GLOBAL INTEGRATOR FIRM’ TASK: TO CONNECT DEMANDING CUSTOMERS AND GLOBAL SUPPLIERS. HOW TO DEVELOP CONNECTING, TRANSLATING AND PRODUCT DEVELOPING CAPABILITIES

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ABSTRACT

There has been an increasing interest in international entrepreneurship since the research field has been seen as the intersection of two research traditions: international business and entrepreneurship (McDougall and Oviatt 2000). The aim of this paper is to investigate a global integrator - a specific type of subcontractor. The global integrator concept originates from the network research approach to international business (Andersen and Christensen 2005).

The specific aim of this paper is to investigate to which degree the characteristics of a global integrator apply also to a certain entrepreneurial case of a global subcontractor. So the aim is not theory testing, but the use of a paradigmatic case to translate and extend the concept of global integrator from the international business research path to the international entrepreneurship path.

The paper contributes by developing and documenting a more clarified understanding of a global integrator entrepreneurial firm by extending and adding dimensions to the characteristics of the global integrator from an international entrepreneurship perspective. The paper does this by using a single case about the firm Back11basics A/S and describes how the entrepreneurial company adds value to suppliers and customers. Furthermore, the paper contributes to the theoretical definition of what constitutes international entrepreneurship.
INTRODUCTION

The interest for international entrepreneurship has increased since one of the first attempts was made to define the concept (McDougall 1989). International entrepreneurship is defined as the intersection of two research paths: International business and entrepreneurship (McDougall and Oviatt 2000). A more formal definition is offered by Oviatt and McDougall (2005:540): “International entrepreneurship is the discovery, enactment, evaluation, and exploitation of opportunities – across national borders – to create future goods and services.” The definition refers directly to and borrows core elements from the Shane and Venkataraman (2000) definition of entrepreneurship, but also adds an international dimension “across national borders” to the definition. Furthermore, Oviatt and McDougall add “enactment” to Shane and Venkataraman’s (2000) “discovery” of opportunities.

An important trend within international business and especially among international sub-contractors is a significant increase in cross-border sub-contracting (Dicken 2003, chap.8). The main driver behind cross-border sub-contracting is the search for cost-minimization, especially minimizing labour costs (Dicken 2003: chap. 8). An increasing number of new ventures seems to be global from the inception. Madsen and Servais (1997) define the concept of born global as a firm that exports at least 25 % of its turnover within three years of existence. In a later study by Madsen and Rasmussen (2004) a further distinction is made between internationalisation concerning sourcing (born global sourcer), sale (born global seller) and both sourcing and sale (born global firm/born European firm). A representative, empirical investigation of 897 small to medium sized Danish manufacturing firms conducted in 2004 revealed that 81 (9,0 %) firms were born global firms, 209 (23,3 %) were born European firms, 140 (15,6 %) were born international sourcers, 117 (13,0 %) firms were born international sellers and 350 (39,0 %) were born local firms (Madsen and Rasmussen 2004). The findings from the investigation suggest that nearly 1/3 of the Danish firms can be labelled born global firms or born European firms. The distinction concerns whether they export/source within or outside the European countries. With around 1/3 of Danish firms with both international sourcing and selling of a significant size, this would suggest that international entrepreneurship is an important phenomenon. One of the advantages with the extended born global firm-concept etc. is the link to both the sourcing and selling side. One of the problems with the born global concept is the statistical delimitation of the mentioned types of firms. It is a definition of the various types of firms based on a quantitative definition. The definition does not give much information about the qualitative differences between the identified types.

Andersen and Christensen (2005) have developed a typology for five types of subcontractors: 1) local integrator; 2) export base, 3) international spanner; 4) import base; and 5) global integrator. A detailed description of the five types of subcontractors can be seen in table 1 and a graphic presentation of the five types is shown in figure 1. The interest of this paper concerns the global integrator, but this type of subcontractor is a hybrid of three other types. Thus we will start with a description of the various types of subcontractors.
Table 1 Dimensions of bridging roles by types of international subcontractors

<table>
<thead>
<tr>
<th>Local integrator</th>
<th>Export base</th>
<th>Import base</th>
<th>International spanner</th>
<th>Global Integrator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governance form</td>
<td>Trans-action-oriented</td>
<td>Upstream bridging</td>
<td>Downstream bridging</td>
<td>Critical node in geographical space</td>
</tr>
<tr>
<td>Coordinative capability</td>
<td>Ensuring responsiveness</td>
<td>Maintaining position in local technology network</td>
<td>Transmitting and translating between different spheres of technical knowledge</td>
<td>Orchestrating independent and geographically dispersed layers</td>
</tr>
<tr>
<td>Business Scope</td>
<td>Flexibility in the local supply network</td>
<td>Translating international market demand into local supply activity</td>
<td>Translating new international technology into applied solutions locally</td>
<td>Exclusiveness</td>
</tr>
<tr>
<td>Transformation challenge</td>
<td>Balancing flexibility and responsiveness with the ability to complement local competencies</td>
<td>Adding value to strategic buyers purchasing to maintain position among local subcontractors</td>
<td>Extracting and translating knowledge from strategic subcontractors and applying it to meet the needs of local buyers</td>
<td>Emulate local presence and establish virtual proximity to fulfil orchestrating role</td>
</tr>
<tr>
<td>Key Bridging functions</td>
<td>National sourcing and selling network Processing, integrating, buffering, flexibility</td>
<td>National sourcing network Integrating, coordinating, negotiating International selling network Developing Configuring inspection sourcing scheduling</td>
<td>International sourcing network Monitoring, absorbing Acquiring National selling network Interacting, Designing, applying Disseminating</td>
<td>International sourcing network Testing, scaling, prototyping, documentation International selling network Material knowledge, documentation, problem solving, custom tailoring</td>
</tr>
</tbody>
</table>

