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Wednesday, 15 October 2014

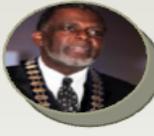
PRESENTERS AND TOPICS

Moving Business Capability Forward



Marguerite Orane
Strategy Consultant and Coach,
Canada

Business Networking: Pooling Ideas and Finances to Achieve Global Competitiveness



Melvin Edwards
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Saint Lucia

Are Businesses In the Region Equipped to Bounce Back from Business Setbacks and Failures In this New Ever Changing Market Environment ?



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St Vincent and the Grenadines.

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When we engage each other and share ideas and insights we create platforms for exponential learning. Such is the thinking behind the annual Financial Information Month **Business Symposium and Innovation Forum** which links CEOs, business executives, senior managers, board directors, business owners, entrepreneurs, and academics from across the eight member countries of the Eastern Caribbean Currency Union.

In this and subsequent issues we will try to capture the depth and breadth of the discussions with a view to engaging you and expanding avenues for ongoing learning. We will also seek to share with you some of the other concepts that have guided our 2014 campaign discussions in areas related to business innovation, business competitiveness and prudent financial management.

As always, we look forward to hearing from you so that we can continue to engage you in a manner that adds value to you. Keep Soaring!

SLW

Why agriculture needs conscious and people centered leadership



The agricultural sector has been the bedrock of small economies in the Eastern Caribbean for centuries but has grown to depend on preferential export

markets and has focused primarily on the export of single commodities. The emergence of globalisation has changed the dynamics and demands a change in our market focus. We have been engaged in much debate but have failed miserably in defining a new environment for revival of the sector. This critical sector has not altered its course of producing food based on external chemical inputs to the international trend of

“Our external focus has kept us primarily discussing export and foreign exchange earnings while ignoring the local captive market and the opportunity to re-engineer rural development”

organic production.

While the region expends a whopping US\$4.75 billion dollars (EC 12.75 billion) per year in food imports, we have not been able to craft appropriate policies or to educate our people on the benefits of eating fresh local produce. In fact, the retail value of our imported food may be more in the region of EC\$16 billion when duties, levies and charges are included. Concomitant to this is the

resultant added medical costs incurred by our people and governments leading to an even more disastrous scenario.

One would have expected that in the aftermath of the financial crisis of 2008, policy makers and our financial institutions would have been awakened to our competitive advantage in food production for domestic consumption. However, the numerous challenges on the ground: including but not limited

to land tenure, land use and the stigma attached to the plantation have not helped us in making that crucial shift. This creates a scenario that excludes farmers from adequate and affordable financing.

Our external focus has kept us primarily discussing export and foreign exchange earnings while ignoring the local captive market and the opportunity to re-engineer rural development. We continue to moan over WTO rules while our tastes shift to accommodate increasing imports of processed food lacking in high nutrient density.

Our so called modern agriculture which operates within the confines of the green revolution seems unable to make a much needed shift towards a new and far more attractive cleaner organic identity. This has led to high levels of non-communicable diseases and compromised immune systems making us even more susceptible to new and emerging communicable diseases, e.g. chikungunya. One could forecast that our high levels of non-communicable diseases will at this rate be complemented by emerging levels of communicable diseases as our resistance

plummets from over consumption of highly processed foods. So why are we unable to recognise the correlation between our poor agricultural practices, our over consumption of imported processed foods and our resultant deteriorating health?

The increasing cost of “sick care/ medical care” evidenced by our rising expenditure in the health sector poses a grave economic burden particularly on the most vulnerable (very young and old) and the working population. It certainly is not rocket science that the above scenario impacts on our already low productivity and robs us of much needed income in a scenario of high and increasing public debt.

Here is a clear opportunity for conscious policy makers to craft appropriate policies to re-engineer agriculture and incentivise behavioral change. The 15% VAT on fresh local fruits and vegetables, as is levied in the supermarkets in St. Vincent and the Grenadines, is evidence of poor foresight. It demonstrates the lack of needed cross linkages in Education, Health and Agricultural policies but equally the lack of adequate genuine concern in improving our competitiveness.

Further mismatch of policies and linkages is evidenced in the way we treat water management and our lack of recognition of this valuable resource. We are a region blessed with quality water and relatively large national marine-based resources, yet our fishing sector is not owned and operated by our people and our banking sector is yet to capitalise on this endowment. In fact, even our on-land water resources are not on the list of priorities as commercial and bankable projects.

