

Transformative Creativity: Rethinking Competitiveness in Canada's Agri-Food Sector

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Road Map

Rethinking competitiveness

Creating sustained competitiveness

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Traditional Competitiveness

- * Ability to profitably gain and maintain **market share**
 - * Canadian Agri-Food Competitiveness Council, 1993
- * Market share as a construct immediately presents a zero-sum game
 - * And a pursuit of share as the sole end of being in the market
 - * Has potential to blind managers into seeing the increase in their share when their competitors are leaving as evidence of performance improvement

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Traditional Competitiveness

- * This approach was helpful in the 1990s when everyone was talking about competitiveness and no-one had taken the time to define it
 - * Amanor-Boadu and Martin, 1994
- * But the rapidly changing environment challenges us to rethink what matters in market participation

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Rethinking Competitiveness

Competitiveness is **sustained value creation** through incessant innovation

Competitiveness-driven innovation is defined with the context of **customer needs**

This perspective liberates us to become masters of our own fate

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Rethinking Competitiveness

- * Perceiving competitiveness this way leads to two strategic outcomes:
 - * Moves attention from competition and the false assumption of fixed markets and zero-sum games
 - * Directs attention simultaneously to identifying customers whose value definition fits the firm's vision and opportunity set capabilities
 - * And yields the highest rents and rewards over an above market

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Rethinking Competitiveness

- * Once the appropriate customer segment and its needs are identified, rethinking competitiveness as value creation leads to **INNOVATION**
- * – the **purposeful** development of new value to address identified customer needs *in ways that delight* the customer enough to facilitate extraction of **rents and rewards**

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Rethinking Competitiveness

Who is the customer and what does she need?

How painful and enduring is the need?

Where is she currently getting relief for the pain?

How much better can we make her feel?

How willing and able is she to reward us for our love?

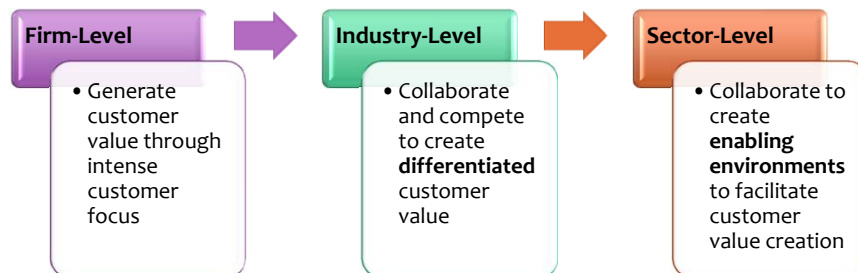
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Rethinking Competitiveness

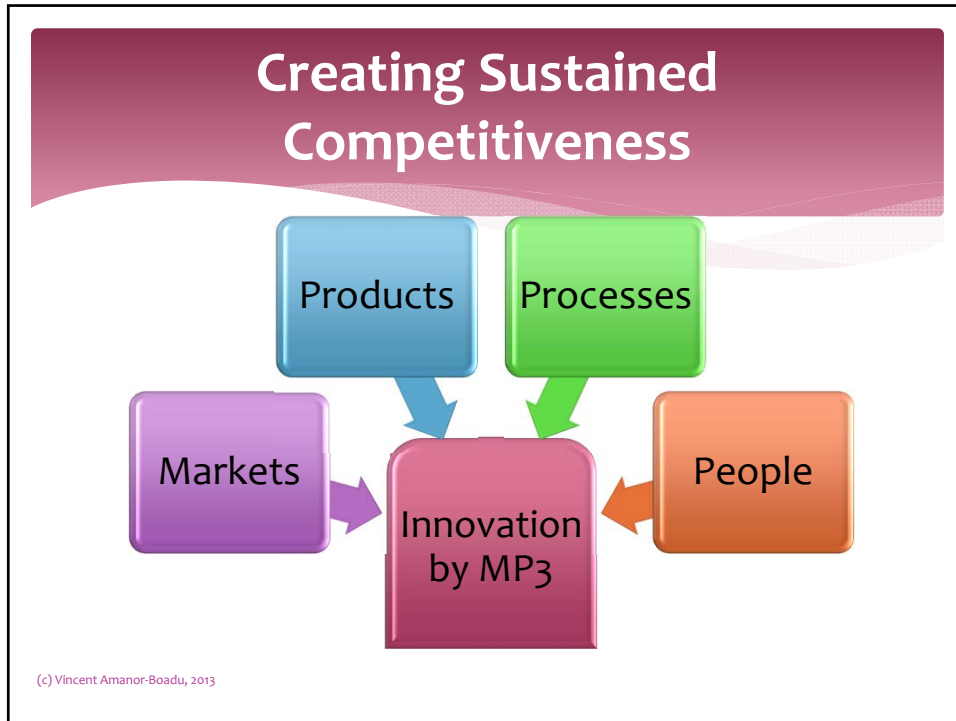
- * Going through these questions in sequence focuses action
 - * It defines what value can be created to meet the potential rewards
 - * Who in our value chain needs to champion the process, and
 - * The gaps we need to fill throughout our supply chain in order to deliver the defined value
- * Thinking this way immediately unleashes the search for internal value creation too!

