

Simple tools to add value SMEs'

By **Samish Dalal**

Introduction

Small and Medium Sized Enterprises (SME) are the future of Indian business. However SMEs face tough competition from their peers. The level of competition is very vivid and intense. Every player would try to position itself in a unique manner and show its distinct image. New product invention or service re-definition, are some of the features that have played pivotal role in positioning a SME to be the best of the rest.

However invention of new products is not everyone's theme. Therefore in the recent times, a buzzword that has actually caused ripples in the corporate world is *value addition*. Value addition is not invention or innovation of a product or a service, but is the process by which the entire organisation adds value to its processes, products, people and services to enhance customer service level.

The ensuing paragraphs give an overview of three value addition tools. Regular practise of these tools in an organisation would transform its culture and would make its employees more committed to the cause of its existence. It would make the employees more dedicated towards every aspect of the organisation.

Focus

Focus means doing one thing at a time. In business terms, it simply means concentrating on the sector or the segment the business actually is into. For example if an SME is into domestic courier services, it should continue doing business in that segment and should refrain from diversifying into any other business such as fast food or travel or car rental. The phrase "refrain from diversifying" is little stodgy, but that's the underlying principle of focus.

The word focus actually originates from science, wherein it suggests that focus is a beam of light that originates from a particular source and travels to reach the target destination. It is

usually one straight line and travels in one direction. Similarly in business if an organisation remains focused it would have focused attention and concentration in the business it is actually in. Such organisation would have a specific goal and list of activities to do to achieve such goal.

Focus in its business meaning discourages diversification, but encourages “line extensions”. It means to go further into the same direction of existing business. For instance in the courier service example, first line extension that the courier business could do is to reduce the delivery time and to reduce errors, second line extension could be installation of a system for tracking the documents that are in transit or are undelivered, third line extension could be assistance in mass mailing client’s documents and fourth line extension would be to start international courier service. Line extension suggests that an organisation would “add value” to it’s current business and make it customer friendly.

Focus would enable the employees of an organisation to concentrate on and only one business segment or sector, which would enable them to work with greater accuracy. It would make the organisation and its people specialists in their respective fields.

Creativity

Creativity is one buzzword that goes with innovation and novelty. A SME is usually confronted with tremendous pressure from its peers, employees and general market. This pressure leads to generate ideas and concepts to add value to its product or services. This generation of newer ideas or concepts is all about value addition by creativity.

Traditional thinking processes such as logic or problem solving probably might not agree with the conclusions derived under the purview of creativity. Creativity in itself is not a logical argument, based on facts, figures, data or numbers but it is level of originality within a person or an organisation. An advertising agency is the biggest example of creativity, however that’s their profession. In terms of other businesses I would put that as *passion*. It is passion for business, customers and innovation. Creativity flows from the passion of individuals to become the fascination of an organisation.

For instance let us take a manufacturer of industrial goods. The designs would be either provided by the client or would be designed by the manufacturer according to the client's specific or market's generic needs. In order to show a distinct identity, the organisation would be required to do something different. The source to do things differently lies in creativity. The manufacturer could conduct a session by making all of its engineers to design a product for a particular industrial application. The engineer whose design involves the least complexity and cost could be selected and implemented. The manufacturer would not do this for all designs, but for select designs and at select intervals, so that the creative faculty of the engineers is explored on regular basis.

Creativity is a tremendous powerful value addition tool that could escalate the prestige and public image of an organisation. It would be a monumental tool in providing value added service to customers.

Understanding

Understanding has two parts – collective understanding and individual understanding. Collective understanding is conception of an organisation about its position in the business. Individual understanding is conception of the individual towards work.

Collective understanding is vital in order to synergise different individual goals and objectives into the common goal and objective of the organisation. Organisations could achieve collective understanding by coining a slogan, symbol or an emblem. It could also conduct various training programs to transform the tacit knowledge from the senior employees to the junior employee. Organisations could ask employees to draw a theme or art-work or just a pattern that would justify the slogan of the organisation. The vision statement could be placed at every important location and the meaning of which could be transferred unto the last employee of the organisation.

Individual understanding could be developed under the larger domain of collective understanding, however other methods such as socialising amongst other employees, visiting

or meeting customers and customer surveys could play important role in developing the understanding of an individual. Another method of developing individual understanding is to follow the famous knowledge spiral suggested by Nonaka – Takeuchi. This knowledge spiral would allow free flow of tacit knowledge and transform it into explicit knowledge, so that the clarity towards the conception of work increases.

Organisations that would successfully develop collective understanding would add lot of value to the organisation, in terms of organisational effectiveness and development. Development of individual understanding would increase enthusiasm of the employees that would reflect in the way they render customer service.

Final Words

Businesses are live energy systems that tend to interact with the real world. These systems are expected to innovate and generate value addition for the customer and its stakeholders. Innovation would lead to differentiation, which would enhance the marketability of the firm.

Plain vanilla services are now matters of yester-years. Today's customer expects more and the expectation level is escalating with the passage of time. Therefore in order to meet such expectations, it is important to add a tint of additional value in favour of the customer, after all *customer is GOD*.