What are the main elements of future competition ability of enterprises in wood products sector?

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How to compete successfully in the future!

Symposium on Wood Products Industries in Future Bio-economy Business
What do we know about Forest Sector Culture?
Failing to React to Change
“We’re working with wood, so what is there?”

– American Manager
“...we just make buggy whips, as fast as we can.”

– American CEO
Marketing Myopia

• “The railroads did not stop growing because the need for passenger and freight transportation declined.”

• “…they assumed themselves to be in the railroad business rather than in the transportation business.”
Kone

“…Kone redefined itself in early 2008 as a ‘people flow’ solutions company – taking a functional rather than product-based definition.”
“...the escalating speed of change is likely to require organisations to transform, chameleon-like, on an almost constant basis.”
Innovativeness
Innovation vs. Innovativeness

Innovation

创新

to create

something new
Innovation vs. Innovativeness

Innovativeness

创新性

to create something new characteristics

Han 2010
Definitions – Innovativeness

“the propensity of firms to create and/or adopt new products, manufacturing processes, and business systems.” – (Knowles et al. 2008)
Culture – resistance to change

- “…this culture is incredibly conservative in this industry, so very resistant to change.” – North America
- “I think this whole innovation thing or being innovative or not is something that people consider a bit apart from their everyday work or everyday duties and this is, of course, not the idea.” – Europe
2013 Study w/Chemical Cos.

“… the industry is quite conservative, so it is not so easy to bring in new technologies into this market.” – European Manager, chemicals

“…this industry is quite conservative, so customers like to do business as they have done it for the past twenty years.” – US Manager, chemicals

“…the majority of treaters are not going out there and trying to find new and different, and asking us if we can do it. They sit back and answer the telephone and take orders.” – US Manager, chemicals
“the biggest problem with this firm is its management. Most of the top management has grown up with big mills and established customers, which require very little innovation. All new issues and ideas are horror for them.”

– as quoted in Björkdahl and Börjesson (2011)
Diversity
Top Management Teams

- More females equates to better financial performance

Hansen et al. 2016
Industry Negatives

“We can count on one hand how many women leaders there are in the manufacturing facilities”

“...it just doesn’t necessarily conjure up in your mind that it would be an industry that would have a lot of opportunity for women”
How the Industry Can Improve

“We need to make sure we’re bringing a diverse workforce in the front door”

“...being visible, having people see female executives...”

“Having females at the senior leader level has helped pave the way for other people to go ‘oh wow you CAN do that’ ”
Female Executive Insights

“...if you really want to be successful and compete globally, you need to have a diverse management team that can help you be successful in all different types of environments”

“...women do tend to manage a little differently than men... different isn’t necessarily better or worse, but what I always find is that having a mixture brings you to better decision making...”

Conroy and Hansen 2016
Ambidexterity
G2: Innovation Strategy & Performance

- Explore
- Exploit
- Performance

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Seeking Ambidexterity

- A separate R&D unit
- Cross-functional innovation teams
- Creating a closely held subsidiary
- **Alliance/collaboration**
- Purchase of another company
Forest-based Sector Technology Platform

- **Actions needed:**
  - New business structures and models
  - More beneficial policies and other political frameworks
  - Technological developments and increased investments in research and innovative solutions
  - Strengthened education and training
  - Creation of cross-sectoral alliances
Does your company actively participate in collaborations to improve your business? If so, what type of organization?

- No: 50%
- Within Industry: 15%
- Industry Associations: 18%
- Other: 7%
- Customers: 3%
- Equipment Manufacturers: 3%
- IDK: 2%
- Labor Safety: 2%
New Business Models
Designing an Innovation Program

- CEO support
- Strategic assignment and articulation of roles, especially top leaders
- Internal resources assigned
  - Innovation leadership
Framing the Future

- Initial focus to establish assumptions about where market is headed
- Utilize stimuli to initiate discussion among company “forward thinkers”
- Retreat setting
Renewable Wood Solutions
A Sustainable & Cost Effective Wood Disposal Solution

• Launched May 2015
  – Delivering margins double Cox’s historical average
  – Positioning Cox brand positively to market (“birth to earth” capability with poles
  – Leveraging existing Cox competencies in wood pole logistics and sales
Summary

• Competitiveness in the future bioeconomy means:
  – Changing culture
  – Being more innovative
  – Being more ambidextrous
  – Embracing diversity
  – Creating new business models

• Choosing not to proactively innovate may inadvertently turn into an exit strategy!
Literature

- Han, X. (2010). Internal Presentation to Wood Science and Engineering Faculty. Corvallis, OR.