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THE CYCLE OF A SINGLE COMPANY'S  
INVOLVEMENT IN AN EXPORT CONSORTIUM

Lluís G. Renart\*

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\* Professor of Marketing, IESE

**Research Division**  
**IESE**  
University of Navarra  
Av. Pearson, 21  
08034 Barcelona - Spain

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## **THE CYCLE OF A SINGLE COMPANY'S INVOLVEMENT IN AN EXPORT CONSORTIUM (1)**

### **Abstract**

In this paper, I intend to present a longitudinal analysis that describes and contributes to explaining the entire cycle of one partner company's involvement in an export consortium. Thus, it will not be my purpose here to analyze a consortium or an alliance as a whole (including the central core of collaboration and all the partner companies that take part in it) but rather to study in isolation just one of the partner companies belonging to a consortium. It is possible to analyze and assess the success or failure of an export consortium as a whole, but I posit that it is even more important to measure and explain the level of success or failure achieved by each of the individual partner companies, and their decisions to join or to leave the consortium.

**Keywords:** Alliances, export consortia, export strategy, international, marketing

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## **THE CYCLE OF A SINGLE COMPANY'S INVOLVEMENT IN AN EXPORT CONSORTIUM**

### **1. The five possible levels of analysis of the alliance phenomenon**

Recently, a number of authors have stated the desirability of studying the phenomenon of alliances between companies at different levels of analysis. For example, Osborn and Hagedoorn (1997, page 265) say that "... we would expect and hope to see more multilevel studies involving national, industry, firm and alliance levels of analysis". In a similar vein, Klein, Tossi and Canella (1999, page 243) say that "Multilevel theories span the levels of organizational behavior and performance, typically describing some combination of individuals, dyads, teams, businesses, corporations and industries... The result is a deeper, richer portrait of organizational life – one that acknowledges the influence of the organizational context on individuals' actions and perceptions and the influence of individuals' actions and perceptions on the organizational context".

As discussed in Renart (1998b), the phenomenon of intercompany alliances as a whole can be contemplated at five different levels of analysis.

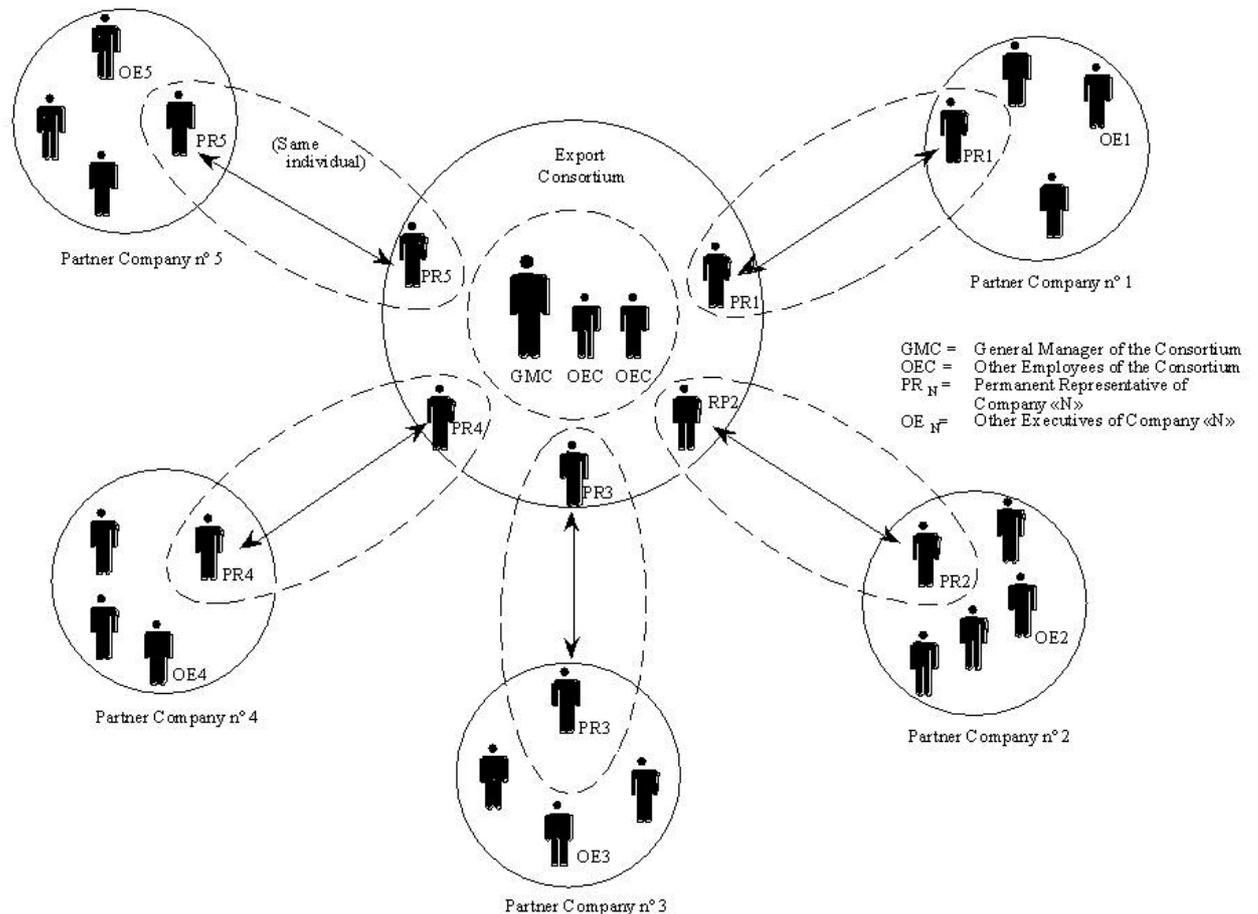
#### ***1.1. First level of analysis***

*Constellations of alliances, which some authors call "networks"*. The constellations of alliances studied by a number of authors usually come under two categories: those existing in a certain economic sector or those in which a given company or corporation is involved. In the first sense, for example, Nohria and García-Pont (1991) analyzed the strategic blocs existing in the world automotive industry between 1980 and 1990. In the second sense, Yoshino and Rangan (1995) talk about the "Global Network Corporation".

#### ***1.2. Second level of analysis***

*Specific alliances*. At this level, we would consider the whole entity formed by two or more partner companies plus the central core of cooperation, which may or may not have its own separate legal status. Most of the extant bibliography contemplates alliances at this level of analysis, often seeking to identify the key factors for the success or failure of an alliance as a whole.

Figure 1. An export consortium arbitrarily depicted as having 5 partner companies



### 1.3. Third level of analysis

*Partner company belonging to an alliance.* It seems necessary to analyze the success or failure of *one partner company* belonging to an alliance, for at least four reasons:

1.3.1. Because different partner companies belonging to the same alliance may have different strategic aims and different ultimate goals (which may be stated openly or kept in their “hidden agendas”. See Nueno, 1999).

1.3.2. Because, almost always, the quantity and quality of the results achieved by an individual partner company belonging to an alliance are different from those achieved by the other partner companies belonging to the same alliance.

1.3.3. Because alliances with more than two partners may allow us to observe the “bus phenomenon” (Renart 1997, page 57), that is, individual partner companies may join or leave an alliance, but the alliance as a whole continues to be active and to operate.

1.3.4. Because, in many cases, asynchrony phenomena are observed when partner companies join and/or leave a consortium or alliance. Therefore, it is necessary to explain why a specific partner company decides to join or leave a consortium at a given time, while other partner companies may decide to act otherwise.