Source: Andersen and Christensen (2005) table 1, p. 1265, figure 3-7.

We will not go into detailed discussion of the various types of subcontractors, but will investigate the characteristics of the global integrator revealed in the table.
**Figure 1** Positions in the international production flow; An ideal type model.

![Diagram](image)

Source: Andersen and Christensen (2005) figure 2.a, p. 1264.

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**METHDOLOGY**

This study makes use of an approach to case-studies which can be labelled paradigmatic case study, where the aim is to “develop a metaphor or establish a school for the domain the case concerns” (Flyvbjerg 2006:230). The global integrator is a hybrid of three other subcontractor types. A case based metaphor will contribute to understand and link entrepreneurship to an international business perspective on various types of subcontracting.

One of the authors is Co-owner of Back11Basics A/S. So the methodology used can be described as action research (Coughlan and Brannick 2005; Carson, Gilmore, Perry and Gronhaug 2001). The action research approach challenges the research process. Among the advantages is an easier access to information and also access to further questions. Among the disadvantages is the question of keeping critical distance to the case material rather than telling only the good side of the story. In our organization of the research, the co-owner has been interviewed by the other author who also made the first draft of the article. Both have the right to say no to information and interpretations.

Below the characteristics of the global integrator from table 1 will be used to describe the global integrator case of the firm Back11Basics A/S from an international entrepreneurship perspective. The international entrepreneurship perspective means that some of the defining elements of international entrepreneurship described by Oviatt and McDougall (2005) will be addressed in the case.

**Case - Back11basics A/S**

This article is based on an in-dept investigation of one case, the firm Back11Basics A/S (from now on B11B). B11B considers itself as a trading firm. It was established in January 2002 by the owners Peder Barenholdt and Jesper Kolind. They invested 500,000 Danish kroner each in the company (equal to a total of 134,000 Euros). Both had been employed by the Danish company Dandy A/S (now Gumlink A/S) specialized in producing and selling chewing gum. Jesper and Peder had initially been sent 2½ years to Eastern Europe to develop new markets for Dandy A/S (Lithuania and Caucasus, respectively). When Jesper returned to the head office of Dandy A/S in Vejle, Denmark, he started a new division within the company with the aim to build a substantial business within the private label area – targeted at European and US retailers. This was in the autumn of 1998, when the biggest export market of Dandy A/S – Russia – collapsed overnight and the company was eager to find new markets to use the extra production capacity. For Jesper this was a natural and challenging task, as he - before his employment with Dandy A/S - finished a MBA degree at Rotterdam School of Management, Erasmus University – with major in private label.

During this period, Jesper had seen a demand for combining sales of chewing gum with sales of other refreshing confectionery products such as mints and throat pastilles. Jesper developed a business idea according to which Dandy A/S would add other refreshing confectionery items (not produced by Dandy A/S) and hereby serve as a full category supplier as opposed to “only” a chewing gum supplier. The idea was presented to the CEO, but rejected.

Jesper and Peder thought it was a good business idea and decided to start their own company, B11B. The background for the special name was twofold. First of all, B11B should be the alternative to bigger and bureaucratic production companies based on flexibility and speed. Secondly, the market
was from day one defined as B-to-B clients only. Jesper was not allowed to produce or sell chewing gum in Europe for one year after employment with Dandy A/S had been terminated. At that time Dandy A/S was in the process of being sold to Cadbury. After the completion of the sale, the main parts of Dandy A/S were taken over by Cadbury and the only part which was not sold was the Danish production facility which continued under the name Gumlink A/S. The platform for the new company Gumlink A/S was B-to-B clients mainly focused at private brands (brand owners who want to develop their brands within chewing gum) and secondly private labels (retailers/distributors who want to develop chewing gum). Hereby B11B and Gumlink A/S became competitors.

Peder and Jesper considered several other business ideas before they decided to go for two major business ideas/divisions within refreshing confectionery:
1) to build up a distributor brand in Eastern Europe, and
2) to build a business in the same category on delivering private label to supermarkets in Western Europe and the USA.

The company started with these two persons and one administrative person in 2002. In 2008 the company has 9 employees working from the head office in Vejle, Denmark. The turnover is now Euro 9 million and except the first year of operation, the earnings have always been positive. Major retailers in Europe and USA such as Aldi, Lidl, Tesco and Boots are found on the list of references. The supplier base covers nationalities such as Turkey, Tunisia, Morocco, Germany, Iceland, Japan, China and Denmark.

