



# Asymmetrical partnerships in conceptual housing

How startups manage to become competitive in the conceptual housing industry

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# Introduction

# Introduction & Problem Statement

- Shortage affordable housing
- Concept housing: Less risks & quick construction
- Government promotes innovation
- Construction industry is not innovative
- Startups are!
- Smallness & Newness
- How do concept housing startups bring innovation into the industry?



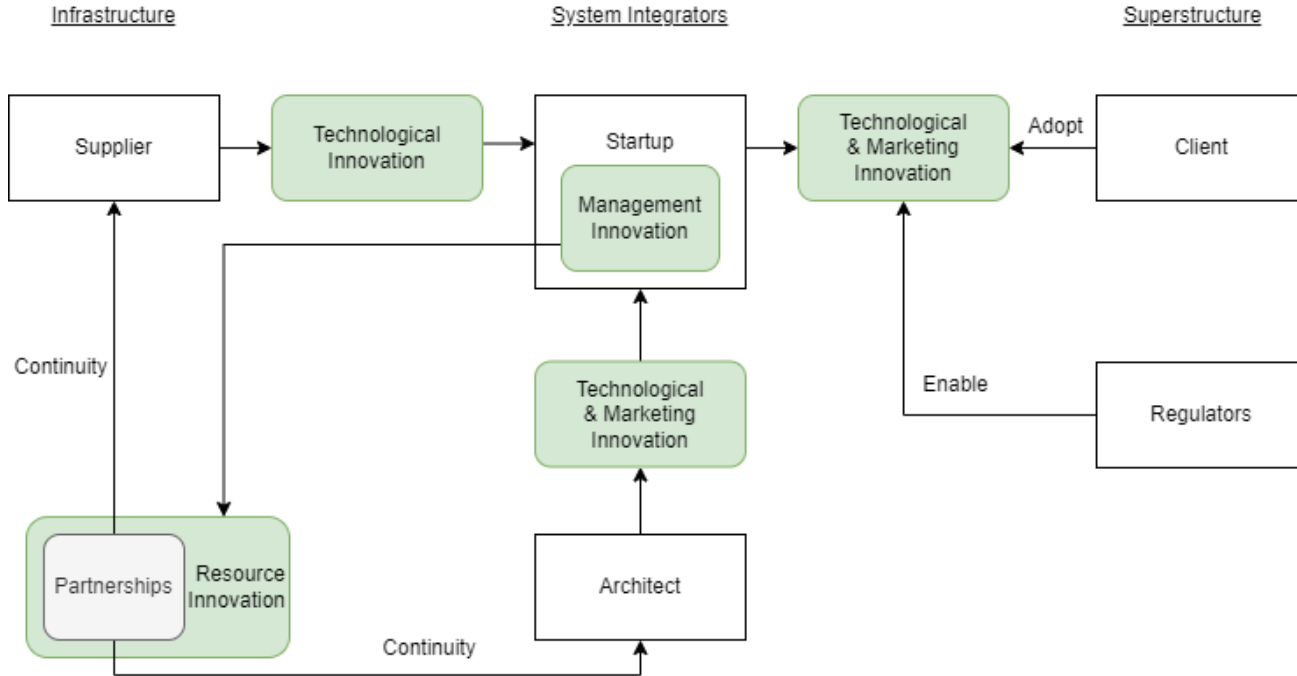


# Innovation strategy categories

Technology	Resources	Marketing	Management
Enhancement of technical capabilities	Effective use of existing resources	Business vision (segments)	Encouragement of learning and innovation culture
	Matching resources to strategies	Extension of business fields	
	Recruitment of new and skilled employees	Focus on long-term benefits	Getting everyone involved in innovation

The four innovation categories (based on Meng & Brown, 2018)

# Conceptual framework empirical study



Conceptual model of the innovation structure (Own image, 2023)