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Rethinking Competitiveness



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Creating Sustained Competitiveness

Markets

They are heterogeneous within and between countries

Implying ability to effectively segment markets to discover where value we can exploit resides is fundamental to success

This underscores the rethinking of competitiveness as customer-based and value-based

Individual or groups of firms identify the segments in which they see value and perceive strengths

And build the necessary capabilities to seize identified opportunities

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Creating Sustained Competitiveness: Markets

- * The affluent in all countries are similar in their search for “stuff”
 - * They like to differentiate themselves by their consumption
 - * And they provide insights into where the rest of the ordinary mortals are going in future – i.e., the commoditization pathway

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Creating Sustained Competitiveness: Markets

- * Define middle class in emerging and developing countries as having income in the range of \$10K-\$60K with about 1/3 as discretionary
 - * **300 million** people and 50% of urban population in China aged 20-50 estimated to qualify as middle class (according to CNNMoney (2012))
 - * They want everything middle class consumers want in North America, including healthier and nutritious foods
 - * Yum! Brands believes that – opening 1 store/day in China in 2012/13
- * Similar trends in India and numerous emerging or developing countries

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Reaching Beyond Existing Demand



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Creating Sustained Competitiveness: Products

- * Product innovation makes sense only when viewed within the context of customer need
- * Not competitor behavior or public policy – unless these create credible customer needs
- * Identify opportunities for industry-level initiatives to reduce individual costs of innovation and increase probability of success

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Creating Sustained Competitiveness: Processes

- * Processes involve all the GxPs throughout the value and supply chains
- * Good processes focus on Effectiveness
- * Effectiveness is objective-driven efficiency
- * Effective processes are at once adaptable, secure and sustainable

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Creating Sustained Competitiveness: People

- * Creativity cannot be outsourced
- * So we need to nurture an environment where smart, capable, competent and creative people surround our firms, and by default our industries and the agri-food sector
- * We need to see agri-food as high-tech, sexy and highly rewarding – because it is!

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Creating Sustained Competitiveness

- * One way is inter-firm/inter-industry strategic alliances
 - * Recognizing our **mutual need** for each other to achieve our strategic objective
- * Another is PPPs (Public-Private Partnerships)
 - * When the supply and value chains recognize the opportunity to create high **positive externality**
 - * E.g., Research and education infrastructures
 - * *Government (the public) is seen as a partner working towards a common goal*

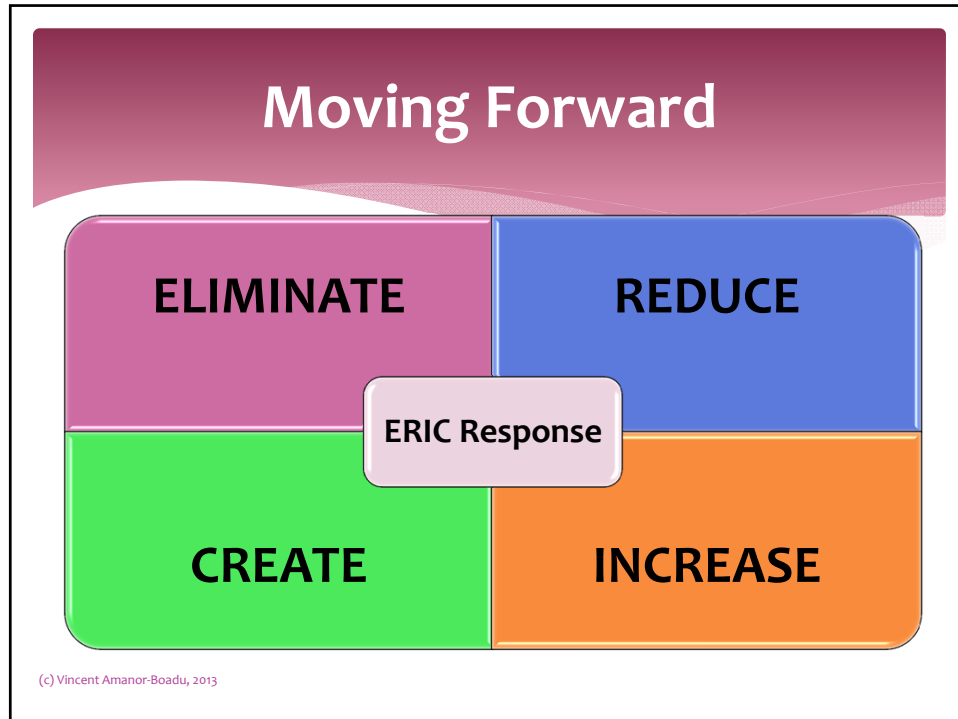
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Creating Sustained Competitiveness

These approaches demand abandoning ideological perspectives about reality

And focusing exclusively on value creation driven by **self-interest**

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The Re-envisioned Canadian Agri-Food Sector

Embracing this strategic approach to competitiveness facilitates an ability to sustain and secure the traditions its people have come to value and treasure

For only when we can seize control of change do we prevent our traditions and values from extinction

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In the end

- * The most important thing is to allow ourselves to see the world differently, and in so doing, pursue paths that are less trodden and deliver solutions that would profit our partners, allies and collaborators and delight our customers
- * We embody the transformative creativity necessary for our sustained competitiveness!!

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Thank You Merci

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