across national borders. Furthermore, retailers are known to use their power to force suppliers to lower their prices, and to break long term relationships in order to obtain cheaper products elsewhere. (e.g. Smith and Sparks, 2004).

In Norway, theses industries consist of a number of small- and medium-sized firms with a strong export-import dependency. Four Norwegian niche firms were initially selected, based on suggestions from three industry experts who applied their own interpretations when suggesting applicable niche firms. These firms belong to the seafood and wine industries, and differ in size (turnover and number of employees). After accepting the requests for interviews, these firms recommended and invited their international channel partners to go through similar interviews. Accordingly, respondents were not selected randomly, but such non-random selection of heterogeneous cases is suitable for extending theoretical knowledge (Eisenhardt, 1989). Our analysis covers twelve supply chain partners, three in each supply chain (SC1-4). SC1-2 are from the seafood industry, while SC3-4 are from the wine industry. A more detailed overview of the four supply channels is offered in Table 1. SC1 consists of a small producer that sells to a few intermediaries that in turn sell to multiple customers. SC2 consists of a large producer that sells to multiple customers/intermediaries, but the (large) intermediary considered has only one (very large) customer. SC3 and SC4 entail small producers and importers, and a large customer.

Please insert Table 1 about here

Research Process and Analysis

The interviews lasted 60 – 150 minutes. The interviews started with a short presentation of the project. In most cases we obtained information from one single key informant, but in some companies multiple informants were used. The focus of the project was presented as partnerships and collaboration within international niche supply chains and how the firm in question relates to its customer/supplier firms. General company information was to some extent collected prior to the interviews in order to avoid spending unnecessary time on this during the interviews.

The respondents were Managers – either general managers, or managers in charge of sales or exportation - for each firm. During the interviews, care was taken to let the respondents deepen and clarify their views. Additional questions regarding specific cooperative relationships and how they have developed, as well as the present status, were adopted from the interview guide developed by Larson (1992). Questions like: “This was interesting, can you further describe…” were frequently asked to obtain the necessary information. The interviews were professional, of a non-threatening nature and anonymous. The interviews were machine typed immediately after each interview. All information was included, although only relevant information is presented in the following. The information from each interview was provided to the respective respondent for commenting and for approval.

The qualitative analysis was conducted manually. The unit of analysis is the supply chain, each consisting of three partners, and thus fulfilling the request by e.g. Knoppen and Christiaanse (2007) and Lambert *et al.* (1999) in regard to the number of partners in a researched partner chain. By investigating multiple firms in the same supply chains, compared to investigating only one side of a given partnership, the research more accurately reflects the dynamic forces that bond or break partnerships in the long run (Baba, 1988). Further, interpretations, documents and summary of preliminary findings were then independently reviewed by two researchers. Thus, the general criteria to assess the trustworthiness of the study and findings (Fugate *et al.*, 2006) are considered fulfilled regarding credibility, confirmability and integrity.

Findings and Discussion

In order to present and discuss the findings from this research, the Partnership Model by Lambert *et al.* (1996) provides the structure. We found that all niche firms recognised the importance of partnerships and actively strived to establish partnerships and hence the Partnership Model is a relevant benchmark. Considering the entire supply chain, we found that niche firms at all levels strive to establish partnerships with their suppliers and customers. In addition, we found that if such partnerships cannot be established, niche firms become frustrated. This is the case in the Norwegian wine industry at the retail level because the State Monopoly does not engage in partnerships with suppliers. It seems therefore that niche firms seek partnerships more intensively than other firms. First, we discuss the Drivers of the partnerships, then their Facilitators, Components, and Outcomes. The results are presented in Table 2.

Please insert Table 2 about here

The results indicate that the Drivers of the partnerships are quite similar for the SC1 and SC2, on the one hand, and SC3 and SC4 on the other. In SC1, the key niche product characteristic (irreversible production process: once it is decided to produce it, the conventional (non-organic) alternative is not longer an option) is a major reason for partnering up. In addition, product features (colour nuances and so forth), are significantly different compared to the conventional product, and thus there are different market places for this niche product compared with the conventional product. The long production time (up to three years) increases the need to establish long-term partnerships. SC2 echoes these compelling reasons for partnering.