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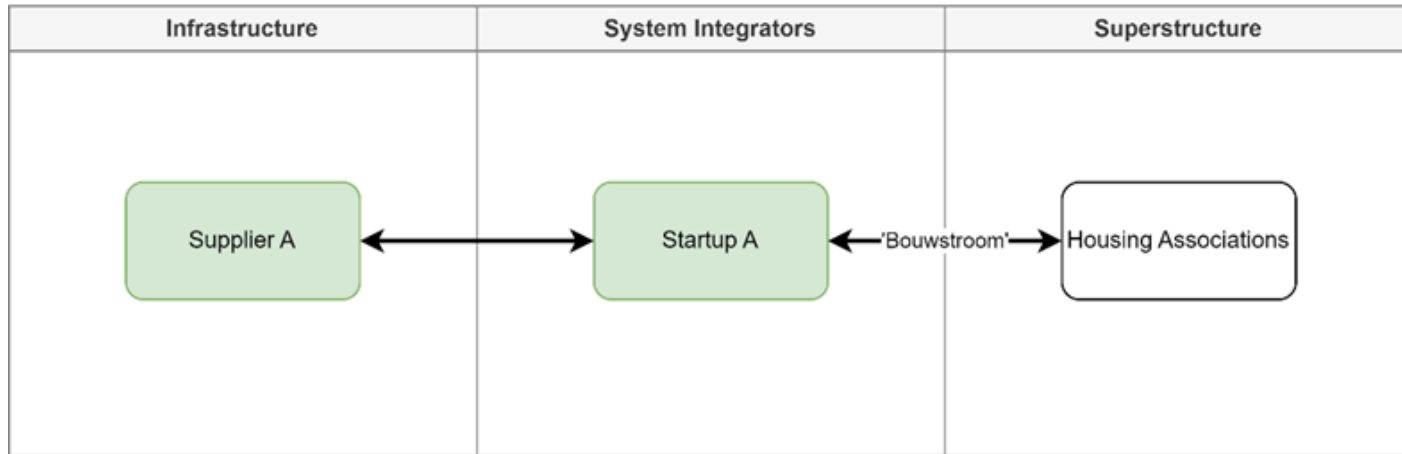
# Research Design



## Experts A & B

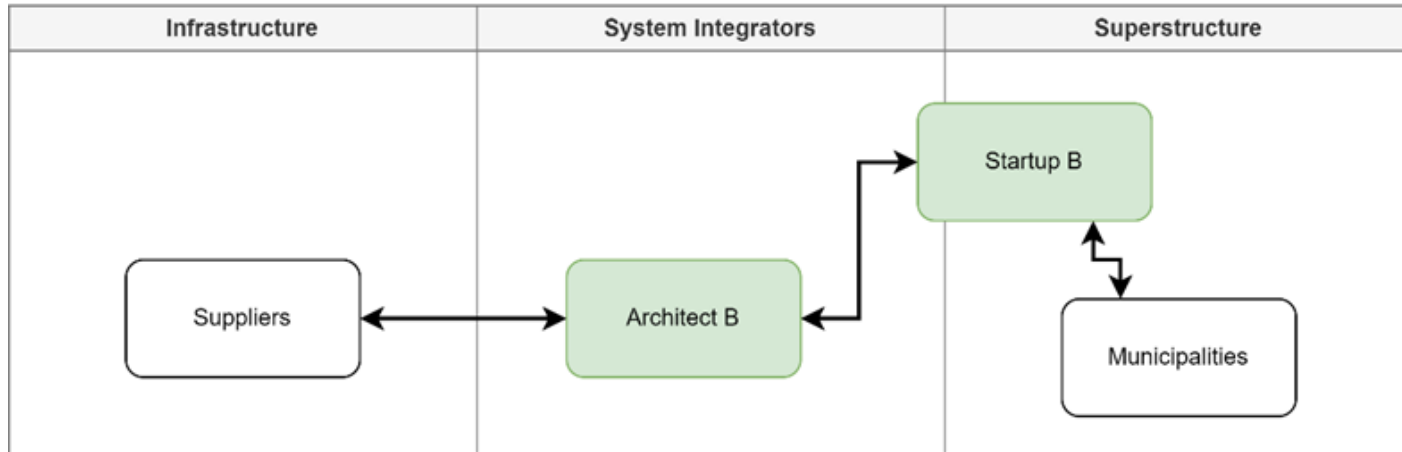
- Netwerk Conceptueel Bouwen
- Professor at TU Delft with expertise in entrepreneurship in construction

