
Managing the Challenges of “Coopetition”



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Sometimes the best way to stay competitive is not to compete. It may be less risky than you think.

More and more companies – from start-ups to incumbents– are taking a less literal approach to pursuing competitive advantage. They’re discovering untapped value potential by engaging industry rivals with a hybrid strategy of cooperation and competition, or “[coopetition](#)”. For example, Amazon and LinkedIn have welcomed competitors onto their respective platforms, recognising that expansion of their network was its own reward.

Obviously, coopetition alliances come with a unique set of tensions requiring careful management. Adopting two diametrically opposed attitudes– cooperation and competition – toward the same party is a tricky balance to sustain. If participants are too obliging, they risk being exploited; if they are too guarded, the intended synergies are jeopardised. That is why most scholars recommend that coopetition partners employ separation strategies, such as convening two different teams to handle the cooperative and competitive aspects of the relationship.

Such strategies, however, don't eradicate the paradoxical nature of coopetition. My article "[Coopetition as a Paradox: Integrative Approaches in a Multi-Company, Cross-Sector Partnership](#)" (co-written by Lea Stadtler of University of Geneva), recently published in *Organisation Studies*, explores how employees involved in a cross-sector coopetition partnership dealt with the leftover cognitive dissonance.

Logistics Emergency Teams

From 2010 to 2014, we studied the [Logistics Emergency Teams](#) (LET), a group composed of logistics experts from four leading companies: one headquartered in the U.S., one from the Netherlands, one from Kuwait, and one from Denmark. In normal business life, these four firms are competitors. But as part of LET, they work together to support the relief efforts of the United Nations Logistics Cluster, led by the World Food Programme (WFP), in the wake of large-scale natural disasters.

For example, after Typhoon Haiyan hit the Philippines in 2013, 20 LET experts from the four companies helped smooth the passage of humanitarian goods through customs and coordinated loading and offloading of relief supplies at airstrips, among other vital services.

After disaster strikes and WFP requests LET assistance, the participating companies must work quickly to deploy the necessary resources. Once on the ground, disaster-struck telecommunication systems leave LET personnel largely out of contact with their companies. Based on common sense and prior training, they must improvise strategies to handle any coopetition-related tensions that arise.

To obtain insight into how the LET partnership functioned under these difficult conditions, we conducted 28 interviews with employees and managers at the four firms. In addition, we analysed archival data, notes from a working session, messages from the companies' CEOs, and a spate of internal and published documents.

Preparing for coopetition

Each company selected a manager to serve as the firm's "LET lead" responsible for managing the partnership at a strategic level. Leads also clarified how spontaneous additional requests – both commercial and pro bono – would be handled in the field. As one LET delegate put it, "If the WFP

or the local authorities asks us [the delegates] for commercial freight or services, we channel [the request] to the LET leads”.

The leads acted as mentors and proxies for their companies’ upper management. They instructed delegates to “consider yourself a secondee providing them [i.e. humanitarians] with an operational report and the corporate office with an authoritative one”.

There were yearly LET-run training sessions covering the basic rules of engagement, safety and security protocols, and guidelines for collaboration. As part of the training, representatives from the different companies were assembled into mixed teams and assigned simulation exercises mirroring problems they would face in the field.

Wearing multiple hats

LET delegates were aware that, in addition to coordinating the LET partnership, the World Food Programme was a past, present, or potential commercial client of all four firms involved.

The possibility of viewing the LET as a primarily competitive, rather than cooperative, opportunity was therefore ever-present. For example, delegates had to decide whether to foreground their corporate or collaborative identity when making sartorial choices. “I first wore my company shirts. But [...] once one person had the LET shirt with all the logos, most of us wanted one as well,” one delegate said. However, another reported, “We brought our company uniform and always wore it during the operations.”

When a delegate had the opportunity to administer a training programme with the WFP, he chose to mingle the two affiliations by sporting a LET shirt and trousers with his company logo. “I wore this on purpose to explain that the LET was the one providing the training and, as it was about safety, the trousers explained the attitude,” he said.

Setting boundaries

Tensions also arose between the necessity of knowledge sharing among cross-company collaborators and the competitive desire to protect core competencies. In interviews, delegates described how they reflected on their differing working realities and missions to set proper boundaries. Delegates mostly tried to avoid talking shop around the dinner table, but according to one delegate, “we talk a great deal about the scenario when safety and

security are the most important”.

When responding to WFP requests for trucking services and warehousing space, delegates were given freedom to work with vendors in their own way without sharing specifics of their vendor relationships with the other team members. “You communicate what is necessary but not things that are sensitive,” one delegate summarised.

Inevitably, however, delegates received glimpses into how their competitors did business. One delegate, for example, was surprised to find that each company had a different contact at the affected country’s Customs Bureau and its own process for handling customs clearance generally. “In a commercial context, these different customs brokers would not have been there,” he said. The question LET members faced was whether they would share and build on these insights in their normal business operations.

Managing team relationships

In many cases, team members knew each other personally as business competitors prior to joining LET. Adjusting to working alongside former (and future) rivals toward a common goal was a potential source of tension. Delegates reported holding business rivalry at bay by concentrating on shared experiences. “We slept in the same tents, cooked and ate together. It created a very dynamic group.”

While staying true to the humanitarian mission of LET, they remained grounded within their corporate identity. Often, they were able to reconcile the two: “As [Company X] staff, we have a couple of important standards. Each time I saw something not in line with those standards, this reminded me of my background and why I was there and what I had to do to improve the process.”

Managing the paradox

The delegates’ stories suggest that employees are better at managing the tensions of coopetition than most experts would grant. As we’ve seen, team members were able to juggle competitive and collaborative logics in the moment, without having to rely on strict structural separation for a sense of balance.

To be sure, trainings and briefings prior to the commencement of coopetition helped establish secure boundaries between the pro bono and commercial

contexts. But, once deployed in the humanitarian realm, delegates would not have been able to accomplish their goals without calling upon skills and resources from their business experience.

There is the question of how participation in an unconventional partnership such as LET might affect business performance over time. Far from posing a threat, LET participation appeared to have reinvigorated delegates. One said, "I learned quite a lot – not just about the business aspects, but about myself. I think that makes you a better employee within."

Find article at

<https://knowledge.insead.edu/operations/managing-challenges-coopetition>

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About the research

"Coopetition as a Paradox: Integrative Approaches in a Multi-Company, Cross-Sector Partnership" is published in *Organization Studies*.