Operations are controlled from Denmark but with a flexible logistical set-up (warehouses) in Denmark, Germany, Czech Republic and USA.

Table Back11basics A/S turnover

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Turnover, million Euro</td>
<td>0.04</td>
<td>2.423</td>
<td>4.241</td>
<td>5.243</td>
<td>6.963</td>
<td>8.422</td>
<td>8.875</td>
<td>9.909</td>
</tr>
</tbody>
</table>

Note: Figures for 2008/2009 also includes budget figures.

Start Up Of The Entrepreneurial Firm

B11B first pursued the business idea in Eastern Europe. What Peder and Jesper have seen in Eastern Europe in the chewing gum market is a complete transition from sugar sweetened products to sugar free. The benefits of sugar free were well understood and significant for the consumers in Eastern Europe. However, in the mint market, all products were still sugar sweetened. It was obvious for Jesper and Peder that there was a market for sugar free mints in Eastern Europe and the first mover advantage was significant.

B11B made a deal with one of the most important Russian distributors of refreshing confectionery (a person they knew from the past) to develop and distribute three types of sugar free mints for the Russian market. B11B developed its own brand – OXYDENT® for this market with the support of a leading London based marketing agency. The basic idea was that the brand ownership would be shared between B11B and the distributor. Expectations were high, but unfortunately the Russian business partner disappeared only a few days before B11B planned to send the first shipment to Russia. At that time, they had spent more than half of the money to develop the brand and produce the three types of sugar free mint products.

The market was scanned for other major distributors of confectionery, but the new idea to the Russian market was not well understood. A small Russian distributor took on the assortment and distributors in Central Asia and Caucasus started with OXYDENT® sugar free mints. However, the volume level was much lower than expected and it was not easy to sell products with Russian labelling to other countries. Hence, B11B had a significant loss on pursuing this idea in Eastern Europe.
Sourcing And Configuring

After the failure in Eastern Europe, Peder and Jesper started pursuing the idea of producing private label for hyper- and supermarkets and discounters in Europe and the USA. At this point Jesper’s competition clause with Dandy A/S had ended and the products produced under OXYDENT® for Eastern Europe were a good starting point in the initial private label sales work. However, the assortment was very limited and to achieve the original private label idea, B11B needed to cover the whole refreshing confectionery category. To be able to do so, they had to expand the sourcing base. The experience of Jesper and Peder is mainly founded in the sales area and the ability to establish and develop organisations. The confectionery industry is rather limited and the players meet at various industry trade fairs. Jesper and Peder are “known” among close competitors to Dandy A/S, and Dandy A/S has always been known as an innovative and professional company. Peder and Jesper evaluated around 10 producers of refreshing confectionery and made clear priorities based on a pre-defined set of criteria. The possibility of a close partnership with the selected producers was evaluated after numerous meetings, and two companies showed strong interest in the partnership, one in Turkey and one in Germany.

The German company had a well-developed internal production infrastructure and could meet the highest quality standards. It was clearly production driven with a fully automated production and completely lacked the sales/marketing ability. The Turkish company had strong brands in Turkey and the Middle East, but no presence in Western Europe and the USA. Both companies saw the opportunity in utilizing the sales experience of B11B to penetrate sales channels that would otherwise be completely closed to them, namely private label clients in the named areas.

After finding these partners (and eventually others), B11B developed several product concepts which eventually covered the refreshing confectionery category. Special “presentation” products were developed for the initial sales. As projects were launched, these “presentation” products were replaced by real products.

At some stage, the characteristics of the supplier search changed. When B11B had several international retailers on the reference list, other producers contacted B11B directly to discuss potential cooperation. The search had changed from a “backwards” search to a “forward” search.

Applying And Dissemination

Jesper was prohibited to do business within the chewing gum for one year after leaving Dandy A/S. Therefore the sales effort was focused on mint products initially. B11B contacted a number of purchasers at discounters and supermarkets. The breakthrough came when the discount chain Aldi UK was searching for a supplier of a certain mint product and had asked various suppliers to deliver with a pre-defined price and time table. Without any knowledge about this, B11B made a direct mailing campaign with various products – of which one was the same mint concept. Jesper went to UK for a meeting at short notice. He did not have the exact mint pastille in the assortment, only the pack type. But Jesper found out that one of their suppliers previously produced the mint pastilles for the leading brand company that Aldi wanted to match and thus was able to produce a similar pastille. The “normal” B11B pastille was replaced by this version, and when presented to the Aldi purchaser, this was immediately approved. The purchaser came up with a target price, and Jesper returned to make some calculations to see if B11B could match this price (with a profit). They could and were able to get started.

Another example of one of the first orders of B11B was a permanent listing for chewing gum to Aldi USA. The restriction to sell chewing gum only included the European market. The primary competitor of B11B in the US market was Gumlink A/S. The latter was in a re-structuring process in the US market and had little focus on long term sales activities. Furthermore, Jesper knew the purchaser from his past experience. But most importantly, over a long period of time B11B had developed a good match to the national leading brand and could offer this at a very competitive price.