## Partnership A



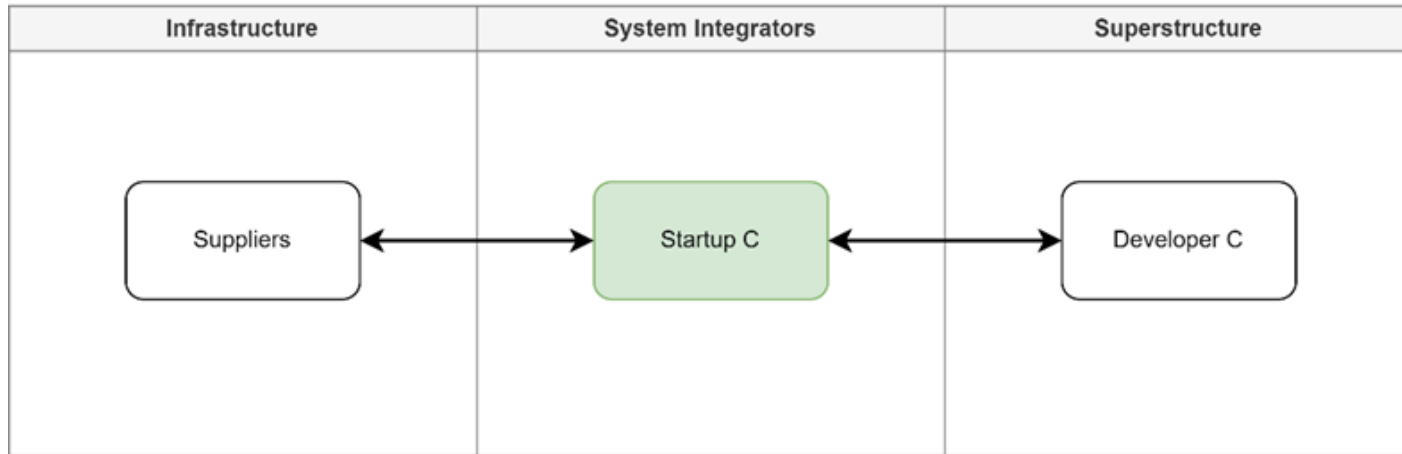


## Partnership B





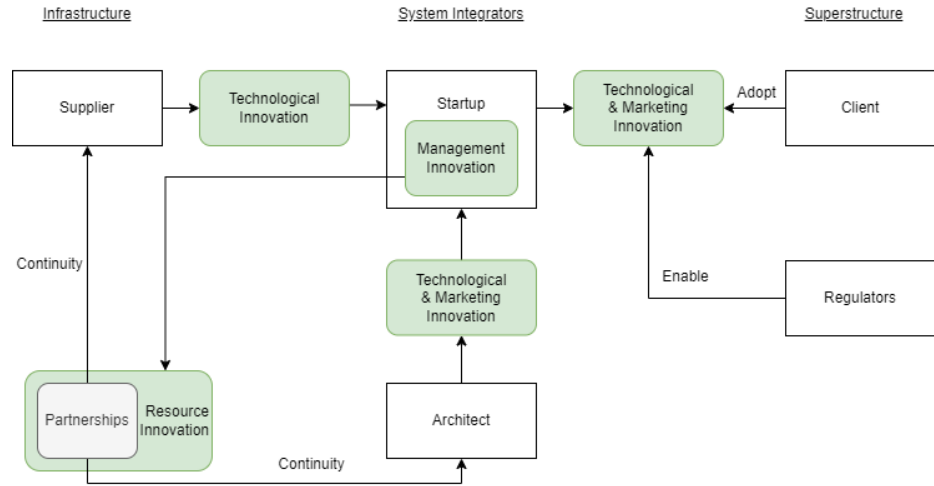
## Partnership C



# Results

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# Construction industry



Threat of new entrants (low)	Power of suppliers (low)	Power of buyers (high)	Threat of substitute products (low)	Rivalry among competing firms (high)
<ul style="list-style-type: none"> <li>- High capital requirements</li> <li>- Economies of scale</li> </ul>	<ul style="list-style-type: none"> <li>+ Mutual benefits (continuity)</li> </ul>	<ul style="list-style-type: none"> <li>- Price sensitive</li> <li>- Risk averse</li> </ul>	<ul style="list-style-type: none"> <li>~ Concept housing IS a substitute product</li> </ul>	<ul style="list-style-type: none"> <li>- Many competitors</li> <li>- Price competition</li> </ul>

