

# Value Adding #10



July - September 1996

Kate Ramsay and Des Ryan welcome you to the tenth edition of AnD Consulting's quick and easy-to-read newsletter.

In this edition **Learnable Moments** explores the value of belonging to a learning team while implementing a strategy of value adding. In the **Did You Know?** column are some quotable quotes, and in **Value Adding in Business** you can read how the general manager of a transport company adds value to his customers.

## LEARNABLE MOMENTS

In a value adding strategy, value can be added in two main ways. The first way is by doing things differently (inside the customer's current square) and the second way is by sustaining different things (outside the customer's current square).

In the process of adding value to customers (internal and external), it is the responsibility of senior managers to do different things (strategy), while line workers do things differently (tactics). For learning to take place it requires that everybody involved challenges their previously held beliefs/assumptions and invent and sustain new ones. Learning is not a rational process, it is messy and conflict filled.

If people are to keep demonstrating courage, putting aside their ego and listening to others and becoming confident enough to experiment with the new structures and behaviours necessary for achieving a value adding strategy, support is essential.

A learning team can provide this support because team members are encouraged to:

- become and practise being confident
- handle the issues involved in their changing circumstances
- create and live their own career

## Two examples

### (i) Doing things differently (inside the square)

On our arrival in Bali late in June we were delighted to discover an elegant bamboo bar in the upstairs living room of Tanah Umum, our Balinese learning centre. The bar is being put to good use during our 'cocktail hour' when we invite people to share their insights for the day. We thank Lynn, the owner of Lalu Village, for adding value to our Learning Sabbaticals in Bali.

### (ii) Doing different things (outside the square)

When Lea Maher, a physiotherapist, joined the Pacific Asian Learning Team she had already changed, she was doing things differently. She was acting as a 'back coach', helping people to learn to take responsibility for their back care, rather than looking for a 'fix' or a cure. Her move to Thailand required her to learn how to do different things in order to add value to her customers in a different culture, with different assumptions about back care. On her visits back to Australia she gained support for sustaining this new behaviour from the learning team.

## DID YOU KNOW?

"The individual and groupings of people, have to learn that they cannot reform society in reality, nor deal with others as reasonable people, unless the individual has learned to locate and allow for the various patterns of coercive institutions, formal and also informal, which rule him (sic). No matter what his reason says, he will always relapse into obedience to the coercive agency while its pattern is within him."

Idries Shah, *Caravan of Dreams*

"You give them a choice and they make the wrong one." A western boss of his Balinese staff

## VALUE ADDING IN BUSINESS

"My understanding of the strategy of adding value to customers has been gained from being in a learning team and from having Leadership Coaching with Des. These processes have enabled me to create and sustain my vision of a healthy, profitable relationship with both my internal and external customers." Rob McIntosh, general manager of a transport company, told Value Adding.

When, 18 months ago, he was asked to have a go at turning this ailing company around, Rob first looked at ways of creating relationships with the company's existing customer base. "What our management team did was to think about what our current customers might want and to look at ways we could deliver this while minimising costs," he said.

For example, one customer, a flour mill owned by a big international group, said they wanted daily delivery of products to their door at a price competitive with railway costs. "We offered them 'just in time' and the flexibility of door to door at a competitive rate," Rob said. In exchange, the mill agreed to help the transport company find products to carry on the return trip to reduce around trip costs. The result being that for every dollar earned by Rob's company above the 'base line' for the complete trip, the client receives a decrease in freight rate. This arrangement has served to strengthen the relationship between both parties and provided opportunities for new value to 'show up' through joint ventures.

Another example flowing from this relationship was when Rob's company supplied a drying machine worth \$500,000 to dry sand used for the manufacture of glass. This joint venture is one in which one company supplies the end users, we supply the dryer and another company provides the raw material.

"I'm pleased to say all three companies are receiving

a clear and measurable financial benefit from this arrangement," Rob said. "And the end result to us is we now manage all the transport requirements for our two partners and not just for this specific venture."

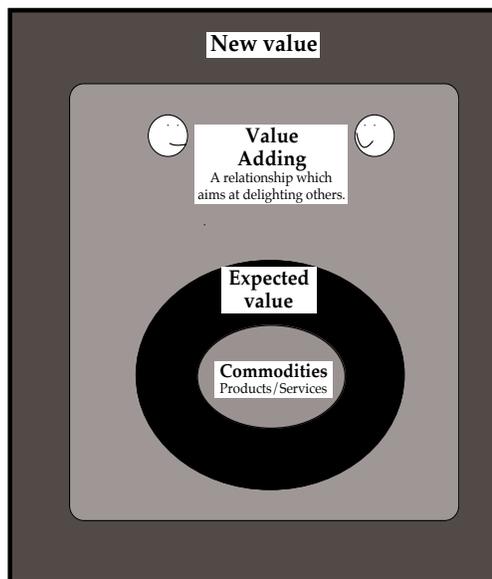
For new value to be possible, Rob talked of the need to build trust with customers. He believes the base line for building trust is doing what customers ask (expected value). Next it is about finding out and supplying what else they might want (added value). "Then, once customers understand we have their interest at heart," he said, "they allow us to run with the ball and come up with ways we might jointly do something in the market place." (new value)

The transport company's driver/operators are Rob's customers too. "What we're doing with them is virtually the same as with external customers," he said. "It's about showing we're there to ensure they are also involved in a win/win."

Rob and the management team meet regularly with the driver/operators over lunch. Initially these sessions were for airing grievances. "However, these days we're finding the conversations are much more positive," Rob said. "Now the trust has been built, these meetings are a forum for sharing ideas for new business: - the idea for the drying machine came from an operator."

Rob's previous learning also brought value to this company. His background in the transport industry as a mechanic and driver 'bore fruit' when there were some breakdowns and he suggested what the problems might be. "I turned out to be right," he said, "and the drivers started saying this bloke seems to know what he's on about."

And 'this bloke' certainly does seem to know what he is on about. The company, having run at a loss for many years, has been substantially 'in the black' since April this year.



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