

Circumventing business traps

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The paper is an investigation on district decline and the very simple research question is “why district fail and why do they fail so quickly”? Leading firm within districts are contrasting the tendency. We selected 34 firms in nineteen districts. Selected firms are changing the conventional business model based on manufacturing, reliance on outsourcing and sales or export of unbranded products. Leading firms are investing on patent, brand creation, outlets chain control and international positioning and generally are “outward looking”. The outcome is the spring up of asymmetric organization of larger size, scalability potential and distinctive shape compared to the homogeneity of the majority of small firm still existing, changing the conventional district representation and functioning. The role played by leading firms influences the evolution and the performances of smallest firms along with the pattern of relationship among firms. Contrary to the conventional wisdom, outward looking leading firms do not simply offshore but create the conditions for smaller firms to survive within the district.