Analysis of Porter's five forces from the perspective of a concept housing startup (Own image, 2023)

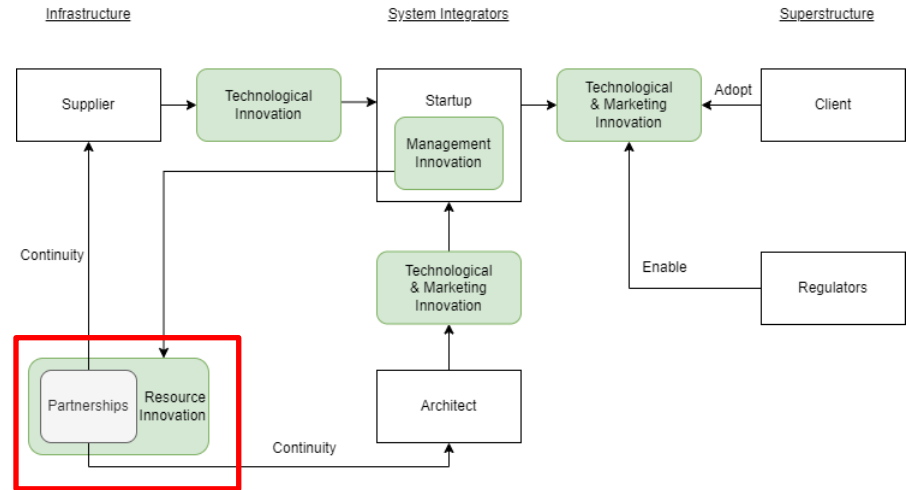


## Smallness & Capital Requirements

*Startup A: “In the **beginning**, it is **not profitable at all**. Hopefully, at cost price, but in the first year, you really can't make a lot of money from it. **It's an investment that ultimately pays off exponentially** because it's a learning experience. It's the same system. It's having faith in the people behind it, the team.”*

# Resource Innovation Strategies

- Smallness & newness
- Capital requirements & access to network



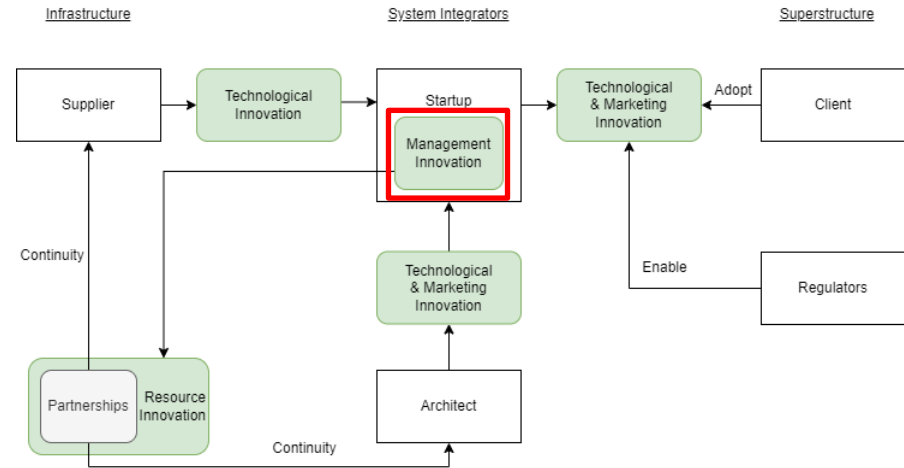


## Resource Innovation Strategy

*Supplier A: "We are also backers of the concept. Because that's a part of commitment as well. **Two individuals initiated this and they put their starting capital into the pot.** And ultimately, when you offer your commitment, it's not just about words, but also about actions. We've also said, '**We're going to invest in it too,** and let's see if we can bring this concept to a successful conclusion together.' **Because we view it as highly promising in the market.**"*