In SC3 and SC4 the reason for partnering is mainly the desire to effectively compete in the marketplace with niche products. In Norway wine distribution to end customers mainly occurs through the 209 outlets of the dominant State wine monopoly (Vinmonopolet AS), but other supply chain members are small- or medium sized firms. Small firm size can be argued to be a Driver for partnerships in that historically lack of trust and reliability has been a problem.

The Facilitators comprise the characteristics which aid or prevent development of the partnerships. Here, SC1-4 have a prior history of collaboration and trust, which seems to smooth the current day-to-day operations in the chains. This is in accordance with the findings of Graham, Daugherty, and Dudley (1994), where firms with a prior history of successful cooperation have an advantage when building relationships – the chance of future successful interactions are strengthened. Furthermore, similar business philosophies among supply chain partners facilitate and strengthen the cooperation. This is seen in particular with regard to comprehending and appreciating the distinct characteristics of the product and its intrinsic possibilities and limitations, and the desire to avoid unnecessary bureaucracy (SC1, SC3 and SC4). Also, all supply chains emphasize the preference for establishing long-term alliances. These facilitators are all according to Lambert *et al.* (2006), who pinpoint the importance of facilitators such as management philosophy, culture, and business objectives to establish effective partnerships. These findings are also in accordance with the stated importance and desire of "willingness to collaborate" (MacNeil, 1980; Cooper and Gardner, 1993). A distinct result of this research is the stated preference to collaborate and partner up with a production firm which is small and family-owned by local investors (SC1-3). The supply chains detailed this view by emphasising the implicit strong and personal relationships, management/investor successors (i.e. whether are there children to take over in the future or not), reduced risk, high degree of commitment, and high reliability. SC2-4 also emphasized the implicit speediness of decision-making. For example, the manager/owner with 26 years of industry experience, intermediary firm in SC2 stated:

> "It all comes down to trust. The only client I can trust, and therefore can commit to on a long term basis, is Customer X. Other customers are known for setting suppliers up against each other, pursuing short-term relationships toward suppliers. It is a question about deep trust with Customer X. Deep trust means that things go faster. A lack of deep trust means that things move much slower."

A second distinct finding is that shared ideology stands out as an additional compelling Facilitator. This is especially the case in SC2 and SC3. This ideology includes the desire to produce food with no artificial, chemical, or poisonous additives (SC2), and the desire to offer wine made in accordance with old, local traditions (SC3). This Facilitator is not identified in the Partnership Model. Sharing this ideology was a compulsory and absolute condition for moving from partnership type I to type II (III) in SC2:

> "We identify with them and their ideology. We usually see rather quickly if we match to other companies we encounter. With Supplier Y, people mix well; there is a desire to work together. In a way you can call it faith that we met Supplier Y. Supplier Y is governed by strong principles, small family type firm, owned by local investors, and they invest locally. I would like my children to work for Supplier Y." (Purchasing manager, Intermediary firm in SC2)

According to the importer (SC3), the producer is never influenced by trends in the market or technologies – "If thousand other firms go left, he will move to the right". The producer himself states that:

> "There are some guys in my region, that were not well known, but in those times they made very good natural wine. It was little commercial pressure, as it is now. I learned from them. Now I want to make the same wine and document the wine-making process".

Ideology has not been identified as a Facilitator, or even as an important factor, in previous research. We consider ideology[1] to signify a systematic body of concepts and ideas that serve as the foundation for business objectives and plans. In addition, for our purpose here, we reserve the notion of ideology to such concepts and ideas that differ from the average or "normal" business practice in the industry. Accordingly, we suggest that ideology is a characteristic that is closely tied to the notion of niche firms – by definition they like to go their own ways, and they try to distinguish themselves from the actors in the general market. Our findings challenge the idea that asymmetrical power and dependence structures result in dysfunctional relationships (Gundlach and Cadotte, 1994; McAlister *et al.*, 1986). Authors have to some extent investigated the conditions in which mutually trusting and committed partnerships might be developed in the absence of balance of power between firms. For example, Kumar *et al.* (1995) find that firms engage in relational exchange as long as the weaker firm perceives the more powerful firm as fair, but there is little evidence on this issue (Narayandas and Rangan, 2004). We were surprised to find that deep trust acts as the sole safeguarding device. For example, in SC2, the intermediary undertakes substantial transaction-specific investments – building a new plant dedicated to one single customer - that normally should warrant considerate safeguards, like contracts or ownership (Williamson, 1985). Our findings suggest that shared ideology reinforces the safeguarding properties of trust – without shared ideology, satisfaction with the relationship and faith in partner (trust) is not enough to warrant such actions as undertaking huge transaction specific investments.