#### ***1.4. Fourth level of analysis***

At this fourth level of analysis, we would contemplate the behavior of a specific individual who is involved in the design, operation or dissolution of an alliance. At this level of analysis, our purpose would be to observe and explain the behavior of one of the actors, the behavior of a specific individual, whose decisions, made individually or in a team, contribute to explaining a partner company's conduct as a whole in the context of the alliance. In turn, this contributes to explaining the phenomena observed within the alliance as a whole. Although a researcher may seek to describe and explain the conduct of any of the individual actors involved in an alliance, it seems that one of the most interesting players to study is a partner company's Permanent Representative in an alliance or consortium. By this, we refer to the specific manager in a partner company who is responsible for representing and defending his company's interests within the context of the consortium or alliance. (See point 2.2 in Renart, 1999.) Other important behaviors to be explained may be that of an alliance or consortium's Promoter and that of its General Manager.

#### ***1.5. Fifth level of analysis***

At this level of analysis, we would contemplate each of the variables that contribute to explaining a specific actor's behavior. We are referring to variables such as the level of trust that one person may have in another; or the perception of the level of fairness or equity existing in an alliance; or the perception of the collaboration time horizon.

Thus, going "from the smallest to the largest", from the "most micro" to the "most macro" level of analysis, so as to generate a very complete account of the alliance phenomenon, we can proceed in the following way:

We may try first to identify and to analyze the evolution of each of the variables (for example, the existence or not of trust) that contribute to explain the behavior of one of the key actors. If we are able to explain how and why a certain key actor involved in an alliance acts as he does, we may be able to explain, in a similar manner, how and why the other managers in his partner company behave the way they do. If so, perhaps we will be able to arrive at a reasonable explanation of why a company belonging to a consortium behaves, as a whole, the way it does. And if we are also able to explain, in a similar manner, the conduct of each and every one of the partner companies belonging to an alliance or a consortium, perhaps we will be able to explain what happens in the consortium or alliance as a whole.

## **2. The present third-level analysis**

In this paper, we will concentrate on the third level of analysis, presenting a model or descriptive framework that seeks to describe the motivations and behavior of an individual partner company that decides to take part in a consortium or alliance.

This individual partner company is considered in its entirety, that is, with all the people and tangible and intangible commercial, economic-financial and knowledge resources of which it is composed.

So far we do not yet seem to have any strategic alliance typology that is both broad enough and universally accepted. Therefore, in order to avoid intersubjective variation as much as possible, and to facilitate the discussion, I shall focus on examining the cycle of involvement of a partner company in a particular type of alliance: an export consortium. Export consortia are a particular variety of alliances formed by two or more companies for the purpose of jointly developing their foreign markets. And even more specifically, the discussion will center on a particular subtype of export consortia: the so-called focused export consortia (Cexen, from the Spanish initials of “Consortio de Exportación Enfocado”).

A Cexen has been defined in Renart (1998a and 1999) on the basis of nine specific features characterizing the Cexen itself or the partner companies that are its members:

- It has 10 partner companies or less.
- It has an indeterminate duration at the time of formal incorporation.
- It may be a consortium created in the country of origin or in the export target market.
- It is a horizontal alliance, that is, there are no significant supplier-customer relationships between the partner companies.
- The partner companies are independent of each other, that is, there are no controlling shareholding positions held by certain partners over others, nor are there any common dominant shareholders.
- The partner companies market differentiated (non-generic, non-commodity) products or services.
- The partner companies have a similar size and importance, that is, none of them has a privileged position of power or dominance over the others as a result of their large size or because they have products or a brand that are market leaders, etc.
- The partner companies take on a relatively high degree of commercial, economic and social commitment.
- The partner companies are prepared to design and implement a full-fledged common export sales strategy (that is, they do not confine themselves to just carrying out certain joint export sales promotion actions).

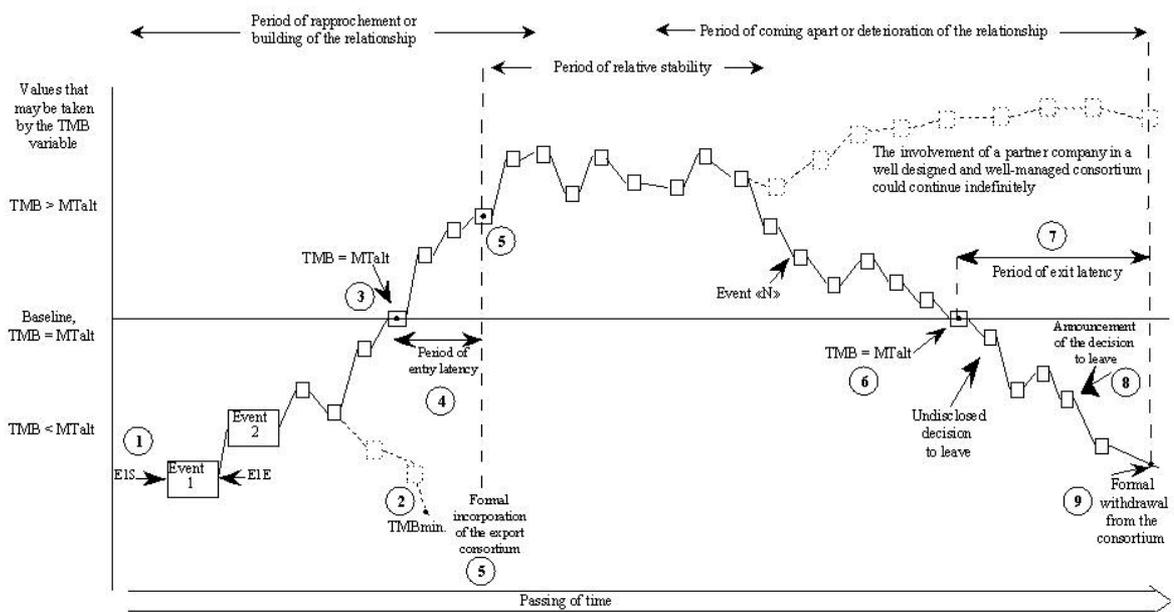
It is possible that the discussion that follows may be applicable to other types of export consortia or, more generally, some parts of it may even be applicable to a wide variety of alliances between companies. However, the specific degree of applicability to other types of consortia or alliances will depend on the greater or lesser degree of similarity or differentiation that each one may have with respect to a Cexen.

Any reader interested in contemplating the subject of export consortia at the second level of analysis can see Renart (1997). This document explores the key success or failure factors identified in the consortium as a whole (all partner companies plus the consortium itself, that is, plus the central core of collaboration). It presents the Model of the Two Strategies, the Pseudo-matrix of Success Factors, and the Performance Measurement Model for a Cexen in its entirety.

In order to carry out the present third-level analysis, that is, centered on analyzing the cycle of involvement of an individual partner company in an export consortium, we will use the diagram shown in Figure 2.

**Figure 2. Cycle of involvement of a partner company in a focused export consortium (CEXEN)**

*Evolution over time of the variable “Total Motivation to Belong” (TMB) felt by the permanent representative of a partner company to associate, keep associated or disassociate his partner company from an export consortium.*



### 3. Meaning of the axes or coordinates of Figure 2

#### 3.1. The horizontal axis of Figure 2

As can be seen in Figure 2, the horizontal axis represents the time variable. The span of time considered starts with the first event. This very frequently consists of a first encounter between the Promoter of a new consortium and an executive of a potential partner company. The last event included in this considered time span is either the moment a partner company decides to individually leave the consortium (while the other partner companies may decide to continue in it), or when the whole consortium is dissolved and ceases to exist as such.

How long does an export consortium last? No studies with a reasonable depth and rigor seem to have been performed on the subject.

At one extreme, we can see that a certain number of attempted consortia do not even reach the stage of formal incorporation, that is, they fail before they are born. And from the real-life cases studied by this author, it appears that the gestation of an export consortium may usually take between six months and two years. Obviously, to the duration of the period of gestation, we would have to add the duration of the period of operation and the duration of the period of dissolution.

At the other extreme, as shown in Figure 2, we propose that a well-designed, well-managed export consortium could last indefinitely.