A third example of an early customer was Tesco Central Europe with head office in Poland. Tesco Central Europe wanted delivery of chewing gum for Central Europe encompassing several countries. The company wanted to match the quality of the leading chewing gum brand at a certain price, but
moreover the subcontractor should be able to make partnerships with a local logistic partner in each country. This logistical challenge was probably the main reason why B11B won this account.

Summing up: How does B11B compete to enter the refreshing confectionary market? Good products and competitive prices form the basis. If these conditions are not met, the subcontractor will have a small chance to be viewed as serious by the purchasers. The main “qualification” of B11B to enter the market and get the first orders seems to be flexibility. This includes the capability to meet the specific demands set by the customers and perform better than competitors. Being able to deliver a specific mint pastille at a certain price level set by Aldi UK; being able to meet specific demands to chewing gum, price and delivery terms set by Aldi USA; being able to meet demands on chewing gum and certain logistic arrangements demanded by Tesco Central Europe. Providing a more customized product often raises costs for the supplier, but this seems to be how to enter the market and compete as an entrepreneurial firm. No doubt the first customer, Aldi UK, gave legitimacy as reference and thus made it easier to get the next customers. To have Tesco as a customer gave even more legitimacy to B11B due to the extremely high quality standard requested by Tesco.

B11B could now claim to be able to deliver at the price level requested by Aldi and to meet the quality standards requested by Tesco.

**Inspection And Controlling**

Developing the inspection part of the quality of production in the supply chain has been an important task from the very beginning. Neither Jesper nor Peder were trained in quality inspections, but used a significant amount of their time on product labelling and following quality inspections. This was initially supported by third party consultants. So they learned it by “on-the-job-training”. Nevertheless, hiring a person with a relevant education and work experience was needed to strengthen this area and have sufficient time for the sales and marketing activities. In 2004, a person was hired half-time and after a while full-time.

The first customers did not explicitly demand B11B (and its producers) to follow certain quality standards. But as quality standards became increasingly important to the industry, and in particular German discounters requested that the IFS (International Food Standard) be followed, B11B had to upgrade this area. In addition to the IFS, B11B requests from suppliers that the BRC (British Retail Consortium) be followed. This is very similar to the IFS, but requested by UK retailers.

As a final step, the Quality Manager of B11B is now trained to conduct Social and Ethical Audits which is the next level of certification within private label. This was requested by Boots UK before launching chewing gum supplied from B11B.

A lot of inspecting issues overlap with the nature of controlling, but the area is broader and of more ongoing nature. In B11B, controlling includes a system according to which products are followed in steps from the time when they leave the production facility until they are delivered to the retailer.

**Connecting And Coordinating**

What capabilities are important for B11B to fill out the role of being a global integrator in the private label part of the refreshing confectionary business? What does it mean to be a private label producer? We will start by describing the interplay between market development and opportunities for brand producers and private label producers.

In order to be in the private label business, brand producers need to have already developed brands which can be copied or modified. Related to the PLC the private label producer will be active

**Table 3** Four ideal types of actors in the refreshing confectionery business: Discounters, Super/hypermarkets, simple producers and advanced producers
<table>
<thead>
<tr>
<th></th>
<th>Retailers</th>
<th>Suppliers</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Retailers</strong></td>
<td>Hypermarkets/ supermarkets</td>
<td>Discounters</td>
</tr>
<tr>
<td><strong>Product</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R&amp;D</td>
<td>Brand equivalent with extra edge</td>
<td>Brand equivalent</td>
</tr>
<tr>
<td>Analysis/ research</td>
<td>Category analysis</td>
<td>Simple observation</td>
</tr>
<tr>
<td>Packaging</td>
<td>Wide assortment</td>
<td>Few SKUs, multi</td>
</tr>
<tr>
<td>Displays</td>
<td>Singles</td>
<td>Mixed</td>
</tr>
<tr>
<td>Quality standards</td>
<td>IFS, BRC, SE + own inspections</td>
<td>IFS or BRC</td>
</tr>
<tr>
<td>Labelling</td>
<td>Own requirements/ databases</td>
<td>3rd party approval</td>
</tr>
<tr>
<td><strong>Price</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>System</td>
<td>Ad hoc tenders + auctions</td>
<td>Annual tenders with documentation</td>
</tr>
<tr>
<td>Focus</td>
<td>Believe they have strong price focus</td>
<td>Strong price focus</td>
</tr>
<tr>
<td>Payment</td>
<td>Secure, sometimes delayed</td>
<td>Secure on time</td>
</tr>
<tr>
<td><strong>Distribution</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Volumes</td>
<td>Many SKUs with low volumes</td>
<td>Few SKUs with high volumes</td>
</tr>
<tr>
<td>Logistics</td>
<td>Deliveries per layers</td>
<td>Typical 5 pallets as minimum</td>
</tr>
<tr>
<td>Timing</td>
<td>On day and time (if not = rejected)</td>
<td>On day and time (or re-schedule)</td>
</tr>
<tr>
<td>Labelling</td>
<td>EAN128</td>
<td>Simple stickers</td>
</tr>
<tr>
<td>Ordering</td>
<td>Own EDI standards</td>
<td>Fax</td>
</tr>
<tr>
<td>Number of orders</td>
<td>Many with short lead times</td>
<td>Few with reasonable lead times</td>
</tr>
<tr>
<td><strong>Sales/ advertising</strong></td>
<td>Visits and trade fairs</td>
<td>Visits, mailings and trade fairs</td>
</tr>
<tr>
<td>Design work</td>
<td>Retailer (paid by producer)</td>
<td>Supplier development</td>
</tr>
<tr>
<td>Brand/label</td>
<td>Retailer label</td>
<td>Exclusive label</td>
</tr>
<tr>
<td>Displays</td>
<td>Single ad hoc campaign</td>
<td>Mixed</td>
</tr>
<tr>
<td>On-pack</td>
<td>Ad hoc campaigns</td>
<td>None</td>
</tr>
<tr>
<td><strong>Human resource</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Languages</td>
<td>UK</td>
<td>UK (but more local)</td>
</tr>
<tr>
<td>Loyalty</td>
<td>None. If rejected no responsibility</td>
<td>Some. First right of refusal + clean</td>
</tr>
<tr>
<td>Culture</td>
<td>Arrogant client vs. supplier</td>
<td>Co-operative</td>
</tr>
<tr>
<td>Corrective actions</td>
<td>Penalty based</td>
<td>Action plan + long term evaluation</td>
</tr>
</tbody>
</table>

