



INTERNATIONAL NETWORKING

Training material

Part 2

INCONEXT PROJECT

**Supported by:
THE LEONARDO DA VINCI PROGRAMME**

Project No. LLP-LdV-TOI-2010-LT-0074



Types of networks/networking

Various business networking types and network types can be identified. Some of the most important are presented thereafter:

Online business Networking

One way to connect to other companies is online business networking. For this purpose social media such as facebook, linkedin and other similar web 2.0 platforms can be employed. For businesses it can be a way to raise their number of business contacts and promote themselves. Generally these methods of networking support businessmen to establish their circle of business partners they rely on. These tools then help you finding certain people within your network. Via introductions, social media members then can get in contact with new prospective business partners. In our globalized society online networks make it easier to stay in touch with contacts from all over the world. Specific cross-border e-commerce platforms and business partnering networks now make globalization accessible also for small and medium sized companies.

Face-to-face business networking

A second way of business networking is the traditional method of face-to-face networking. Many people prefer face-to-face networking over online networking,

- because it is more likely to establish high-quality relationships.
- because people prefer actually knowing and meeting who they intend to do business with.

Face to face business networking is often facilitated by referral networking clubs.

Technology platforms

Technology platforms bring together stakeholders of a specific sector or area. These areas are chosen because of their strategic importance or their potential contributions to the goals of the European Union (e.g. knowledge-based growth, competitiveness and employment).

Technology platforms exist in various areas such as aviation, hydrogen, nanoelectronics, steel and textiles.

Technology platforms were created to initiate effective partnerships between public and private institutions. With the help of this cooperation technology platforms can define necessary research and technology foci for this sector in the medium and long term and coordinate European and national as well as public and private R&D investments. Technology platforms therefore support the development of a European research area.

Clusters

Clusters are defined as the regional concentration of linked companies and institutions within a specific branch. Besides companies of interlinked branches a cluster can include also other institutions relevant for competition (such as research institutions, universities, chambers and public authorities etc.). As a local concentration of people, resources, ideas and infrastructure a cluster is highly complex network with dynamic internal relations which may not be restrained by administrative borders. The main concept behind clusters is that proximity supports the economic development as well as the formation of knowledge and innovation. (Adler & Gundersen, 2008)

You can differentiate following four dimensions of a cluster

1. The horizontal dimension describes the presence of companies that produce similar goods, and are therefore in competition with each other. Companies benefit from information they can gather about products and production circumstances of their competitor. Additionally they can cooperate in entering new markets
2. The vertical dimension describes the concentration of suppliers, producers (service providers) and customers. As soon as a specific industrial cluster exists, these companies have incentives to settle in this region to benefit from agglomeration advantages.
3. The institutional dimension is relating to regional concentration processes that establish the creation of specific rule and norm system. As for it cluster actors share the same or complementary habits about technology and work, so that firm business relations and conventions are crated which are the foundation for reliability and trust in the performance of each other.
4. The external dimension expresses that the external openness of a cluster is of substantial importance. External incentives are necessary to assure generating innovation and growth processes via cluster internal networks.

Relationship and strategic networking

What is Strategic Networking

For you, goal-oriented behaviours between the business and other competitors, suppliers, customers and other stakeholders, can be perceived as strategic actions. This concept of social networking is a part of your business strategy, as your motive for networking and cooperative behaviour is the need to succeed. Networking when conducted to achieve firm success is 'strategic networking'. (Miller et al. 2007)

Strategic networking theory focuses on the development of trusting and reciprocal relationships among independent business owners as a tactical stance in competitive markets. (Miller et al. 2007)

What is Relationship Networking?

Relationship networking is defined meeting people and benefiting from those relationships. In many cases the benefit of these networks is to collect information. It may help you further growing your business. Any successful relationship is benefitting for both sides and it evolves over time. Effective relationship networking is all about building those relationships and maintaining long lasting connections with other professionals. Contact can be established in newsgroups, forums, and via email, but the best method is and will ever be face-to-face meetings. (Small business Software, 2011)

Virtual enterprise networks (VEN)

A virtual enterprise network is a temporary network of enterprises, suppliers, customers or employees which are connected via ICT aiming create products or services. In virtual enterprise networks companies are often brought together by agreements for a strategic partnership or with outsourcing. Main goal of virtual enterprise networks is the conjoint use of knowledge and resources and the saving of costs. (The bumble bee, 2005)

What are the main advantages in VEN?

In VEN companies can gain capabilities and competitive advantages of global enterprises, particularly in following areas:

- Sales
- Marketing reach
- Product development

- Human, capital & IT resources

By being more flexible in following areas:

- Speed and responsiveness
- Entrepreneurship and innovation
- Flexibility
- Low overheads

What are the critical factors to make a Virtual Enterprise Network a success for the companies involved?

In practice four main success factors were identified (taken from the web page The Bumble bee 2005):

- Technology support should not be too complicated

Technology support for VEN is neither complex nor costly. All that companies in a VEN really need is a simple web-based platform that is easily accessible and secure to schedule, communicate and collaborate on shared working documents.

Companies in a network also need access to good shared business applications (e.g. campaign management/CRM). A web-based application is necessary as in small enterprises the IT infrastructure is lacking.

- Network governance should be taken seriously.

Customer care is very important for VEN. Customers want to know with whom to deal if things go wrong. They also want to treat the network as ONE entity. This implicates that that they want to have a single point of contact and seamless business processes. Not having will be a huge disadvantage.

- A common collaborative working practice should be developed

A VEN can be seen as a classic virtually networked team and as such needs to find agreement on how to collaborate, decision making, dealing with conflicts, sharing information and using collaboration technology. In VEN it is often the case that involved members are willing to invest time and resources in the development of

these working practices. It is also needed to build trust to the extent needed to achieve added value.

- ABC roles should be distributed

Many VENS are based around 3 key roles:

- “A” stands for architect. The architect knows what the network can achieve. The important role of an architect is to fill gaps in the virtual supply networks.
- “B” stands for Broker. A broker identifies potential customer opportunities for the network. In the process of qualifying them he has to cooperate with the architect to configure the right virtual teams to bid.
- “C” stands for Coach. A coach works with the individuals in different companies to build trust, design structures, resolve problems, address conflicts of interests and create effective inter-company teams.