According to Castro and Moneu (1993), during the period 1985-1992, 95 export consortia were incorporated in Spain and were subsidized by ICEX (the Spanish Export Promotion Agency) under its Export Consortia Promotion Program. Out of these 95, 39 were dissolved during the same period 1985-1992, while another 56 were classified by Castro and Moneu as “currently operating”.

And according to the ICEX document “Report on Export Consortia in Spain”, in April 1997, of the 206 consortia created with subsidies granted by ICEX between 1985 and 1996 “... at present, 165 (80 percent) continue to operate and therefore 41 (20 percent) have been dissolved” (“Report”, page 13) (2).

This would indicate that a significant percentage of the consortia supported by ICEX subsidies survived beyond the initial subsidy period, which is currently four years.

It is to be remembered that the duration of a consortium need not necessarily coincide with the duration of the specific period of participation of each of the partner companies participating in it. Indeed, some partner companies may join a consortium that is already set up and operating, while some other individual member companies may decide to quit a consortium that continues to operate.

For example, in the export consortium Comercio Internacional del Vino, S.A. (Parés and Renart, 1990a and 1994), at different points in time and for different reasons, three partner companies quit and a new one joined. Thereby, a consortium that had been formally incorporated with four partner companies ended up having just two partners, only one of which was a founding partner.

Some Cexen may be very long-lasting. But using the limited data we have and the occasional observations made by the author of this paper, we can posit that an export consortium is a particular kind of alliance that usually has a relatively limited duration. While we await more rigorous studies on the subject, we would estimate that, in Spain, most export consortia have a total life cycle of between 6 (2 years’ gestation and 4 years’ operation) and 10 years.

In Spain, the most usual thing would seem to be for the partner companies to use the consortium as an “export launch ramp”, that is, as a time-limited subsidized cooperation

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(2) According to information received by this author from ICEX, the total number of export consortia created in Spain with ICEX subsidies between 1985 and 2000 was around 300. Therefore, the total number of independent participating partner companies has been estimated by this author to be around 1500.

mechanism. This mechanism or vehicle would be dissolved or abandoned as soon as the partner companies perceived that they had established a strategic platform allowing them to continue exporting on their own.

Finally, it should be pointed out that the mere duration of a partner company's involvement in a Cexen, that is, the duration of its membership, is probably not a reliable indicator of the degree of success or failure achieved by that company.

Indeed, a company may be a member for a long time but its involvement in the consortium may be passive and apathetic, thus achieving poor results. In contrast, a partner company may participate in an export consortium for a very short time, but during that time it may be very active, thus achieving a high level of results in a short period of time. This may enable the latter to leave the Cexen very quickly as it has already achieved a high degree of success (see section 5.8 below of this paper).

### **3.1. The vertical axis of Figure 2**

#### *3.2.1. The TMB (Total Motivation to Belong to the consortium) variable*

We make the proposition that this vertical axis measures the value of the TMB variable, which measures the Total Motivation to Belong to the consortium.

This motivation can be measured following, at least, two different theories:

- a) Following the Anthropological Theory of Motivation proposed by Juan Antonio Pérez López (1993), according to which the total motivation a person has is a function of his extrinsic motivation, his intrinsic motivation and his transcendent motivation. For an application of this theory to export consortia and to alliances, see Renart (1999). This is the theory that we will follow in the course of our discussion.
- b) Or following Vroom's Theory (1964), according to which a person's motivation to perform a certain action is the product of his expectations, instrumentality and valence (3). For more information, see Galbraith (1977) and/or Rodríguez Porrás (1988).

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(3) According to Tubbs, Boehme and Dahl (1993, page 361), "... Vroom's expectations theory is perhaps the theory on motivation at work on which most research has been carried out". Therefore, it can be taken as a widely accepted theory in scientific literature. According to Vroom's Dynamic Model, as presented by Galbraith (1977, page 275), the course of action that a subject will choose to perform (among two or more possible options) is determined by the product of the expectation (the subject believes that his action will produce a first-order result) times the instrumentality (the first-order result will generate certain desired second-order consequences), and times the valence (the subject believes that the second-order consequences will have a positive value for him) of the different options considered. And not only that, but it will also determine the quantity of effort and tenacity with which the subject will carry out the action optionally chosen. This effort, combined with his skill, will give rise to a certain level of performance, which will give rise to the obtainment of certain extrinsic and intrinsic rewards (Galbraith, page 253). In this paper, we have preferred to follow Pérez López's Anthropological Theory of Motivation (1993). As I have explained in detail in Renart (1999), this theory not only includes intrinsic and extrinsic motivation but also takes into account the possible existence of transcendent or altruistic motivation. That is, it includes the possibility that the subject will also act moved by the consequences that his actions will have for third parties.

This TMB variable is similar to the “CL-alt” variable used by Anderson and Narus (1990, page 43) in the context of the exchange relationships existing in a distribution channel between a manufacturer and a distributor.

We formally define TMB as the total motivation felt by the permanent representative of a partner company to associate his partner company with a Cexen, or keep it associated, when in his decisions and actions the permanent representative takes into account all the needs and interests of the partner company he represents (4).

The value of this TMB variable (Total Motivation to Belong to the consortium) at any point in time will be the difference, or perceived “net balance”, between the sum of all the advantages or benefits that a partner company expects to generate through its involvement in the consortium, and the costs that this involvement or participation will entail.

Bucklin and Sengupta (1993, page 35) use the expression “project payoff”, defined as “... the alliance’s strategic value, after discounting its development costs”.

Ariño, García-Canal and Valdés (1999), following Madhok and Tallman (1998), talk of the “realized value” by one of the partner companies as “the difference between the revenues generated by certain specialized resources and the management costs or expenses incurred that are specifically associated with operating through a strategic alliance”.

We can accept these definitions. However, we want to point out that, in our analysis, we include more than just the strictly economic costs or benefits of participating in an export consortium. Both revenues and costs should be understood in a broad sense, that is, also including the value of the learning generated, and the changes that have taken place in the level of the moral virtues of the people taking part in the alliance. For a discussion of the main advantages and disadvantages of being a participating member of an export consortium, see Renart (1997, pages 24-27).

### 3.2.2. *The “TMalt” variable (alternative Total Motivation)*

However, a manager who is weighing up the possibility of his company joining a Cexen may also feel attracted to or motivated by the idea of his company doing things in the field of export other than belonging to an export consortium.

First, he may feel motivated not to attempt to export, that is, he may feel inclined or attracted to devote all of his company’s sales effort to developing its own domestic market.

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(4) Although we will not go into more detail here, let us point out that there may arise certain situations of role conflict of interests. At a given point in time and faced with a particular decision, the same person may pay greater or less attention to what motivates him as an individual, to what motivates him as the Permanent Representative of a partner company in a consortium, or to what motivates him as a manager of the consortium itself, that is, serving the interests of the consortium as a whole. For example, when faced with the decision to attend or not to attend an international trade show, the same person may feel motivated to attend because it is in the best interest of the consortium as a whole to attend (for example, because the consortium is just starting its export activities and needs to establish and strengthen links with prospective international customers and/or distributors). But, at the same time, he may feel unmotivated to attend because this fair in particular does not fit in very well with his own company’s export strategy. And, finally, he may also feel unmotivated to attend on the basis of his own personal interest as an individual, because he would prefer to spend that particular weekend with his wife and children.

Second, even though he may feel attracted or motivated to export, he may choose to export following various strategies other than joining a consortium. He has the possibility of choosing the “home-based export marketing strategy” which seems most attractive to him, that is, the strategy for which he perceives or considers (rightly or wrongly) that the balance of the benefits minus the costs will be highest.

As explained in greater detail in Renart (1997), in addition to choosing the alternative strategy of “not exporting”, the manager may also choose one of the following strategic alternatives:

- a) Use salaried employees (hiring or appointing an Export Manager);
- b) Use the services of an export agent located in the same country of origin (see, for example, the case study “Cavas Masachs” by Parés and Renart, 1987a);
- b) Join an international alliance with reciprocal exchange of sales services, formed with another company located in another country (see, for example, the case study “Troll-AEG” by Parés and Renart, 1992).