The Components section of the Partnership Model includes the managerial actions that are implemented to create the benefits of partnering. The Components we identified are consistent with previous research. There are, for example, much focus on achieving high degrees of trust, commitment, and reliability (Dwyer *et al.*, 1987) (e.g. producing firm does not sell to any other outside the supply chain in spite of possible advantageous price offers, and the understanding from the chain regarding variations in product or difficulties in keeping productions schedules due to e.g.

[1] Ideology can be defined as: 1) a systematic body of concepts, 2) a manner of thinking characteristic of an individual, group, or culture, or 3) the ideas behind a social, political, or cultural programme (Longman New Universal Dictionary, 1982).

weather conditions). In SC2-4, members of the management group (in all firms) were conscious about taking care of partners, refraining from use of power or reclamation tactics (complaining with the sole purpose of achieving discounts). Also, there is frequent and comprehensive information sharing, which is in accordance with what is considered to be key management issues in effective buyer-seller relationships (Borys and Jemison, 1989). In both supply chains there is extensive information exchange (almost daily personal contact), and in SC2 "an open book approach" is pursued. This means that each week supply chain partners inspect each others' accounts, and in case that e.g. the intermediate does not earn a satisfactory profit while the retail chain does, the retailer will accept higher prices from its partner. In SC4 logistical costs are reviewed twice a year.

In SC1, SC3, and SC4, despite extensive joint planning at multiple levels, deep trust and commitment, and systematic and extensive communication, there is no sign of complex integration among the partners, and there are no formal working groups across firm boundaries, except for the intensive (almost daily) collaboration between top managers. Furthermore, only information regarding products and prices is shared. This means that more advanced performance measures are not used to assess the Outcomes of the collaboration. In SC2 however, electronic data interchange (EDI) is currently being implemented, and point of sales (POS)-data will soon be electronically available throughout the chain. In SC2 we also found that the firms use joint five-year rolling plans, long-term price-contracts and joint working groups across firm boundaries.

The Outcomes identified in both SC1 and SC2 are process improvement and improved product quality. This is in line with (Lambert *et al.*, 2006). As long as the niche product is considered to be relatively "new", the focus should be on production and product quality. In SC2 we see that supply chain management becomes more and more important. Currently, efficient logistics and supply chain management is high on the partners' agenda. In SC3 and SC4 there is more focus on market performance (and reputation for quality), even though SC4 monitors logistics costs.

Not surprisingly, since partners so far have achieved the desired Outcomes, we find that Drivers, Facilitators, and Components currently operate as to further strengthen the partnerships (Anderson and Weitz, 1992), as they pass from e.g. Partnership type I to type II (e.g. SC2).

We found during our analysis that Lambert *et al.*'s (2006) article does not fully provide guidance as to what partnerships niche firms should establish. Lambert *et al.* claim that firms normally are expected to have many type I relationships, some partnerships of type II, but very few (2 or 3% of relationships to customers or suppliers) of type III. Obviously, this does not apply to niche firms, due to limited resources and capabilities on their part to maintain such partnerships (Gale, 1994).

For example, in SC2, the intermediary company has one, sole customer. The other firms, except for the retail chains (including the State wine monopoly and the producer/exporter in SC4), have few suppliers and customers.

Conclusion

This paper focuses on four different supply chains for seafood and wine niche products and describes how these supply chains organize their partnerships and collaborate with reference to the Partnership Model initially developed by Lambert *et al.* (1996). We found during our analysis that Lambert *et al.*'s (2006) article does not fully provide guidance as to how niche firms could actually achieve effective partnerships. The Partnership Model was developed on the basis of case studies of firms like Coca-Cola, McDonalds, Xerox, and other large firms (Lambert *et al*., 1996). Accordingly, Lambert *et al*. (2006) recognise that there is still a need to study the integrative processes in more detail, particularly in smaller firms.

In accordance with the findings of Kottila and Rönni (2008), collaboration and partnerships were found in dyadic relationships, but not at the supply chain level. In SC3 and SC4 the dominance of the State wine monopoly inhibits partnerships, but in SC1 and SC2 we found partnerships (dyadic collaboration) at all levels of the supply chain.