# Management Innovation Strategies

- Partner selection criteria
- Promoting an innovative culture / DNA





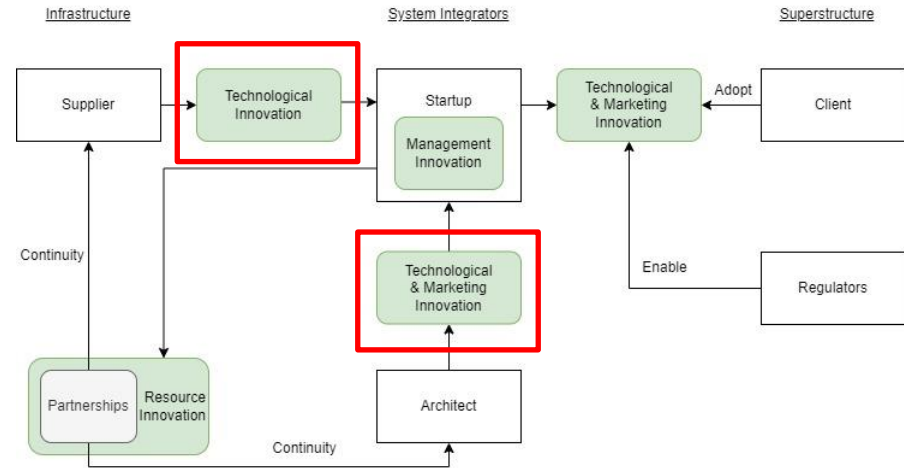


## Management Innovation Strategies

*Startup C: "The advantage of having fixed partners is that they **engage in collaborative thinking** with you, driven by their own vested interests. **This shared interest results in improvements in both our product and theirs. So, we carefully select partners based on this criterion.** We look for partners who are willing to engage in long-term collaboration and contribute to innovative thinking alongside us.*

# Technological Innovation Strategies

- Mainly from suppliers
- Expert of their sub-module
- Architect: design process innovation
- No context
- Backward design process



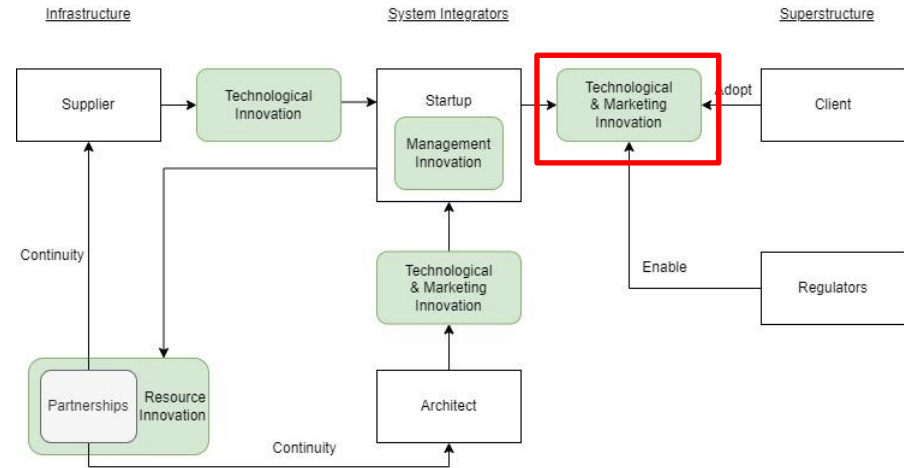


## Technological Innovation Strategies

*Architect B: "We have carefully synchronized our modules in a way that they can be combined with each other. That's why we offer a range of sizes from 40 to 70 square meters as our building blocks. With these building blocks, we can accommodate almost any housing typology, whether it's corridor dwellings or central core towers, and more. **Essentially, we start designing from the end result and work backwards.**"*