I posit that, at any given time, a partner company’s permanent representative will feel a certain degree of motivation to choose and implement any one of these “home-based export marketing strategies”, including the strategic option of not exporting.

I define “TMalt” as the highest motivation value that a partner company feels, at any given time, to choose and implement a home-based export marketing strategy other than joining a consortium, including the option to not export. In short, it is as if such permanent representative was asked, “If your company did not join the consortium, what other home-based export strategy would you be most likely to choose?”.

For example, we could design a scale for measuring motivation that went arbitrarily from 0 to 100. Then we could put the above question to the manager of a company considering the possibility of joining a consortium.

He might answer, for example, “We have a total motivation to continue devoting ourselves solely to our domestic market (that is, not to export) of 70. We have a total motivation to export using salaried employees of 10. We have a total motivation to export using an export agent at origin of 30. We have a total motivation to export using an alliance involving the exchange of sales services with a company located in another country of 2; and we have a total motivation to export by joining a consortium of 15.”

A company that gave this answer would not be exporting because, of all the alternative strategic options considered, the one that attracts it most is to continue devoting itself solely to its domestic market, that is, not to attempt to export.

On the vertical axis of Figure 2, we compare, at each moment in time, the value of TMB with the value of TMalt. TMB is the Total Motivation to Belong, or to continue to belong, to a Cexen. And TMalt is the Total Motivation to choose and to implement the most attractive of the various alternative home-based export strategies, including the option not to export.

As we will see further on, at any given time and for any given partner company, one of the three following possibilities may occur:

Either  $TMB > TMalt$   
 Or  $TMB = TMalt$   
 Or  $TMB < TMalt$

In Figure 2, to simplify, we have kept the value of  $TMalt$  arbitrarily constant, varying the value of  $TMB$  with respect to  $TMalt$  over time.

#### 4. The events or incidents

We define an “event” as any incident that occurs during the cycle of a partner company’s involvement in a Cexen. The occurrence of such an event can produce changes in the value of  $TMB$ , or in the value of  $TMalt$ , for a given partner company, thereby increasing or decreasing its motivation to belong to the consortium compared with  $TMalt$ .

For example, one such event may consist of the following: the CEO of a potential partner company did not know that ICEX had an Export Consortium Promotion Program which can subsidize between 40 and 50 percent of most of a consortium’s expenses for a period of four years. Then, one way or another, he finds out. The mere fact of finding this out may increase the value of  $TMB$ , that is, the degree of motivation he has to participate in an export consortium.

A contrasting example would be as follows: A partner company has already joined a Cexen and its permanent representative realizes that the consortium’s General Manager does not have the management skills he was expected to have. The fact that the permanent representative becomes aware of this fact may decrease the value of  $TMB$ , that is, it may diminish the motivation to continue belonging to the Cexen.

To put it in more general terms, an “event” is any incident capable of modifying (increasing or decreasing) a partner company’s total motivation to belong to the consortium. This is so because it is able to modify any of its components. According to Pérez López’s Anthropological Motivation Theory (1993), an event may modify the partner company’s extrinsic and/or intrinsic and/or transcendent motivation. The extrinsic motivation has to do with the rewards the company expects to obtain from exporting more, at a greater profit and with less risk. The intrinsic motivation has to do with how much a partner company enjoys exporting, or how much it is learning from taking part in the alliance. And the transcendent or altruistic motivation has to do with the degree of moral virtues of the various corporate players involved.

The above two examples also help us see that, following Peterson (1998), an event can be considered as “a particle” or as “a wave”. An event can be something that manifests itself all at once. Or it may be something that manifests itself at the end of a certain cycle or process. For example, someone may reach the conclusion that it is necessary to replace a consortium’s Manager after a gradual accumulation of negative or unfortunate incidents, the last of which is “the straw that breaks the camel’s back”.

As we will see below, over the cycle of a partner company’s involvement in a Cexen hundreds or even thousands of events may occur. Any and all of them may, at any given time, change (increase or decrease) the total motivation to belong or continue belonging to a consortium felt by the partner company’s permanent representative in the Cexen.

A “positive” event may consist of obtaining a big export order, for example. And a “negative” event may consist of having a customer who does not pay his bills in time. Other examples may include identifying and recruiting, or losing, a good sales agent in a target country for exports. Or a favorable or unfavorable change in currency exchange rates. Or perceiving the generosity or selfishness of the other permanent representatives; being granted or refused a subsidy; perceiving the consortium Manager’s loyalty or opportunism, etc.

Any incident or event such as these may modify the quantity and quality of the TMB felt by a partner company’s permanent representative (5).

For an analysis of the concept of event as a process unit in organizational science, see Peterson (1998). Ariño and De La Torre (1998) identify 14 events to account for the evolution of an alliance between two companies (NAMCO and Hexagon). They use them to develop an explanatory model of an alliance’s evolution. However, these authors consider the event to be not so much an incident capable of changing a partner company’s motivation to continue belonging to the alliance, as an incident capable of affecting the relationship between the two partners.

## **5. The cycle of involvement of a partner company in a focused export consortium (CEXEN)**

### ***5.1. The initial situation***

In order to start our description of the cycle of involvement of a partner company in a consortium, we place ourselves at a certain moment in time, just before the beginning of the first event that has to do with a company’s future hypothetical involvement in a Cexen.

This first event usually consists of a contact between a senior manager of the prospective partner company and the consortium’s Promoter. In Figure 2, this moment is marked (1).

It seems obvious that, at this first initial moment, the company does not yet belong to the Cexen. Therefore, at this point,  $TMB < TMalt$  obtains. That is, the partner company feels more attracted by not exporting, or by exporting by means of any other home-based export strategy, than by exporting through participating in an export consortium.

For example, in the case study “Comercio Internacional para el Hábitat, S.A. (A)”, it is said that all four furniture manufacturers that eventually formed the consortium were already exporting on their own before forming the consortium.

### ***5.2. First event***

The initial situation is altered because a first event occurs that is capable of changing the quantity or quality of the TMB of the partner company studied. Assuming that this first

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(5) Of course, events or incidents such as those described here can also be capable of changing the degree of motivation to continue belonging to the Cexen felt by other relevant actors, such as, for example, the Cexen’s Manager. We will not explore these other consequences in detail here because we are describing and analyzing the life cycle of a partner company’s involvement in a Cexen and not the evolution of the Cexen as a whole.

event had some duration and that we could measure the value of the TMB variable at the start and at the end of the event, we would be likely to find that:

$$\text{TMB (E1S)} < \text{TMB (E1E)}$$

That is, the value of the TMB variable at the start of Event 1 would be lower than the value of the TMB variable at the end of Event 1. To put it another way, Event 1 may have increased the quantity or quality of the focal partner company's TMB (Total Motivation to Belong to the export consortium).

For example, in the case study of the Spanish Building Materials, S.A. (SPABUMA) consortium, the first triggering event is clearly apparent when it is mentioned that "... in May 1983, Mr. Arce attended the official presentation of ICEX in Alicante. At the same meeting, Mr. Arce became aware for the first time of the existence of financial subsidies provided by ICEX to groupings of manufacturers that acted jointly in opening their foreign markets...".

However, in spite of the increase in the value of TMB, it is to be assumed that even after completion of the first event, it was still true that:

$$\text{TMB} < \text{TMalt}$$

This means that in spite of the increase in the Total Motivation to Belong to the consortium, this motivation was still less than Mr. Arce's motivation to implement any other home-based export strategy, including the strategic option of not exporting.

In fact, at that time, Mr. Arce's company was not yet exporting, that is, there was another alternative that motivated him more. We could interpret this to mean that the option of joining a consortium had already been presented to him, whereas this option did not exist before Event 1 because of his lack of knowledge. However, even after this first event, the option to create or join a consortium was still unclear, undeveloped and, therefore, still relatively unattractive, or less attractive than carrying on not exporting, which was what he was doing at that time.