Finally the issue of the value of agriculture as it relates to crop insurance, crop value and by extension the worth of agricultural lands remains unaddressed and creates an environment of risk that makes recovery from disasters virtually unfeasible. This is compounded by high public debt that in some cases means that agricultural infrastructure like feeder roads and on farm access to water are totally ignored or neglected.

One may ask if agro enterprises in the region are equipped to bounce back from the effects of the recent economic downturn compounded by the challenges of climate change?

“We need an internal focus and external awareness and to do this we must think Health, Educate and re-engineer Agriculture. ”

The writer opines that the current socio-economic and political environment is not conducive to the recovery of this sector and that the greatest hazard to agriculture may not be the weather after all but the unpredictable political and policy environment in which we are operating.

We therefore need an internal focus and external awareness and to do this we must: think Health, Educate and re-engineer Agriculture if we are to improve our tourism product which our leaders seem to have identified as the engine of growth. In short we must turn up the HEAT (linking Health, Education, Agriculture & Tourism).

Excerpt by Lennox D. Lampkin, FIM 2014 Business Symposium and Innovation Forum.

MOVING BUSINESS CAPABILITY FORWARD

“It’s simpler than you think!”



Have you ever wondered why building your business capability is difficult? You might be saying *‘it is impossible. I have too many things to do today. I don’t have the time to focus on building my business capabilities, creating employment.’* Well, moving your business forward is simpler than you think. Sitting on the boards of several businesses, consulting and coaching business leaders, I have discovered that building business capabilities is about doing less rather than more and that it is actually simpler than you think.

This is not to trivialise the challenges that we face. There are real problems out there and our world is more complex.

We are one world, information comes to us instantaneously. We can sit down and watch a war happening in real time. We

know immediately what happens on Wall Street, in Trinidad and in Hong Kong. Cultural lines are blurred and our cuisine is found on many cosmopolitan menus. We can move from place to place virtually. It is a small world and in a small world there are no borders.

It is a rapidly changing world and it is changing faster and faster. It seems it is changing exponentially - product life cycles are shorter, new technologies are developing faster and faster and becoming obsolete faster and faster. What we thought was impossible is now not only possible it is actually being done; and it is available not only to the few who can obtain it but to the masses. Witness our mobile phone technology.

Faced with this type of complexity in our world, the tendency is to believe that to build our business, to build our organisational capability we must also make it more complex because building usually means adding. When you are building a house you are adding things as you go along. But I put it to you that you can’t approach building a business as you have done in the



past, because what has worked in the past is no guide for the future. These are unusual times and complexity may not be the answer. It is business unusual not business as usual.

So let us look at complexity for a moment. It is good when we add complexity to build the business. To get better, we add more people, new skills, new product lines, new services, larger manufacturing, more offices, new technology. However, there comes a point where complexity becomes bad. It weighs down our organisations, it bogs us down and it has a cost. The Global Simplicity Index which is done annually by the Henley Business School estimates that complexity costs businesses 10% of their net profit. In my experience there are also other costs resulting from complexity. There is customer dissatisfaction and we have all experienced this. Often times, we ask *'Why do I have to do this? I*

am just trying to buy something; I am just trying to pay my taxes; I am just trying to make a lodgement; I am just trying to book a ticket; I am just trying to get on a plane. Why does it have to be so hard?' That is complexity.

Complexity also has a cost in employee burn out and personal stress.

No doubt complexity also comes from our external environment. We have no control over those things in our external environment - *technology, regulators, political environment, economy, competition, wider societal activities* - that drive complexity. But, we also find complexity internally - in our strategy; when we meet with our customers - and all of us have customers, all of us have people whom we serve. Complexity also comes from our internal processes, how we go about doing things, our organisational structure, our people, even

ourselves by our own actions.

History is very little help in addressing these challenges. What worked in the past may or may not work in the future. Conversely, what did not work in the past may very well work in the future. We need new thinking and new mind-sets and we need to open ourselves to the never tried and the unproven. What then is the solution to all this complexity? I believe that as counter-intuitive as it sounds, simplicity is the answer.

A year ago, right after Steve Jobs died, I wrote this in my blog about simplicity.

"Simplicity - the bane of management. So absent in organizations, so vilified. To be simple is to be considered less intelligent, incapable of higher-order thinking. Complexity indicates intelligence, brilliance, smarts, and uniqueness. Management designs complex solutions because - well, if things are too simple, is management needed? So, much time is spent creating complex solutions and calling in consultants who invariably recommend even more complex diagnoses and prescriptions, couched in the most complex of language that then needs more consultants to decipher. Meanwhile, staff sits

wondering why management is so stupid – can't they see that the simple answer is right under their nose? And customers leave, befuddled and frustrated by the complexity of the service "solutions".

