

succeed together where they would have failed on their own, especially small or medium-sized enterprises (SMEs). Networks demand pooling of the talents and resources (e.g. financial) of both the IBD agency and of the individual participating firms, from the planning stage onward, to pursue opportunities agreed upon by the agency and the firms.

A number of IBD agencies have implemented Joint Action Groups (JAGs) that are now cornerstones of the agency's service portfolio, e.g. the Australian Trade Commission (Austrade), the Irish Trade Board (ITB), the Finnish Foreign Trade Association, the Swedish and Norwegian Trade Councils and the New Zealand Trade Development Board (Tradenz). The role of the JAG may be to pursue a specific project or group of projects, e.g. forestry projects in China, or it may be to set up and implement a global marketing strategy for the sector, e.g. mining goods and services. In some agencies, only a CEO or previously designated senior representative attends a JAG meeting. A major benefit of a JAG is the mentoring of SMEs by the larger or more experienced JAG members.

From an agency's perspective, JAGs differ primarily in the type and duration of services provided by the IBD agency. Invariably, the agency fulfils the roles of secretariat and facilitator at the outset. In some cases, the agency may retain these roles for a long period before the firms take over, while in other cases, the agency trains the private sector in the initial stages of JAG formation.

Regardless of the variations, support for JAGs is overwhelming. According to the ITB, the JAG initiative has proved to be its most effective means of developing results and co-operation with indus-

try. This is a ringing endorsement from an agency that is already so interlinked with its indigenous exporting community that it is able to set numeric national goals for product and service exports, the number of companies exporting over a certain value, and the number of new exporters that will emerge in a specific period. Austrade, a highly

results-focussed agency, is also a committed supporter, indicating that its JAGs are its major source of facilitated exports (A\$4.7 billion in 1994-95). Tradenz, widely recognized as a leader in JAGs, claims that the member firms of its 40 JAGs account for 70 percent of New Zealand's export earnings.

Hard networks are developed by firms for various reasons, including IBD goals. They tend to include fewer firms than JAGs, and involve a legal agreement or an exchange of letters among the firms. These agreements define such factors as the rationalization of production and marketing or warehouse

sharing. While an IBD agency would typically provide the facilitator for a "soft" network, an independent broker (trained by the IBD agency) is often used to develop a hard network.

The first formal "hard" networks were developed by the Danish Ministry of Industry in 1989. The program has fostered a dramatic shift in the Danish business culture. By 1996, 2000 hard networks were created, with over 10 000 companies participating, 80 percent of which have an export goal. The system is credited with strengthening firms' export position, as well as improving their cost structure, sales and employment levels.

Other countries were quick to follow the Danish example. The Norwegian Trade Council (NTC) was the first agency to follow. As of 1996, it

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*"networks around
the globe are
premised on the
concept that joint
initiatives enable
firms, normally
from the same sector,
to succeed together"*