This example seems to agree with the viewpoint of Welch and Joynt (1987, page 59), who mention that in some cases the stimuli in favor of the grouping are clear, even pressing. In other cases, initially they are latent, that is, they are not manifest but only emerge when information is received about the possibilities of grouping and this information is reflected on.

### ***5.3. Subsequent events***

The potential partner-company (6) may decide to continue or not to continue exploring the possibility of joining an export consortium. If it decides, for the time being, to continue to be involved in the process of planning the future Cexen (a process described in more detail in Renart (1996), and Renart (1997), pages 44-45), then this first event will be

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(6) Obviously, we must clarify that in the early stages of the consortium gestation process, which we are describing at this point, the partner-company is not yet a formal partner of anything. This is because the consortium has not yet been formally incorporated. It is only taking part in exploratory conversations, which may or may not bear fruit. In fact, we should really refer to it as "the candidate company which, if everything goes well, later on and after a process of maturing, may decide to formally join the consortium".

followed by a series of further events. Each of them may generate an increase or decrease in the value of the TMB variable.

Subsequent events may have a positive outcome; in other words, they may contribute, to a greater or lesser extent, to shaping the proposed consortium. They may allow the Cexen gestation process to progress. If so, one may observe a process of rapprochement or relationship building between the partner companies.

Positive events occurring in this gestation stage might include:

- Identifying other partner companies interested in joining the consortium;
- Performing a preliminary market survey to confirm that there is a demand for the partner companies' products in the target export markets;
- Designing an export sales strategy between all the partner companies;
- Translating this strategy into a quantified feasibility plan that has a chance of being accepted by ICEX for a subsidy, etc.

Obviously, however, not all the events that occur during this stage will bring about an increase in the value of the TMB variable. Most likely some events will lead to a *decrease* in the value of TMB. In other words, after a certain event a particular partner company's motivation to take part in the proposed Cexen may have decreased.

We are referring to events such as:

- Finding it very difficult or even impossible to identify and recruit other companies willing to take part in the consortium gestation process.
- Organizing a preliminary meeting with companies that are potentially interested in joining, but finding that their strategic export interests do not match.
- Finding that there is not enough trust between the participants.
- Finding that the proposed export consortium is highly unlikely to be eligible for an ICEX subsidy, etc.

Both positive and negative events may affect all the partner companies, or just some, or even just one of them.

Likewise, each event may alter the motivation of all the companies involved in the consortium gestation process in the same way or in different ways; in other words, any given event may be motivating for one company and demotivating for another. For example, one of the companies taking part in the gestation process of a Cexen may be very interested in creating an export consortium to export to China, and yet the others may decide that the priority market to penetrate with their exports is the US market (7).

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(7) Note that this decision to choose the US as the Cexen's priority target market could discourage the partner company that wished to export to China to the point that it could decide to withdraw from the gestation process. However, it could also end up being persuaded by the others to accept their decision to concentrate primarily on exporting to the US and continue to be an active participant in the consortium.

Some events may take place within the context of the consortium (for example, a disagreement between partners about the procedure for deciding the amount of the economic contribution to be made by each member). Others may occur in the general socioeconomic environment (for example, a change in the currencies' parity). Yet others may occur within one of the partner companies (for example, if one of them goes into temporary receivership for reasons unrelated to the consortium).

If the value of a particular partner company's TMB were to progressively fall, it would eventually reach a certain very low value, which in Figure 2 we have called "TMBmin" and have marked as (2). This value is not even enough to motivate the partner company to continue taking part in the gestation of the Cexen and, consequently, it may decide to leave the process of gestation of the consortium, even before its formal incorporation.

#### ***5.4. Reaching the point where $TMB = TMalt$***

If a particular partner company continues to take part in the consortium's gestation process, the value of its TMB may suffer ups and downs as a consequence of successive events. But if, on the whole, there are more increases than decreases in the level of its TMB, there may come a time when, for that particular company,

$$TMB = TMalt$$

At this point, that company's motivation to become involved in the proposed consortium is equal to its motivation to implement any other home-based export strategy, including the option to not export. This point is identified in Figure 2 as point (3). This company would thus have attained a "point of indifference" at which it feels equally attracted to either option.

Reaching this point at which  $TMB = TMalt$  is a very subtle event that may be difficult to detect. Something "clicks" in the mind of the partner company's permanent representative. It is as if he suddenly realizes that it all makes sense and fits.

Until then, the permanent representative will probably have had an attitude something like: "Well, I have nothing against exploring the possibility of my company joining this tentative consortium, but remember, I'm still not committed to anything. We're talking about it, but I'm still not sure that my company will join. Because, until now, there is still another home-based export strategy that continues to attract me more than the strategy of joining a consortium."

However, if as a result of other subsequent positive events, the value of TMB continues to increase, there may come a time when  $TMB > TMalt$ . If so, the permanent representative's attitude and way of thinking may become something like the following: "Well, the truth of the matter is that it's becoming increasingly clear to me that it is in my company's best interest to join the consortium. I think it's increasingly likely we will end up becoming a member. But I've still not signed anything yet."

If this happens and the value of TMB continues to increase, the partner company in question enters what I call the "period of entry latency" (marked (4) in Figure 2).

Indeed, the Cexen has still not been formally incorporated, but the permanent representative already “feels inside it”. Or, alternatively, he might say, “Things would have to go seriously wrong for our company not to sign and join this consortium we are gestating...”.

In a way, the burden of proof has been reversed. Before this point was reached, the permanent representative may have been thinking, “I’m looking from the outside in and you’ve still got to convince me that it’s worth our while joining”. Now he thinks, “I’m already inside the consortium in my mind, and barring negative incidents or setbacks, we already consider ourselves participating members”.

Although in this paper we are observing the evolution of a particular partner company’s degree of motivation to join a Cexen, it should be pointed out that, by definition, several partner companies are taking part in the same gestation process of a particular consortium. And that the evolution of their respective TMBs is probably not synchronized.

To put it another way, at any given time during the gestation of a consortium by, say, six partner companies, we might find that:

- For three of the six companies,  $TMB > TMalt$ , that is, they are already sure that they will probably join.
- One of the six partner companies has reached the point at which  $TMB = TMalt$ , that is, it has reached the point of indifference.
- And for the other two companies,  $TMB < TMalt$ , that is, they are still not convinced and are still considering one or more alternative home-based export strategies that attract them more than the strategy of joining an export consortium. Therefore, it is still possible that some of the participants in the gestation process will become demotivated, reach their “TMBmin” level and withdraw from the negotiations.

Something like this may have happened during the gestation of the Comercio Internacional para el Hábitat, S.A. (CIH) consortium (see case study “CIH (A)”, page 8) on the occasion of the event entitled “A last-minute desertion”. At that point in time, almost at the end of a gestation process that had been under way for nine months (March-December 1984), and just “... one week before the contracts were to be signed, one of the five companies, a manufacturer of lighting components, decided to withdraw...”. The company said that it had just received orders from abroad that doubled its export sales expectations for the following year.

Executives from the same company also gave other reasons for their decision to leave the gestation process. They had to do with the economic contribution to be made by each partner to finance the consortium, which had been recently agreed and set at 10 percent of the ex-factory value of each partner company’s exports.

Indeed, based on the information given in the CIH case study, it is impossible to say for sure whether this company ever actually reached the point at which  $TMB = TMalt$ . What does seem to be unquestionable is that at the moment of truth, at the time of deciding whether or not to make a formal commitment to the consortium, it chose not to take part, declaring that “... we think we can manage on our own” (“CIH (A)”, page 9). Evidently this company’s managers perceived a strategic option (to export or to continue exporting alone) that was

more attractive to them than that of joining the Cexen. In other words, the value of their TMB was lower than the value of their TMalt.

