

1.0 Objectives of Study

The world is changing. Change is continuous, accelerating and coming from all directions. Industries are restructuring; companies are reengineering; customers have new demands; shareholders have new interest; employees have new aspiration. Technology is breaking down barriers. Competition is increasing. Innovation is accelerating. The business world now focuses on knowledge, not just physical assets. We are not only competing in market place but also in the market space. Beside the explosion of information technology, this change also contributed by globalization, deregulation, customer and competitor consolidation, demands for value-added services and etc.

Although operational excellence has been a key factor in bringing success for business in recent decades, in today's very competitive market environment, it is no longer enough to allow an organization to achieve its goals. Michael Porter described this phenomenon in detail in September 1996 Harvard Business Review article. Porter wrote that operational excellence is no longer a strategy, it is a platform to build a strategy on. The few companies that remain in today's consolidated marketplace are all operationally excellent. They have mastered production and administration processes, reengineering over and over to drive down their cost base.

An insight also comes from a biologist Stephen Jay Gould, who has observed that the natural ecosystems sometimes may collapse when environmental conditions change too rapidly. Dominant combination of species may lose their leadership. New ecosystems then established themselves, often with previously marginal plants and animals at the center. For current businesses dealing with the challenges of innovation, there are clear parallels and profound implications. James F. Moore in his article Predator and Prey: A New Ecology of Competition (Harvard Business Review May-June 1993) described that a business ecosystem, like its biological counterpart, gradually moves from a random collection of elements to a more structured community. Managers can't afford to ignore the birth of new ecosystems. In order to

remain competitive in the market place, adaptation is important. Managers have no choice but to adapt. And to adapt successfully, an organization must continue to grow, measuring the growth not only in assets accumulated but also in the value delivered. Organization must build a portfolio of business opportunity that can increase the flexibility.

Cargill as an organization has discovered the necessity for this change. Even though Cargill has been the biggest privately held organization in United State(Fortune July 13, 1992), Cargill's senior managers had discovered that this market leadership competitiveness may not be able to sustain or prolong if Cargill doesn't review its strategy in order to adapt to the current trend of the business development. What happening to Apple Computer was very obvious when it lost most of its market shares to IBM. This awareness has led to the emergence of Cargill's strategic intent: "By the year 2010, Cargill will be recognized as global leader in providing agricultural food chain customers with solutions that enable them to succeed in their business".

Understand the need for the change, the key point of Cargill's strategic intent is about *creating distinctive value or to deliver innovative customer solutions that are hard for others to match*. In order to achieve that, Cargill needs to be more customers focused, more solution based, more innovative, deliver best cost efficiently, faster reaction time, adapt more quickly and achieve profitable growth.

Recognizing the importance of the value creation as a new dimension of competition, the objective of this study are to find out the following issues related to the organization in value creation:

- 1) To gain a better and complete insight on how the value base competition can bring competitive advantage to an organization in the new millennium through extensive literature survey especially through the secondary data analysis and success stories of other organizations.
- 2) To conduct a case study on Cargill Oilseed Malaysia on how the value based customer service can improve the competitiveness of the company by using value chain analysis.