Source: Four ideal types based on B11B’ experience with retailers and suppliers within the refreshing confectionery business.
Note: SKU: Stock Keeping Units. A discounter like Aldi has about 800 SKUs in the stores.
especially in the growth, mature and decline phases. The leading brand producers come up with new products and new packaging to refreshing confectionary. The refreshing confectionary business is not dominated by new breakthrough product categories, but rather a number of incremental changes in existing products, packaging etc. So there is a clear distinction between leading brand producers being prospectors and private label producers like B11B being analyzers in the Miles and Snow (1978) typology. An analyzer is defined as not being the first one to innovate (this is the role of prospectors) but rather to be good at improving the performance of existing products (e.g. lowering the price) and concepts by analyzing the markets. Private label producers, like B11B, are not in the business of coming up with total new product categories, although if they get the right idea or opportunity they may pursue the opportunity, but this will be an exception. A similar distinction can be made between hyper- and supermarkets vs. discounters. New products from leading brand producers are introduced in hyper- and supermarkets. Because of a higher profit margin and a retail strategy based on introducing new products to customers, the hyper- and supermarkets earn a higher profit margin on new products compared to private label products. What motivates the hyper- and supermarkets to ask a supplier to develop a certain private label product is that discounters have developed a private label product within the product category.

Above, in table 3, the need for connecting and coordinating is described along a number of dimensions. Table 3 condenses the experiences of B11Bs interaction with retailers and suppliers. B11B makes business with two types of suppliers, simple suppliers and advanced suppliers. The main differences refer to the suppliers’ resources and capabilities to handle complex or demanding tasks from customers. Advanced suppliers are better at handling complex and demanding tasks compared to simple suppliers. Simple suppliers are, on the contrary, often better at being flexible and producing to a lower price.

Retailers are also divided into hyper- and supermarkets vs. discounters. The main difference is higher and/or more specific demands for customization by hyper- and supermarkets compared to discounters.

The role of a global integrator, like B11B, is to bridge between the different systems and logic of conducting business for each type of actor. If B11B uses a simple supplier, like the Turkish supplier in the beginning, there is a significant need to translate the demands from the retailer to the supplier. Or more generally, to bridge the different systems of the retailer and the supplier. This is labelled connecting and coordination by Andersen and Christensen (2005).

B11B is located as a bridge between simple suppliers on the one hand and discounters and hyper-supermarkets on the other hand. So a major task for a bridging company like B11B is to connect, translate and coordinate between the simple suppliers and discounters and hyper/supermarkets. Going through the list of tasks subdivided into product, price, distribution, sales and advertising and human resource reveals an intuitive idea about the logic and that the systems of each actor do not fit on a number of dimensions. This is the reason why the term bridging is a good description. The task of a global integrator is to connect, coordinate and translate the demands from the supermarkets to the simple suppliers and to try to bridge the differing systems and way of doing business.

EVALUATING AND EXTENDING THE ANDERSEN AND CHRISTENSEN GLOBAL INTEGRATOR CONCEPT

The aim of this section is to compare the findings in the B11B-case with the Andersen and Christensen concept of global integrator and to suggest extensions and revisions.

Bridging the sourcing network
Andersen and Christensen (2005) use the words inspection, configuring, sourcing and controlling to describe the tasks of the international integrator in relation to the international sourcing network. We agree upon all these tasks and they can all be found in the description of the B11B case so far. But we will like to suggest two additional tasks, based on the case. One may argue that there is an overlap in the tasks of inspection and controlling as indicated above in the case description.