This research makes three main contributions to the literature. First, for obvious capacity-related reasons, small niche firms are expected to engage in fewer relationships with buyers and suppliers than larger firms (Håkansson and Snehota, 1998) – since all partnerships are costly in terms of the time and effort required. We found that even large niche firms engaged with few customer firms. Obviously, the recommendation that only 2-3 % of a firms partnerships should be of the III type

(Lambert *et al.,* 2006) does not apply to the firms considered here, except for the large retail chains. This is not really surprising, given that the Partnership Model was developed on the basis of case studies of firms like Coca-Cola, McDonalds, Xerox, Whirlpool, 3M, and other large firms.

Second, one important emergent Facilitator not considered in the Partnership Model, is ideology. We found that the strong desire to produce "healthy food" or wine made according to local traditions (SC3) was the "raison d'être" of the partnerships considered (cf. SC1-2).

Third, niche firm ownership should also be considered to be an important Facilitator when applying the Partnership Model to niche firms. When deciding on future development of a relationship, small and family- (or locally-) owned enterprises with an obvious inheritor which seems likely to continue the business as before when the current manager steps aside, is a key criteria.

Managerial Implications

Partnerships represent one way to develop competitive advantage for supply chain members. Such partnerships are, however, costly to develop (in terms of time and efforts required). The Partnership Model, originally developed on the basis of successful partnerships between large corporations, should be used with care when applied to partnerships involving niche firms for mainly two reasons.

First, there is the astonishing power of shared ideology. Currently a "green wave" is spreading around the world, preaching that we must take better care of our environment. The firms considered in this research believe in natural food, not produced by means of chemical additives (which they consider to be "poison"), or in the art of making good wine. Similar or shared ideology is a key Facilitator that by large speeds up important processes, and eases and strengthens partnership development. A clearly expressed and shared ideology reduces the need for lengthy development of necessary trust and commitment when building partnerships.

Second, niche firm ownership is important in partnership considerations. Partnerships are costly to initiate and develop, and thus it is wise to initiate the "right ones". In all supply chains described in this paper, ownership was of great concern. According to our informants, the important questions to ask are: who are the owners, and are they likely to sell out in the future? What happens when the current general manager or owner retires – who will take over the business? Despite consciousness on these matters, niche firms are by nature vulnerable. For example, in SC4 firms go as far as continuously monitoring and maintaining relationships with prospective partner firms – for some reason or another, current partners (despite apparently sound ownership and management) can be gone tomorrow, despite their sincere efforts for maintaining good relationships with them, because of external, uncontrollable events.

Further research

The Partnership Model should be developed further. Specifically, the power of shared ideology as a Facilitator (be on the basis of environmental or "green" issues, or obeying to local traditions in food production) merits empirical testing. It can also be empirically examined whether ownership in niche firms influences partnering arrangements as a Facilitator.

Our findings challenge the idea that assymetrical power and dependence structures result in dysfunctional relationships (Gundlach and Cadotte, 1994; McAlister *et al.*, 1986). We were surprised to find that deep trust seemingly acts as the sole safeguarding device when substantial transaction-specific investments are involved. This research suggests that shared ideology reinforces the safeguarding properties of trust, and this issue merits attention in further research.

Research limitations

This research has its limitations. First, we have only focused on twelve firm cases/four supply chains, and the limited data makes our results unfit for generalization to a larger population. In addition, inevitable weaknesses are associated with cross-sectional research. The data is collected at only one point in time. The respondents were asked to tell their stories, but data collection conducted at several points in time, as in longitudinal research, would have produced data that are more reliable. Further, this research concentrated on export-oriented niche firms in the food and wine industry and their downstream supply chain partners. This study should be replicated in other industries or in other geographical locations. Accordingly, our results constitute a mere starting point for more detailed studies.