In contrast, an event may generate a sudden and general increase in the TMBs of all the companies taking part in the consortium's gestation process. In the wake of such an event, all the partner companies may be suddenly convinced that their best option is to go ahead and have the consortium incorporated.

Something like this may have happened during the gestation of the "Chemical Labour Grouping" alliance (see Parés and Renart, 1999b, page 9). On that occasion, "... the English participant proposed that they start their cooperation efforts by coordinating their raw material purchasing policies, [an area in which] cooperation would offer undoubted economic advantages for all four [partner companies that were gestating the agreement], as by buying jointly and in coordination it would be possible to obtain discounts [of up to] 30 percent on average".

A little further on in the case study, Joseba Garmendia, the permanent representative of the Spanish company taking part in the process, adds, "I think that that was precisely the point of no return, [as from then on] none of the four thought whether they should reconsider about cooperating or not. It was obvious that it was beneficial and useful to cooperate, and that the best option was to continue".

The period of entry latency is likely to be relatively short, but at the same time, it should enable all the partner companies taking part in the gestation of the Cexen to have  $TMB > TMalt$ .

Although all are convinced that they will join, it may still take some time to draw up the documents for formal incorporation (the Cexen's articles of association, etc.) and to select and recruit the Cexen's General Manager, etc.

### ***5.5. The moment of formal incorporation of the CEXEN***

If for all the partner companies taking part in the gestation process  $TMB > TMalt$  and the ten stages described in Renart (1996) have been completed, the process will culminate in the formal incorporation of the consortium (marked (5) in Figure 2).

At that stage, the permanent representative of each of the partner companies must reconfirm his/her willingness to formally participate in the incorporation of the consortium. If so, each will be prepared to undertake, either individually or jointly, a five-fold commitment:

- A jointly undertaken commitment by the consortium's Board of Directors to ICEX, assuming it has applied for ICEX approval and the corresponding subsidy under ICEX's Export Consortium Program.
- A jointly undertaken commitment by the consortium's Board of Directors to the consortium's Manager, if he/she has already been recruited.
- A jointly undertaken commitment by the consortium's Board of Directors to itself.

- An individually undertaken commitment by each partner company’s permanent representative to his own company’s governing bodies.
- And, finally, an individually undertaken commitment by each partner company’s permanent representative to himself.

It must also be pointed out that the undertakings may be of three kinds. They may be commercial commitments (for example, the commitment to export preferentially to a particular country or group of countries). They may be economic commitments (a commitment by each partner company at the time of incorporation of the consortium to pay its share in the form of subscriptions to the consortium’s shares). And they may be constitutional commitments (commitments regulating how the Permanent Representatives interrelate, e.g. how the Chairman of the consortium’s Board of Directors is to be chosen).

Although we have said that the consortium will not be formally incorporated until all the participating companies have  $TMB > TMalt$ , there may be exceptional cases in which, for one particular partner company,  $TMB < TMalt$  still holds.

A partner company may agree to be a party to the incorporation of the Cexen even though it would prefer to pursue a different home-based export strategy. This apparently anomalous conduct may be due to a certain constitutional commitment towards the other partner companies. Or by a desire to “keep its options open” and have the choice of becoming more fully involved in the consortium if it later proves to be viable and operates successfully.

This is what may have happened in the Coextex consortium, in which “...nine companies agreed to take part [in the formal incorporation of the consortium], although one of them [Tarrabadell, S.A.] played almost no active role and soon quit the consortium” (case study “Coextex (B)”, page 2).

Obviously, until it is incorporated, the Cexen does not exist as such. From then on, however, particularly if a new body has been created with a separate legal identity –perhaps an Economic Interest Grouping (EIG)– then the consortium can really come into full operation.

From the viewpoint of analyzing the cycle of a partner company’s involvement in a consortium, it can be assumed that the formal act of incorporation is a time of justified individual and collective pride. It is to be assumed, therefore, that it is a fairly significant event that will further boost a company’s TMB.

### ***5.6. The period of rapprochement or relationship building***

After the formal incorporation of the Cexen, once it has started to operate, one may note a certain “honeymoon effect”. At this stage everything is new, discoveries are made, the companies learn how to design and implement an export strategy as a team, and perhaps the first export orders are won. Positive events during this “honeymoon” may increase the value of each partner company’s TMB.

In Figure 2 we have suggested that the Cexen’s gestation process is a steady progression, despite the occasional setback, and that the local partner company has remained involved in the process (that is to say, at no stage has its motivation fallen to the “TMBmin” level, prompting it to withdraw from the process). If this is the case, we can see that between

the first event and a certain point following the formal incorporation of the consortium, a period of time has passed that we shall call the “period of rapprochement or relationship building”.

During this first period of time, in the complete cycle of a partner company’s involvement in a Cexen, the TMB will have a reasonably consistent tendency to increase. When we say “reasonably” we mean that we accept that during this period of time events may occur that may generate a temporary decrease in a partner company’s TMB. However, on the whole, over this period of time the trend will have been increasing, that is, the motivation to be involved in the Cexen will have tended to increase.

During this period the relationship has been built up. The permanent representatives of the partner companies have been identified. They have got to know each other, and formal and informal links have been established between them. Their respective companies have committed to each other, probably in the form of articles of association and/or contracts that will govern the Cexen’s corporate life. Informal and reciprocal links of knowledge, friendship and trust have emerged.

Welch, Welch, Wilkinson and Young (1996, page 471) point out how in the Australian export consortium they studied “... this informal network has become the foundation of the group, to the extent that members seem to regard the formal meetings as being of far less importance”.

And towards the end of their article (page 473) they add that “...although less visible, in the end [this informal network of contacts between partners] may well be the most important outcome of the scheme”.

It is difficult to say exactly how long this period of relationship building may last. We suggest, though, that there comes a time when the relationship between the partner companies and the permanent representatives and the Cexen’s Manager has been built, is established and operates.

At the same time, the consortium’s commercial export operations enter a certain phase of “normality”, in which the planned export activities are carried out: trade fairs are attended, customers or importers are acquired in the target countries, the first export orders are received and delivered, and so on.

Subtly, and perhaps imperceptibly, the consortium moves from the period of relationship building to the period of relative stability in the relationships between the partners.

### ***5.7. The period of relative stability of the TMB***

Once the Cexen has been formally incorporated and has started to operate, events will continue to occur that are capable of increasing or decreasing a partner company’s TMB.

Designing and implementing a joint export strategy takes time. Months may go by before the first export orders are received. Then export sales must be consolidated; it is not enough to receive a few sporadic orders from foreign customers. Regular orders are needed.

The value of a partner company's TMB will increase if events such as the following occur:

- The consortium succeeds in identifying and appointing good importer-distributors in certain export target countries;
- Over time these importer-distributors prove that they can be relied on, that they meet their commercial and financial commitments, and that they are capable of reselling the partner company's products in their respective countries;
- The partner company, and its permanent representative, see that not only are they starting to export but also that they are learning how to export and becoming more knowledgeable about foreign markets, etc.

Clearly, these and other favourable events (events capable of increasing the value of a partner company's TMB) may take place within the context of a "forward export marketing strategy". This is a marketing strategy the consortium pursues in order to penetrate foreign markets.

But as Renart points out (1997, page 28), one of the distinctive features of an export consortium is having to design and implement two sales strategies simultaneously: a forward strategy and a backward strategy. The backward strategy, also known as the internal strategy, defines the relationships between the consortium and its partner companies, and the partner companies' relationships with each other.

Consequently, during the cycle of a partner company's involvement in a Cexen, which we are reviewing here in accordance with Figure 2 above, any events that take place may occur in the context of either of these two strategies.

To put it another way, events may occur in the context of the backward strategy that increase the value of a partner company's Total Motivation to Belong (TMB).

