Improvement Team) meeting. This meeting serves as a check and balance for all the departments. During the meeting, critical issues related to strategy will be discussed. Problem facing each functional group will be resolved.

12.0 Problem Faced

Problem started at the very beginning of the training program when Cargill started to conduct the training to educate the employees. The training program originally shall be a 2 days outdoor (in the hotel) training program had been modified to bring it indoor (in the office premises) to suit the local business unit requirement. The main reason was to cut down the training costs. Instead of 2 days, it was divided into 4 sessions for a period a month. 4 hours per session per week in a group of 10 to 15 persons each group. The major drawback of this modification was the lack of continuity from 1 session to another. The participants could not find the link after a week break. Furthermore the learning environment in the office which was not as good as the outdoor, where the participants could not concentrate fully throughout the training period and they started to get bored.

The lack of experience trainers was another important factor that causing the training program to fail or less successful. The trainers were not well trained and all were under-qualified. Instead of using good and experienced trainers provided by the corporate, local business unit trainers were utilized who were also busy managers. The main reason was they were lacking of real understanding and appreciation of this entirely new concept of value based competition. The effectiveness and quality of the training program therefore was questionable. In many occasions the trainers could not give any good examples to support their point of view. This training program failed to convince the employees the importance of this new concept and hence failed to convey the important message across. The main reason of doing so again was for cost cutting.

Apart from the training program, behavioral change is another big hindrance to the success of the new strategic intent. Behavioral change requires time. People do not change over time. This is the reason perhaps why Cargill set

the time frames of 10 years for its strategic intent to realize. Creating value requires employees to think differently from their traditional way of thinking. Creating value requires good team works. Employees shall focus on process rather than doing things based on individually or departmental interest solely. Therefore the local management plays a vital role on formulating strategy that can make the people change. This however leads to second question of are the local senior managers learnt enough about value based competition? Are they themselves ready enough to change? Who is monitoring the monitor or the strategic planners? Without the true understanding and appreciation of the concept, the senior managers might lead the organization to a different direction. A very good analogous example for this perhaps is motivation, many people associated movement as motivation until Frederick Hertzberg discovered KITA and came out with his 2-factors theory of motivation.

Few conflicting issues arose regarding the local senior management. First, the front liners found that this system was very difficult to implement because the nature of the palm oil business itself which was very cost driven and competitive. The customers only see cost as the bottom line. The front liners also argued that their performance was measured merely on dollars and cents by their supervisors who are the top management. The top managers of the business units were merely interested with the bottom line of their SMART goals only regardless on how they achieve it either with value delivered to the customers or not. The flaw of this measurement at here was it didn't align with the goal and the objective of the strategic intent.

Secondly, to satisfy the customers means additional cost such as longer working hours, higher utilities cost and etc. The reason being for the oilseed industry as a whole, Cargill is competing in a very volatile commodity market where the supply and demand determine the price of the product. The palm oil industry is facing a very tense competition from other oil such as the soybean oil, cottonseed oil and etc. that are all perfect substitute for each other. As a result the product differentiation strategy as what Cargill implemented so far was very difficult as certain customers looking only for products with the lowest price.