Enhancing capabilities of suppliers
Especially for simple suppliers there has been a need to enhance certain capabilities. For instance, the Turkish supplier was not used to produce to the European and USA markets. So the company had to
cooperate with B11B and learn the rules for selling to retailers in Europe and the USA. The demand to 
follow a certain quality standard and later to enlarge the standard to include social and ethical issues 
requires B11B to educate specific suppliers to meet these standards. It is not only as question of asking 
the suppliers to perform as described in the quality standards but more, like a consultant, to assist the 
suppliers and their employees in changing behaviour. The same situation applies to developing new 
recipes and product concepts: it is a learning process – in this case for both parties. So to be more 
competitive B11B invested time and money in developing specific critical capabilities of the suppliers.

Secure payment
An important choice when starting B11B was to pay suppliers contracts concerning amount and time 
of payment agreed upon. This was and still is a key to understand how a good relationship to suppliers 
is built. To bridge the network with suppliers includes the ability to pay them – preferably on time. 
This is not an easy task and especially not for new ventures.

Bridging sourcing and selling network
Andersen and Christensen (2005) use the words connecting and coordinating to describe the tasks of 
the global integrator. We agree on these words as descriptions on core tasks. The description of the 
various kinds of retailers and suppliers above can describe the tasks of connecting and coordinating in 
more detail. It is the connection and coordination of different kinds of systems, it is the connection and 
coordination of different types of firm logics/strategies, it is the connection and coordination of 
different types of cultures, the connection and coordination of various types of logistics, and the 
connection and coordination of various types of capabilities to mention some of the ways connection 
and coordination can be sub-divided.

The B11B-case also reveals other types of tasks the global integrator performs when bridging the 
sourcing and selling networks.

Contracts
The importance of a contract is often not recognized before things deviate from what is expected in the 
contract. The experience of B11B is that contracts are important in the beginning of the relationship 
with a new supplier or retailer and when things go wrong in relation to suppliers and retailers. But 
there seems to be a trade-off between contracts and a good deal. For most suppliers a good customer 
placing orders is of higher value than a waterproof contract. This may explain why a large number of 
firms does not have contracts with their largest supplier or customer (Wilke and Philipsen 2001).

Channel captain
This is an important role for a global integrator as described by Andersen and Christensen. Channel 
captain indicates a pro-active role. What is the experience from B11B? B11B has played a rather pro-
active role toward suppliers, but both a re-active and pro-active role towards retailers. During the first 
years B11B perceived its own role as copying the products by the leading brand companies and 
producing a 20-25 % cheaper private label variant of the product to a comparable quality. This is a 
passive way of being a channel captain. What is the experiencesof B11B? Did efforts to make cheaper 
copies of leading brands lead to competitive success? The experience of B11B says no. Rather there is 
a need for an active part. This suggests that it is not a simple process of “discovering” opportunities, 
but an important element of enactment when it comes to customer tailoring and timing. Using the 
words of Sarasvathy (2001) it is a combination of causation and effectuation strategies towards 
fulfilling customers wants. So the description, channel captain is rather precise. Channel captain means 
being an active part, active in relation to both suppliers and retailers.

Tight control of cash flow
During the first years of the existence of B11B and in periods with growth, a very tight control of the 
cash flows of the firm was of strategic importance to survive. The two owners had promised 
themselves and their families to invest only 134,000 Euros in the firm. This was the stake they were 
willing to risk. They deviated once from this principle when a large order on chewing gum was sent to 
USA. Because of a long transport time and a large order they had to guarantee for some extra money. 
B11B solved the problems by establishing a tight relationship to the company’s bank and asked the 
bank to help monitor and manage the cash flow. It can be argued that all entrepreneurs and smaller 
firms shall be aware of managing the cash flow. What makes it even more important here is that the 
trade across borders increases uncertainty about payment.
Legitimating being a middleman/global integrator

One of the problems facing B11B is the question from buyers: Why buy from a middleman/global integrator? What is the advantage compared to buying directly from producers? The automatic response from buyers seems to be that a middleman is considered to include a price for being a middleman. So when B11B tries to argue that the company is cheaper than its competitors, B11B needed to prove it in praxis. Furthermore, some retailers prefer to deal with suppliers having their own production facilities. Establishment of quality standards has solved this problem.

The problem also occurs in relation to suppliers. Suppliers may decide to replace B11B by another company or by hiring employees within marketing and sales. This has happened for B11B.