I mean, for example, events such as the consortium's Manager showing that he is capable of taking positive corporate and sales initiatives. Or that he is a neutral party who is able to function effectively as a mediator when disputes or tensions arise, seeking negotiated solutions that are acceptable to all the partners. Also, the permanent representatives get to know each other better and begin to trust each other because they see that there is a reasonable degree of selflessness and good will on all sides, etc.

However, before we are accused of adopting excessively optimistic and positive viewpoints, let us hasten to point out that, obviously, both in the context of the forward strategy and in the context of the backward strategy, events may occur that generate a *decrease* in one of the partner companies' TMB.

This could happen in the context of the forward strategy: if, for example, after performing suitable sales actions of a certain intensity and for a certain amount of time, the company still does not manage to win export orders or the orders it obtains are not profitable or there are problems in collecting payment, etc.

Or, in the context of the backward strategy, if there is not the right atmosphere of collaboration between the permanent representatives or between the representatives and the consortium's Manager. Or if examples of opportunistic behavior by other partners are

detected. Or if disagreements and disputes arise between partner companies, particularly if such incidents are difficult to resolve, leaving all sides unsatisfied, etc.

All of these examples serve to make the point that, even during the period of effective operation of the consortium, a great variety of events, some positive, some negative, may occur that may increase or decrease a company's Total Motivation to Belong (TMB).

Generally speaking, during this stage of the cycle of a company's involvement in a Cexen, the general impression will be that the value of the company's TMB has entered a period of relative stability. The company plays an active role in the consortium's activities and, in spite of any ups and downs in its TMB, the value of its Total Motivation to Belong will remain clearly above the value of its TMalt.

Nevertheless, it is reasonable to expect that, from time to time, the company's permanent representative in the Cexen may ask himself a key question: "Should we continue belonging to this export consortium or would it be better for us to leave and continue exporting by some other means? Would it be better for our company to continue exporting on its own?"

Once again, subtly and almost imperceptibly, after a certain period of time a partner company may start to move on to the next stage or period.

### ***5.8. The period of drawing apart or deterioration of the relationship***

As shown in the top right corner of Figure 2, a partner company's involvement in a well designed, well managed Cexen could probably continue indefinitely.

This would imply that, in the view of the company's permanent representative, the advantages of belonging to the Cexen still exceed the disadvantages. It would also imply that he considers that the net balance of the company's membership of the export consortium (advantages minus disadvantages) continues to be greater than the net balance he thinks or perceives that implementation of any other home-based export strategy, including the option to not export, would give. That is, he thinks something along the following lines, "It's better that we continue participating in this Cexen rather than trying to embark upon exporting alone", or "It's more in our interest to continue in the consortium than to stop exporting".

After a certain time, however, all or some of the partner companies belonging to a Cexen may start to enter the final stage of the cycle, called drawing apart or deterioration of the relationship. In other words, one can see a more or less constant and reiterated tendency for the events that occur to generate, more often than not, decreases in the value of the TMB.

What causes this progressive de-motivation?

Turning again to Pérez López's Anthropological Theory of Motivation (1993), we could say that the demotivation could occur for extrinsic, intrinsic or transcendent reasons. Or it may occur due to any combination, in a negative direction, of these three components of motivation.

We may mention at least two examples of demotivation for extrinsic reasons (that is, due to a lack of "tangible rewards" produced by the efforts made to export):

A) At the end of its fourth year of existence, a Cexen incorporated in Spain will cease to be entitled to receive the ICEX's subsidy from its Export Consortia Promotion Program. At that point, the partner companies may well ask themselves whether it is advisable and desirable to remain in the consortium, now that they will have to foot the bill for all its expenses.

B) In the case of the Coextex consortium ("Coextex (B)"), "... Mas [the consortium's Manager] suspected that Jaume Pi S.A. and Texseda [two of the consortium's partner companies] could be thinking about leaving the consortium, given the low level of [export] sales they were attaining, and the unfavorable consequences that the application of the new expense allocation system would have for them". (The expense allocation system had recently been reviewed at the request of another partner company.)

De-motivation for intrinsic reasons may easily occur if, after a few years of belonging to the Cexen, a partner company comes to the conclusion that it has already learned how to export, that it has "satisfied its thirst to learn how to export" and feels capable of going it alone. Or that actions which previously seemed amusing or interesting because of their novelty have now become boring, tedious or repetitive.

Finally, demotivation for transcendent reasons may occur, for example, if any of the permanent representatives observes that another permanent representative or the Manager is engaging in fraudulent or unethical activities. Or, worse still, if by majority vote of the Cexen's Board of Directors, a partner company is forced to take part in ethically questionable group activities against its will.

It is important to stress that the demotivation process, and the consequent period of pulling apart or deterioration in the relationship between partner companies, may be due to a lack of success in the consortium's export efforts made, or even too much export success.

We have already mentioned an example of firms leaving a consortium because of insufficient success (Coextex). An example of the opposite case can be found in the "CIH (B)" case study. At the beginning of the consortium's third year, the first partner company to announce its intention to leave is precisely the company that was exporting most. The text of the case study does not give more details, but we may surmise that, having achieved a certain level of export sales, this company felt that it would be easier, quicker, and perhaps even more profitable for them to continue exporting on their own rather than stay with the consortium.

Easier and quicker, because it would not have to coordinate its export sales activities with the other partner companies. More profitable, because being the company that exported most, it was also –under the consortium's articles of association– the company that contributed most to financing the Cexen in absolute terms.

Once again we see that, besides being related to extrinsic motivation, intrinsic motivation or transcendent motivation, the events generating demotivation may also be taking place within the context of the forward strategy or within the context of the backward strategy.

Furthermore, following Chinchilla (1996), we can say that this process of drawing apart or deterioration of the relationship can manifest itself in either of two ways, or in any combination of the two:

- a) Because of a decrease in TMB, that is, a decrease in the motivation to continue belonging to the Cexen, which would generate a push-type situation (“I’m leaving the consortium”).
- b) Because of an increase in TMalt, that is, an increase in the appeal of some other home-based export strategy. This would generate a pull-type situation (“I’m going to pursue a home-based export strategy”).

Also, partly following Pauwels and Matthyssens (1999), the withdrawal process may happen because the managers of the withdrawing company perceive one of the following two types of strategic mismatch:

1. They perceive an *endogenous strategic mismatch* (that is, the mismatch originates from the activities of the company itself, normally attributed to a faulty implementation of the export strategy or a low level of commitment to it).
2. They perceive that the *strategic mismatch* is *exogenous* (that is, it is due to a rapid change in the environment and therefore originates outside the company).

Pauwels and Matthyssens (1999, page 10) study only withdrawal from a product/market by a single company. In our case, we could complicate the model by taking into account that the withdrawing company may have the option or intention to withdraw from the consortium (but not from exporting because it may have the intention to continue exporting on its own). Or that it may have the intention to stop exporting altogether (withdrawing from the consortium and stopping all exporting).

This suggests the possibility of creating a 2 x 2 matrix illustrating different combinations that indicate different paths for strategic evolution after the company has left the consortium.

	Endogenous strategic mismatch	Exogenous strategic mismatch
Withdraw from Consortium		
Withdraw from Exporting altogether		

In any case, after a certain time, a partner company’s permanent representative may observe that, for a variety of reasons, its TMB is gradually falling, that is, events are occurring that make him feel increasingly less motivated to continue belonging to the Cexen. As a result, a point of indifference (marked (6) in Figure 2) may be reached, at which:

$$\text{TMB} = \text{TMalt}$$

The difference this time is that instead of reaching this point in the context of a steady increase in TMB, the representative would reach this point in the context of steadily decreasing TMB.

### ***5.9. The period of exit latency. Closing events of the cycle***

After reaching the threshold or point of indifference where  $TMB = TMalt$ , it is likely that new events may occur that generate further decreases in the value of TMB. The permanent representative of a partner company will become increasingly aware that there are home-based export strategies that attract him more than the strategy of belonging to the Cexen.