# Marketing Innovation Strategies

- Transparency in terms of benefits
- Learn client's preferences



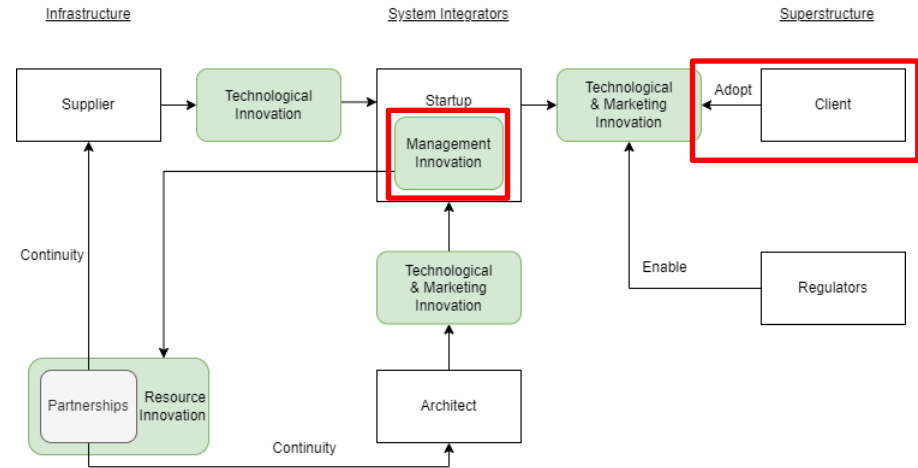


## Marketing Innovation Strategies

*Expert B: “Startups have to be much clearer in **showing the benefits of conceptual building** and much clearer about what it delivers to the customer. Because when you look at the market and what's happening with all concept providers, they aren't really building these houses much cheaper. We all expect that they would, but that's not really going to happen. **Why would a concept provider, who has an optimized process and has put everything together very cleverly to reduce costs, offer these houses for less than a traditional builder? They'd be reducing their margins.**”*

# Management Innovation Strategies

- Early project involvement



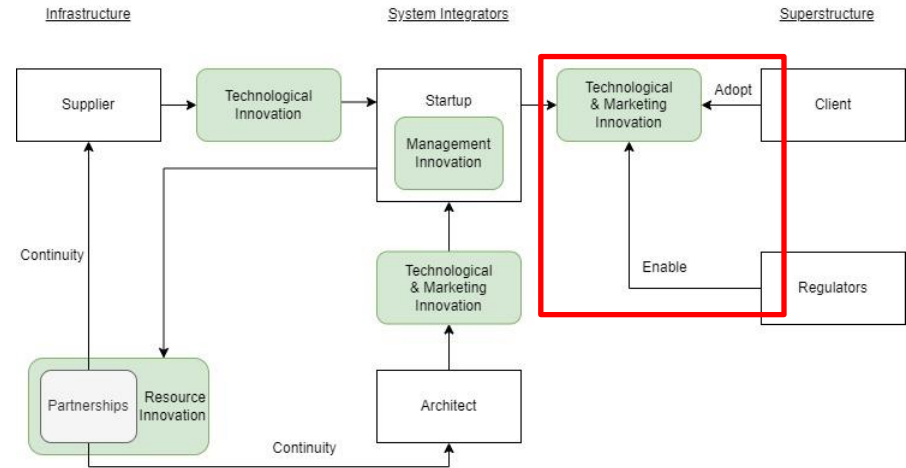


## Management Innovation Strategies

*Startup C: “If you're looking to work with a concept builder, **you really need to involve them right from the beginning.** When you have a plot and are considering a layout, we prefer to be brought in at that stage. We aren't exactly developmental builders in the sense that we take on the role of the primary developer, but we do want to sit alongside them at the table and collaborate in the decision-making process. **This way, the developer can make the right choices and ultimately get the most optimal product, with us, and avoid unnecessary time and cost losses upfront.**”*

# Superstructure Adoption & Enablement

- Risk-averse
- Regulation lagging: permits & subsidies
- Consortiums, 'Bouwstromen'





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# Conclusion

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**RQ: How do asymmetric partnerships between concept housing startups and incumbent firms strategically manage innovation to be(come) competitive in the Dutch housing construction industry?**

- Partnerships are crucial for a startup to overcome smallness and newness
- Partners get selected strategically to enhance open innovation practices
- Technological innovation mainly stems from suppliers
- Startups and architects innovate on the design process
- Powerfull clients, match project preferences with concept





## Discussion

- No mismatch in alignment between partners
- Supply chain members DO share knowledge
- Further research

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Questions?