Offering customer tailed concepts

The last extension concerns the task related to the selling network. We have touched this subject in the discussion of channel captain above. It was argued that the global integrator needs to play a pro-active role concerning developing new products. In the description of how B11B got the first customers, the Aldi UK, Aldi USA and Tesco Central Europe, they all asked for specific products to be developed. However, if a global integrator wants to be attractive to the purchasers in supermarkets and discounters, the global integrator needs to develop new concepts and preferably bring samples of these to the meetings. The bottleneck is to get access to the purchasers. Time is a very limited resource for purchasers. Normally a supplier like B11B can get access to the purchaser once or twice a year. The key to get access twice a year is to contact the purchasers and show them product concepts tailored for them. To do this B11B has a huge collection of refreshing confectionery products and information on prices in Europe and USA. Because the refreshing confectionery business is dominated by incremental changes in product and packaging, one way of developing new product concepts is to take ideas and elements from competitors product offerings or from outside the refreshing confectionery business. E.g. Wrigley developed a new container for chewing gum, but only introduced it to the USA market. B11B made a copy of the container and introduced it to its customers in the European market within a short time. So the containers already existed in Europe when Wrigley after some years introduced the new container to European consumers. This demands a proactive role of offering custumer tailored product concepts to the purchasers, if B11B wants to increase sale.

The B11B-Case shows that access to purchasers is achieved by being pro-active on offering new concepts rather than selling copy products at low prices. B11B has done this by collecting market information and building a system to store market information.
Table 4 Contribution to develop an entrepreneurial understanding of a global integrator

<table>
<thead>
<tr>
<th>Governance form</th>
<th>Bridging infrastructures</th>
<th>Bridging of infrastructures is confirmed in table 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coordinative capability</td>
<td>Coordination and internal integration of local resources and wants dispersed in geographical space</td>
<td>The case show this by B11B being an active coordinator of supplier resources and customer wants, e.g. how B11B collected the suppliers and got the first customers</td>
</tr>
<tr>
<td>Business Scope</td>
<td>Asset-specific configuration of global supply networks</td>
<td>This is also shown in the case. On the buyer side B11B invest in e.g. the specific EDI system demanded by Tesco and Boots and the quality standards IFS and BRC. On the supply side B11B invested in building up suppliers to meet the quality standards IFS or BRC in plans and actions. Also investments in building up capability to generally met the demands to sell internationally. Internal in B11B. Investments in quality inspection, logistic, market information system in the refreshing confectionary market, laboratory to speed up the capability to develop new products</td>
</tr>
<tr>
<td>Transformation challenge</td>
<td>Balancing the role of service subcontractor with that of being channel captain</td>
<td>The balance is central. The B11B-case reveals the profit margin on new product concepts is higher than 2-3 years old concepts. So there is a need to balance exploration and exploitation</td>
</tr>
</tbody>
</table>

**Key Bridging functions**

<table>
<thead>
<tr>
<th>International sourcing network</th>
<th>Inspecting&lt;br&gt;Configuring&lt;br&gt;Sourcing&lt;br&gt;Controlling&lt;br&gt;Enhancing capabilities by suppliers&lt;br&gt;Secure payment</th>
<th>B11B-case highlights a need to develop supplier capabilities&lt;br&gt;Important to secure payments on time for staying attractive for suppliers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bridging sourcing and selling network</td>
<td>Connecting (different systems)&lt;br&gt;Coordinating (logistic, quality standards)&lt;br&gt;Contracts&lt;br&gt;Pro-active channel captain&lt;br&gt;Tight control of cash flow&lt;br&gt;Legitimating being a middleman/global integrator</td>
<td>Case show task of connecting different systems.&lt;br&gt;Case shows mastering logistic is very important especially with hyper- and supermarkets&lt;br&gt;Having contracts is important – especially with new suppliers and customers or when tings go wrong.&lt;br&gt;Being pro-active channel captain mirror the situation&lt;br&gt;Having control over cash flow is a core capability to survive as global integrator</td>
</tr>
<tr>
<td>International selling network</td>
<td>Applying&lt;br&gt;Disseminating&lt;br&gt;Developing&lt;br&gt;Offering customer tailed concepts</td>
<td>Case shows that access to purchasers is achieved by being pro-active on offering new concepts rather than selling copy products to low prices. B11B has done this by collecting market information and building a system to store market information.</td>
</tr>
</tbody>
</table>

Table 4 summarizes the findings of the case to extend the understanding of the global integrator from an entrepreneurial perspective. The extension is shown in italics in the table and examples from the case are given.

Below is some reflection on the concepts global and integrator.
Reflection on the two concepts of “global integrator”

The “integrator” part has already been commented under the headline of “Bridging sourcing and selling network”. It was argued that a “pro-active channel captain” was the best description of “integrator”.

What is meant by “global”? De Wit & Meyer (2005) argue that the concept global exists at various levels: company, business and economies. The discussion here relates to the firm and business level.

De Wit and Meyer (2005) also argue that three broad dimensions of “global” can be found in the literature. First, global can be a geographical term showing the worldwide scope. Dicken (2003) calculated a transnationality, TNI, index of the 100 largest multinationals. TNI is an index aggregating the percentage of each firm’s assets and employment located outside the firm’s home country. Dicken (2005:221) finds that the average TNI index of the 100 largest companies is 52.6 % with only 16 companies with a TNI greater than 75 – most of these companies originating from smaller countries.