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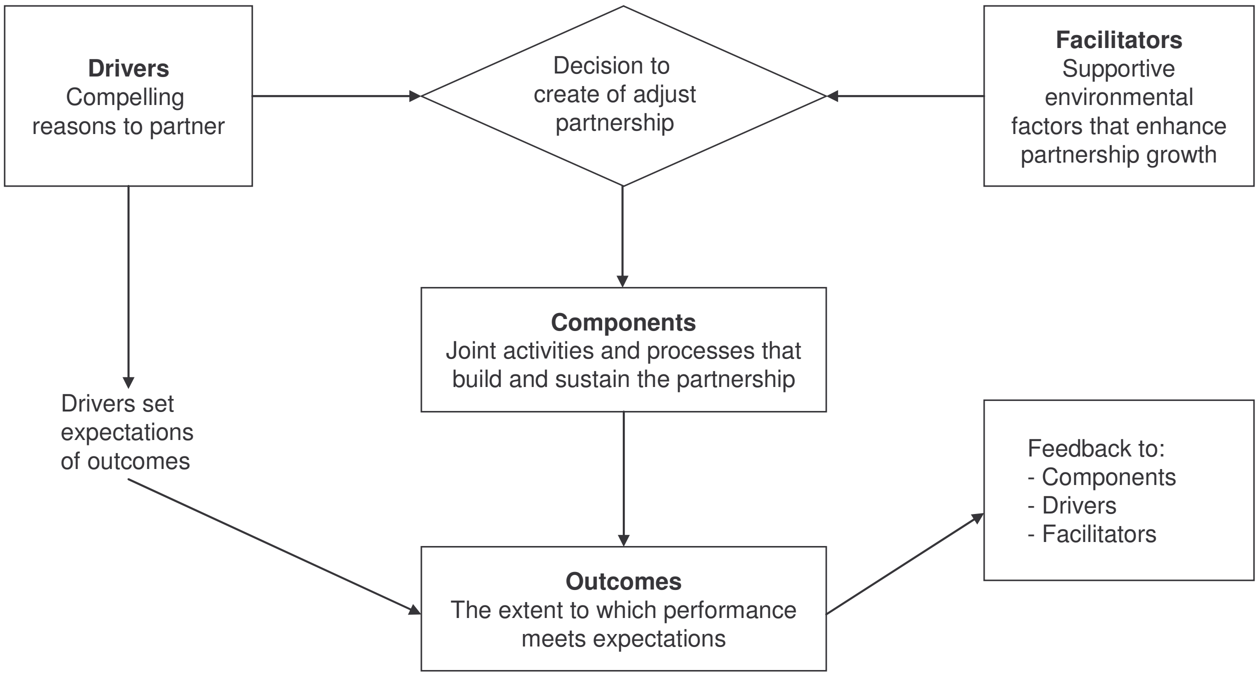
FIGURE 1
THE PARTNERSHIP MODEL



Source: Lambert *et al.* (1996, p. 4)

TABLE 1
OVERVIEW – SUPPLY CHAIN PARTNERS

Supply Chain 1 (SC1)		**Supply chain 2** (SC2)	
Producer	Norwegian seafood - Founded in 1974 - 20 employees (full time) - Annual sales of niche product: 0.5 million Euros (10%)	Producer and Exporter	Norwegian seafood - Founded in 1997 - 95 employees (full time) - Annual sales of niche product: 1 million Euros (20%)
Partnership	**- Partnership initiated in 1997** **- Sole supplier relationship – accounts for 100% of the exporter's purchase of the niche product**	**Partnership**	**- Partnership initiated in 2005** **- One of three suppliers, delivers 25-30% (the percentage is increasing)**
Exporter	Norwegian seafood - Founded in 1994 - 26 employees - Annual sales of niche product: 1.5% - Number of customers: 100 (Retail chains, HORECA), whereof 1 for niche product - Number of suppliers: 1 for niche product	Importer and producer	Focuses on organic seafood - Founded in 1989 - 100 employees (full time) - Annual sales of niche product: 30% - Number of customers: 1 - Number of suppliers: 3
Partnership	**- Supplier relationship since 1994** **- Partnership initiated in 1997** **- Retail chain is sole customer (acquires 100% of the exporter's organic sales)**	**Partnership**	**- Supplier relationship since 1995** **- Partnership initiated in 2005** **- Retail chain is sole customer (acquires 100% of the producer's production)**
Retail chain	Hypermarket outlets (national retail chain)	Retail chain	Supermarket outlets, with focus on organic products (international retail chain)

