

Chapter 12

“Network Process Re-Engineering” in a Home Textile Network: The Importance of Business Relationships and Actor Bonds

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ABSTRACT

This chapter relies on a case study featuring the business network around Stella, an Italian home textile manufacturer, to illustrate the challenging issue of engaging other firms into complex “Network Process Re-engineering” (NPR) projects. While the strict technological dimension of selecting, developing, and implementing ICT solutions is certainly very important and poses several challenges to this type of projects, this chapter focuses on other types of challenges, namely those pertaining to the nature and quality of relationships between the actors taking part in a NPR project. We stress the importance of the connection between the specific inter-organizational activities that need to be redesigned and coordinated in better ways, on the one hand, and the bonds existing among the actors, on the other hand. We suggest that very advanced and complex coordination tasks, entailing sensitive communication patterns, can be tackled only if supported by strong, integrative relationships characterized by high trust and commitment between the involved parties. We conclude by discussing how the pivotal firms or the “strategic centers” of a network can support and facilitate complex change projects like NPR by carefully combining different strategies, whereby they both exert coercive power and make concessions to their counterparts in the network.

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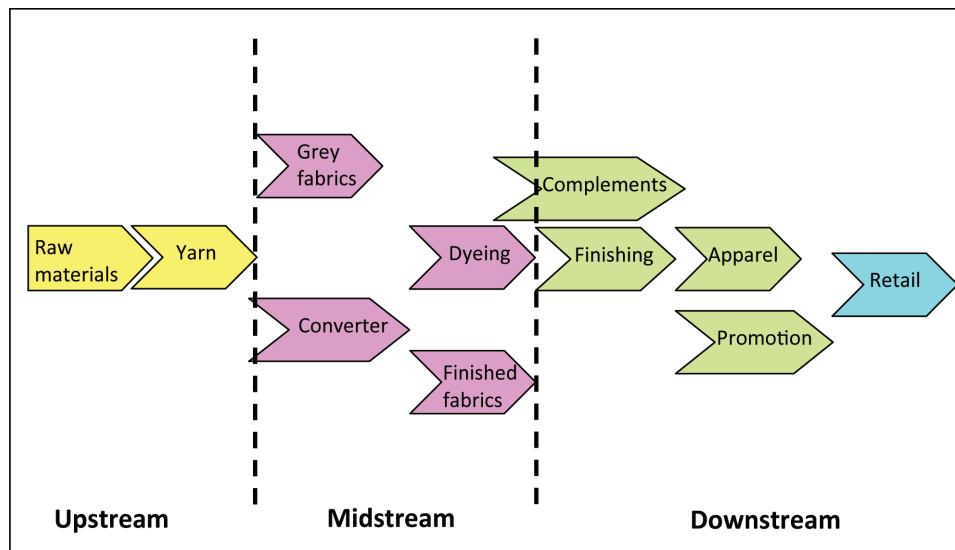
INTRODUCTION: RE-ENGINEERING PROCESSES IN TEXTILE NETWORKS

The structure of the textile and clothing industry is very de-integrated and fragmented, with many firms typically performing just one or a few of the separate activities going from raw material supply to retailing (Hwang, 2005; Camuffo, Romano & Vinelli, 2001; Forza & Vinelli 1996). Therefore, in a typical textile production system there are several activities that need to be coordinated across the boundaries of several firms (Rich & Hines, 1997; Abernathy, Dunlop, Hammond & Weil, 1999). These activities stretch from the production of yarn, through various processing steps performed on fabrics, and to the distribution of the finished textile product (see Figure 1 taken from Hwang, 2005). But more precisely, as each firm taking care of a specific activity – be it yarn production or home textile production – supplies several customer firms, the emerging structure of this system is not a streamlined chain, but rather a more *complex network* (Håkansson & Snehota, 1995; Gadde & Håkansson, 2001; Ford, Gadde,

Håkansson & Snehota, 2003; Håkansson, Ford, Gadde, Snehota & Waluszewski, 2009).

If one adds to this complex structure the importance of fashion in this industry, time issues and coordination among the various companies involved assume a pivotal role (Guercini & Ranfagni, 2003; Guercini, Ranfagni & Runfola, 2010). In fact, the time available for developing, producing, distributing and selling each collection becomes lesser and lesser (Forza & Vinelli 2000). Therefore, speed in product development and delivery precision, for two or even more collections per year, are main competitive goals on the agenda of textile producers (Jin, 2006; Barnes & Lea-Greenwood, 2006; Christopher, Lowson & Peck, 2004). However, no firm can reach these goals by working alone because the context is characterized by strong mutual dependence between the many firms operating in this fragmented industry; instead these actors need to cooperate with each other around the creation, production, marketing and distribution of each single new collection (Baraldi & Nadin, 2006). In order to improve any of these four key processes each firm needs to properly connect and

Figure 1. A typical supply chain in the textile industry



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