

## Developing collaboration agreements between competing companies: A case study of forestry cooperatives

### Abstract

Variability, uncertainty and strong competition in the forest market force companies to find new organizational strategies that will increase their competitiveness and agility. The strategy studied here is business collaboration, more specifically resources sharing. We hypothesized that companies will increase their ability to seize market opportunities by using a formal resource sharing mechanism. Quebec forestry cooperatives are independent business but lead similar activities and are believed to have common values. Historically their geographical distribution limited direct competition amongst coop to obtain forest operations service contracts such as logging, timber transportation and silvicultural work. The latest structural overhaul of the forest industry has significantly changed the contractual relationship between work provider and forest service companies. These changes have led to greater competition between companies, particularly for bids on the timber marketing board. Paradoxically, while there is an intensification of competition, not all contracts find takers. We assume that production capacity is not fully utilized and that coordinated management of available production capacity would be more efficient. These assumptions, however, imply a willingness for companies to collaborate. Interviews were done with 9 forestry cooperatives and a subset of managing directors to assess the perception and interest of collaboration between forestry cooperatives. The results show a potential for developing collaboration agreements between forestry cooperatives. However, this potential is not fully achieved due to a lack of collaboration and a misunderstanding of the business collaboration concept. A better awareness of these three conditions should enable collaboration agreements between forestry cooperatives.

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