

**Knowledge Management and Organizational; structure:  
The Case Of CEBECO-HANDELSRAAD**

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**Abstract**

This paper addresses the linkages between knowledge management, business strategy and organizational design in the context of a network. In other words, what organizational structures are needed to support effective knowledge based strategies by interdependent firms? In order to address this research question, the paper offers an in-depth research case study analysis of Cebeco-Handelsraad. The analytical underpinning of the case stems from a combination of the dynamic capabilities approach with the network perspective of inter-firm coordination. This framework allows us to analyze how capabilities are generated by network coordination. Cebeco offers a unique case study to

address these issues, as it is a federated cooperative owned and governed by a network of 23 local cooperatives.

Cebeco is among the largest agricultural cooperatives in Europe with turnover of 7.5 billion Dutch guilders in 2000. During the 1990s, structural and institutional changes in Europe forced Cebeco to rethink its mission and recognize the forces affecting its future survival and strategic positioning. The new competitive environment is shaped by the forces of globalization, industrialization, agricultural policy deregulation, new technologies, and environmental concerns. Concomitant to these forces affecting the European food and agribusiness sector, the Dutch government decided that the best competitive positioning strategy for the Netherlands is to become a knowledge-based economy and exploit scale economies in the creation, advancement, and distribution of knowledge. As a result, the Dutch government and society imposed constraints on companies in order to economize on the use of natural resources, ensure animal-friendly and safe food production, and restrict negative externalities such as water and soil pollution.

In response to these changes, Cebeco decided to abandon its traditional paradigm of being a volume-driven cooperative firm in commodity markets and become a knowledge driven organization. Its corporate mission now states that Cebeco should strive to be a “customer focused, knowledge driven, farmers’ owned cooperative network.” This strategic repositioning made organizational restructuring necessary. In particular, Cebeco opted to (1) decentralize its relationship with member-owners; (2) implement a business unit structure; (3) make acquisitions of seed and food companies abroad; (4) proceed with alliances and joint ventures with other agribusiness firms; and (5) experiment with new sources of financing.

The paper describes Cebeco’s new organizational structure in detail and evaluates its match with the intended knowledge based strategies. That is, does the adoption of the new structure enable Cebeco to manage its knowledge assets and achieve its strategic goals? In answering this question, we will be able to better understand how firms design effective structures in order to develop and deploy knowledge capabilities and create sustainable competitive advantage. Furthermore, in the detailed technical note attached to the case study, the introduced conceptual framework provides unique insights with

respect to how should organizational knowledge be conceptualized and researched in a network context.