What is the TNI of B11B? This is difficult to calculate because the company is not a multinational company. Looking at the company Back11basic, the major part of the employment and assets are located in the home country Denmark. Measured in a broader perspective and including the suppliers producing chewing gum, mints and pastilles directly for B11B, around 4/5 of the employment (mainly related to production) is placed outside Denmark. This would give B11B a TNI around 80 if these people were directly employed by B11B.

Secondly, global can refer to homogeneity (Levitt 1983) meaning exactly the same product can be sold all over the world explained by similarity in customer demands. The opposite is a locally tailored product. The concept of global homogeneity in the way Levitt (1983) defines it has been questioned by Douglas and Wind (1987) who are not sure that something like a global homogeneity product actually exists. One way to solve this discussion is to talk about a degree of homogeneity rather than in absolute terms. The industry of refreshing confectionery encompasses products like chewing gum, mint pastilles and ??, when it comes to the basic product, the chewing gum or the mint pastilles, the products are typically exactly the same, meaning products based on the same recipe are sold to a number of markets. Customers in some countries are more demanding concerning aspects of the product. UK supermarkets do not want artificial colours in refreshing confectionery products. In the USA customers and supermarkets want flashing colours in refreshing confectionery products. These colours can only be made by artificial colours. The packaging is customer tailored, by definition, when it is private label like those B11B sells. Looking at the whole global market for refreshing confectionery it is dominated by large multinational companies like Wrigley, Cadbury, Perfetti/van Melle.

Thirdly, global may refer to a tightly linked system in which events in one country significantly affect events in other countries (Porter 1986). Global in this sense focuses on the linkages. In the case of B11B, the introduction of private label products at lower prices may create a price pressure toward existing producers of refreshing confectionery products. B11B also makes linkages between dispersed production and sales networks and in that sense link the world more together.

When we use the concept of global integrator, it is a concept which draws on both the first, second and third dimension of globalization. The first dimension means that global refers to firms located in one country connecting supplier in another country and buyer in a third country – see the graphical illustration in figure 1. Andersen and Christensen (2005) describe the global integrator as a hybrid of the import base, export base and international spanner. If the global integrator role dominates the activities of the firm we will label the firm a global integrator.

The second dimension deals with the homogenization of the market or homogeneity in the supermarkets and consumers’ wants and demands. Johanson and Mattson (1988) distinguish between the degree of internationalisation of the market and the degree of internationalisation of the firm. When both dimensions are low, they talk about the firm as the “early starter”, when both are high “the international among others”. When the two dimensions are mixed, they label the situation the “lonely international” and the “late starter”. The global integrator can be in all of these four situations.

The global integrator also draws on the third dimension by linking and integrating production networks dispersed over several countries.
Reflection on the definition of global entrepreneurship

We referred to the definition as: “International entrepreneurship is the discovery, enactment, evaluation, and exploitation of opportunities – across national borders – to create future goods and services.” Oviatt and McDougall (2005:540). In the case, an example of discovery of opportunities included retailers having a specific problem they wanted solved and how B11B used market information to find relevant product categories to develop private label concepts. The discovery perspective had to be complemented with an enactment perspective on opportunities. This is most obvious in the description of the global integrator as a pro-active channel captain. Examples of evaluation and exploitation of opportunities were given in the description of how B11B got the first customers. The across national borders is described many times in the case as well as future goods and services.

Though the case seems to confirm the definition of international entrepreneurship, the case can also be used to raise some questions. What is meant by discovery and enactment of opportunities? Do these concepts reflect what is happening? Or is there a need to develop more nuanced understandings of how persons and firms recognize and evaluate opportunities? The importance of entrepreneurs as persons and their actions are not explicit in the definition, but seem to be important in explaining the establishment of the B11B venture. One may also ask whether it is important to distinguish between entrepreneurship and international entrepreneurship. One may argue that a company like B11B could not exist by pursuing national opportunities and resources. To exploit the opportunities for global integrators within the refreshing confectionery demands an access to international customers and suppliers.

Conclusion and implication for research and management

The specific aim of this paper was to investigate to which degree the global integrator concept from the network research perspective within international business is useful to apply to international entrepreneurship with the extensions we have found. Some of the extensions may be seen as elements of the broad categories used by Andersen and Christensen (2005) in their description of the global integrator, others as new elements. We think the case can be used as a paradigmatic case of an entrepreneurial global integrator. It gives an understanding of how the firm got started and developed and also of the way in which the firm created value for suppliers and customers through the bridging role.

Is it possible to extend the results to other areas than the refreshing confectionery business? We will argue that the description of the retailers in this case is a general description of all countries with a mix of discounters and hyper- and supermarkets, because the information builds on experience from significant representations of various kinds of retailers from Europe and USA. Furthermore, the description and characteristics of the suppliers also apply to understand different types of suppliers from a number of countries. So some of the details may differ, but the main picture and main elements described and analysed can be found as being representative for suppliers to retailers like hyper- and supermarkets and discounters in Western Europe and USA.

We will also argue that the main characteristics of the global integrator entrepreneur firm can be found in other areas of business although details because of other product characteristics and other ways of doing business may differ.

REFERENCES