TABLE 1 *Continued*

Supply Chain 3 (SC3)		**Supply chain 4** (SC4)	
Producer	Portuguese wine - Commercial production started in 1989 - 12 employees (full time) - Annual sales of niche product: 0.3 million Euros (30%)	Producer and Exporter	French wine - Commercial production started in 1999 - 7 employees (full time) - Annual sales of niche product: 0.05 million Euros (1%[2])
Partnership	**- Partnership initiated in 1997** **- Sole supplier relationship – accounts for 100% of the importer's purchase of the niche product (40% of the producer's production).**	**Partnership**	**- Partnership initiated in 1999** **- Accounts for 100% of the importer's purchase of the niche product (product developed in joint collaboration for the Norwegian market).**
Importer	Norwegian importer of niche products - Founded in 1996 - 3 employees (full time) - Annual sales of niche product: 0.5 million Euros (20%) - Customers: State wine monopoly (90%)	Importer	Norwegian importer of niche products - Founded in 1997 - 2 employees (full time) - Annual sales of niche product:0.02 million Euros (1%[2]) - Customers: State wine monopoly (90%)
Partnership	**- Supplier relationship since 1996**	**Partnership**	**- Supplier relationship since 1997**
State wine monopoly	209 outlets (nationwide)	State wine monopoly	209 outlets (nationwide)

[2] The partnership includes several niche products, so the aggregated annual sales for niche products in this partnership are a higher number.

TABLE 2
OVERVIEW OF THE RESULTS: DRIVERS, FACILITATORS, COMPONENTS, AND OUTCOMES

	Drivers	Facilitators	Components	Outcomes
Supply Chain 1 (SC1)	- Specific (niche) product - Long production time - Irreversible production	- Prior history (personal and firm level) - Business objectives (long term alliance) -Similar ideologies/philosophy (biology, no red tape) - Willingness to collaborate-(mutual understanding) - Strong personal relationships - Small family owned production firm	- High degree of trust and reliability-does not consider switching to other partners (even if there might be short-term profits) - Frequent and personal contact (almost daily) - High commitment - Open book policy - Comprehensive information sharing - No information exchange beyond price and product information	- Improved production process - Improved product quality
Supply Chain 2 (SC2)	- Specific (niche) product - Long production time - Irreversible production	- Prior history (personal level) - Business objectives (long term alliance) - Similar "extreme" preoccupation/ideology and motivation (no chemicals/"poison") - Very strong personal relationships - Small family-owned production firm	- High degree of trust (because more speedy work) - Relational norms (mutuality) (taking care of each other, no exercise of power, no tactical reclamation behaviour) - High commitment - Open book policy (allows mark-up) - Comprehensive information sharing - No complex integration but EDI and electronic sharing of POS-data available soon - Joint planning (including 5-year rolling plan) - Long term price contracts - Joint working groups across firms	- Improved production process - Improved product quality - Challenges in logistics and supply chain management have been (recently) revealed.

TABLE 2 *Continued*

	Drivers	Facilitators	Components	Outcomes
Supply Chain 3 (SC3)	- Increase sales of traditional Portuguese wines (niche products) in Norway	- Prior history (personal and firm level) - Business objectives (long term alliance) -Similar ideologies/philosophy (wine made the traditional way) - Willingness to collaborate- (mutual understanding) - Very strong personal relationships - Honesty and good reputation are essential partner characteristics - Small family owned production firm	- High degree of trust and reliability- does not consider switching to other partners (even if there might be short-term profits) - High commitment - Quality control (products, including packaging, product information and logistics) - Frequent and personal contact (almost daily) - Comprehensive information sharing (price and product information) - Continuous joint product development	- competitive products - reputation for quality
Supply Chain 4 (SC4)	- Develop and market specific niche products for the Norwegian market	- Prior history (personal level, and more recently, firm level)) - Business objectives (long term alliance, be willing to work hard, and to establish reputation for 1) quality products, 2) competent partners and 3) competence and talent) - Similar preoccupation with product characteristics in relation to market needs - Very strong personal relationships - Honesty and good reputation are essential partner characteristics	- High degree of confidentiality and trust - Relational norms (mutuality) (taking care of each other, no exercise of power, no tactical reclamation behaviour) - High commitment - Frequent and personal contact (daily) - Comprehensive information sharing - Joint planning only in the short term (events) - Cost monitoring (twice a year) - Continuous joint product development (joint working group across firm boundaries)	- competitive products - reputation for quality