Thus, the permanent representative may enter a new latency period, now called exit latency (marked (7) in Figure 2). He may already be personally firmly convinced that the time is approaching or has already come for his company to leave the Cexen. Yet, he does not yet openly declare any such intention to the permanent representatives of the other partner companies, or to the Manager of the consortium.

He may not immediately disclose his decision to leave the Cexen because he may be waiting for the right time to make such a public announcement to the other partner companies. Or because he may have some doubts and may want to wait and see if new events confirm his perception and evaluation of the situation. Or because he wants to carry out a “back-office process”, that is, he may want to discuss his viewpoints with other managers within his own company to check whether they too agree that the time has indeed come to leave the Cexen. Or because, being discontent for some reason, he decides to propose a change in the Cexen’s operation and, if the Cexen’s Board of Directors decides not to accept it, raise the possibility of leaving. Or because he wants to buy time to adequately prepare his exit and subsequent activities to continue exporting on his own once he has left the Cexen (for example, he may have to recruit an Export Manager onto his company’s staff).

As we can see, there are many possible reasons why an exit latency period may exist between the moment when, for a particular individual partner company,  $TMB < TMalt$ , and the moment when his/her company formally leaves the Cexen.

If the value of TMB continues to diminish relative to  $TMalt$ , the permanent representative of the partner company in question may decide to openly inform the other partner companies and the Cexen’s Manager of his wish to leave the consortium. This point is marked (8) in Figure 2.

Once the announcement has been made, it is to be expected that the company that wishes to leave and the other partner companies will initiate a round of negotiations aimed at defining the details and the effective date on which it will cease to belong to the Cexen.

Among other things, they will have to assess the value of the shares in the Cexen held by the leaving company. Also, it may be necessary to verify if the Cexen has accumulated losses. If so, the company which wishes to quit may be required to pay its share of the outstanding losses.

It is also possible that, if the other partner companies wish to continue with the Cexen, they may start a search process aimed at replacing the partner company that is leaving with another new partner company manufacturing similar products for export.

Finally, we should point out the apparent paradox that, in some particular cases and circumstances, a partner company might announce its decision to leave the consortium even though it wishes to continue to belong to it. In other words, in special circumstances a partner company may announce that it intends to quit in spite of the fact that its TMB is still higher than its TMalt.

For instance, in the “CIV (B)” (p. 9) and “Coextex (B)” (p. 6) case studies, situations are described in which partner companies leave the consortium because they have gone into temporary receivership for reasons unrelated to their membership of the consortium or their export activities. The companies involved might have preferred to continue in the consortium, had it not been for these circumstances.

Another example is in the CIH consortium, during the period prior to dissolution, when three of the four partners, all of them furniture manufacturers, announced, over a period of only a few weeks, their intention to leave the consortium. The fourth partner company may have wished to continue but, with the other three partner companies leaving, this apparently became impossible and the consortium was dissolved.

These or other similar developments bring the cycle of a partner company’s involvement in a Cexen to a close.

Of course, as we pointed out earlier, the cycle could also end with the dissolution of the Cexen itself, after a process of negotiation and consensus in which all the partner companies decide to leave simultaneously, causing the Cexen to dissolve and to cease to exist.

Having reached this point we may ask: Could a Cexen end in any other way? We can give at least two potentially positive answers to this question.

First, as we pointed out above, a well designed and well managed Cexen could have an indefinite duration. It would simply be a question of avoiding the various extrinsic, intrinsic, or transcendent reasons for demotivation. Steps could also be taken to increase or revive the partner companies’ motivation.

An example of this is to be found in the CIV case study: once the four wineries in the consortium had made a certain amount of progress in exporting their wines to West Europe, a new and very ambitious challenge was proposed – to penetrate the US market. They did this by creating a new sales subsidiary in the United States called “CIV USA Inc.”. Presumably, the creation of this new subsidiary renewed and relaunched the motivation to continue taking part in the Cexen, both for extrinsic reasons (the possibility of selling more in another major export market, thereby diversifying risks) and for intrinsic reasons (learning about how to market wines in the US). Above all, because no doubt none of the partner companies forming the CIV export consortium was large enough or had enough resources to create a sales subsidiary in the United States on its own.

Secondly, at least in theory, an alliance may end in a merger or acquisition of a number of partner companies by one or more other partner companies. In short, what could happen is a progressive integration process in which, after having coordinated their sales activities in foreign markets through the Cexen, the partner companies decide gradually to integrate other operational areas of their respective organizations within the cooperation framework. For example, they might decide to start coordinating their sales activities in their domestic market, followed by integrating other business functions, such as raw material purchases, quality control and assurance processes, production in a joint production unit, etc.

This progressive integration of the different functional areas may or may not be accompanied by a progressive exchange of shares (8). If it is, each partner company may gradually acquire a minority holding in the other partner companies, perhaps eventually leading to the creation of a common holding company and/or a complete merger.

Some of these stages of increased functional and financial integration may have taken place in the consortium initially called Grupo Brotons, created in 1957 in Ibi (Alicante, Spain). This group was made up of eight companies in the toy industry. It was still in business in the year 2000 under the name of G.B. Fabricantes, S.L. It is the longest-lasting consortium that this author is aware of.

In a slightly different manner, in 1996 five food and drink companies formed the Iberasia export consortium in Dos Hermanas, near Seville, Spain, with the purpose of exporting to Asia. In 2000, they were considering creating a new consortium, possibly to be called Iberlat, to export to Latin America, after two new partner companies had joined.

In short, what I am trying to say is that leaving or dissolving the Cexen is not the only strategic option available to the partner companies if they have learned not only to export but also to cooperate actively and positively among themselves.

## 6. The final evaluation

As we have seen, the partner companies can take steps to renew and relaunch the cooperative relationship and embark upon new strategic paths that prolong the Cexen's life. Ultimately, however, if a partner company leaves the consortium or the consortium is dissolved, each of the leaving companies should conduct a retrospective assessment and evaluation of their participation in it.

At the end of the day the managers of each individual partner company will have to weigh up what their company has gained from being involved in the Cexen and what it has cost them. And as always, this should be done not only in terms of monetary contributions and profit (extrinsic motivation) but also in terms of the learning (intrinsic motivation) and the "moral balance" (transcendent motivation) gained from the whole cycle of their involvement in the Cexen.

Renart (1997, pages 70-73) details up to eight different, complementary ways of measuring export success.

For example, when the four furniture manufacturers formed the CIH consortium in 1984, they were already exporting separately, with total combined export sales of about 38 million pesetas per year. In 1987, when the consortium was dissolved, they were jointly exporting jointly some 215 million pesetas per year. And, according to the "Official Census of Spanish Exporters - 1990" published by ICEX, in 1989 (that is, two full years after the dissolution of the consortium), between the four of them the ex-partner companies exported to the tune of 561 million pesetas (153 + 103 + 76 + 56 million pesetas, respectively).

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(8) Such share exchanges cannot occur while the consortium is receiving subsidies from the ICEX from the Institute's Export Consortium Promotion Program. However, it could take place a posteriori, at the end of the four-year subsidy period.

This case seems to show that, in terms of export turnover and possibly in terms of learning, each of these four companies, to a different degree, achieved a certain level of consolidation in its exports.

In other words, involvement of a partner company in a Cexen should be assessed and evaluated not only looking backwards in time, that is, assessing all types of benefits less all types of costs during the Cexen's lifetime. The assessment must also look to the future. It must consider and evaluate the new strategic options that may now be available or feasible for a partner company, thanks to the strategic progress made as a result of its involvement in the Cexen.

In this sense, we may say that a successful start to exporting is merely the first step in what may be a steady process of internationalization of the company, which has much more far-reaching consequences. Starting from a position of not exporting, the first step is usually to export occasionally, then to export regularly, then to establish sales subsidiaries abroad, to start production activities abroad, and finally, to achieve the status of a global, multinational or transnational company. Participating in an export consortium may be regarded as but the first step in this long process of internationalization.

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