So how do we start down the simple road? It starts with you. For things to change, I have to change. For things in your organisation to change, you have to change. Committing to simplicity is a totally different mind-set to one that believes in adding never ending complexity. So when we focus our business on what we want to achieve, what gets us up and going in the morning, what brings us joy and energy in the form of ideas, resources and people will flow. Energy flows where focus flows.

Have you had this experience where you get very clear on a goal (*personal or business goal*) and all of a sudden you just find that the right people and resources just appear like that out of nowhere? I am sure that has happened to everyone in this room at some point in time. That is the power of focus. That's the mind-set shift that we have to start today. Focus. Here are some questions that you should take the time to ask and to answer:

- What difference do I want to

make in this world?

- When I leave here what have I left?
- What gets me energised, excited, motivated? Are you going to wait for someone to do that for you or is that your responsibility? That is your responsibility! Don't wait for someone to get you motivated and up and running.
- What am I the best at? Everyone in this world is good at something. Is brilliant at something. Is actually the best at something in the world? What is it?
- What is your organisation really good at? The best at?
- Where do you see yourself in five or ten or twenty years time? What will you be doing? What will your life look like? What would your organisation look like?

Asking these questions get you focused.

The 19th century Italian economist, Vilfredo Pareto is best known for his observation that income distribution tends to be skewed in a certain ratio - The Pareto Principle. 80% of the income in a country is generated by 20% of the people; 80% of the revenue of a business is generated by 20% of the customers. The Pareto Principle,

the law of the vital few, has actually become the universal law. What we have found in applying this law in all areas of life is that we can use this law to help us to focus. What are the 20% of the things that you have to do that is really going to give you 80% of the results that you desire. Look at the long list of things that you have to do today. There are only twenty-four hours in a day. You don't have to do all. Find the 20% that is going to give you 80% and do that. Did I mention here that simplicity is not necessarily easy. The trick here is to make sure that you are identifying the right 20%. Sometimes we find the easy 20% that don't give us the 80% of results.

The next mind-set shift is the whole idea of acceptance. Admittedly, there are some things outside of our control. Don't waste time resisting. Accept them. They are what they are. Move along. Identify those external factors that you have no control over that affect your business, your organisation. Those are your external stimuli. That is where you do your SWOT analysis. So what are the external factors that affect your business that you have no control over? Remember, those external factors are constantly changing. You can't change the inflation rate,

you can't change international trade agreements, and you can't change regulation. What you can do is change your response. Turn your mind to figuring out how to find opportunities or at least how to minimise the threats. That is where innovative thinking comes. It is when you stop looking at the stimuli and start thinking *'how can I find opportunities in this thing?'*

However, in the context of building business capability you can change some of the external factors. For example, if you join a trade association or if you are a policy maker you absolutely can change some of these factors or at least contribute to the change.

Let's look at strategy. That is one internal factor that you have control over - your strategy. As a strategy consultant and facilitator I think that strategy is the most fun and exciting thing in the world because it is simple. It is not really as complex as people think. The real strategic thinking is looking at all this complex thinking and finding simplicity. This is how you can do it. Think about strategy as a process. Think about who you can involve in the process. It is not something that you alone need to sit down and do. Why would you want to do it all by yourself? Quick and dirty is

always better than late and accurate. The future is unknown. There are no wrong or right answers. Except, the only wrong answer is to do nothing. Do something! Get started before you have all the information because we will never have all the information that we need. It is impossible to ever have all the information. 'Done is better than perfect' is another one of my mantras. When I was reading the book "Lean In", the author, Sheryl Sandberg, mentioned that the phrase 'done is better than perfect' is on the walls of Facebook. I love that.

Measure and monitor business results often. Too often I see business leaders create a plan and the next year they cannot find the plan. It is on a shelf somewhere; they haven't seen it for sometime. Your plan is your working document. That is what you are implementing, your plan. One thing that is guaranteed is that your plan will always change. Guaranteed!

Another area where we find complexity is our relationships with our customers. To bring simplicity to that we want to make sure that we know them and it is not everybody who is your customer. There is no organisation that has everybody as a customer. Even if you are a

public utility company, there is always someone who is off the grid. Get clear on who your customers are. Go beyond demographics and understand what their needs are and do what they want really, really well. Remember that you are not just delivering a product or a service. You are delivering a total experience. Don't be afraid to say no if you can't deliver it well.

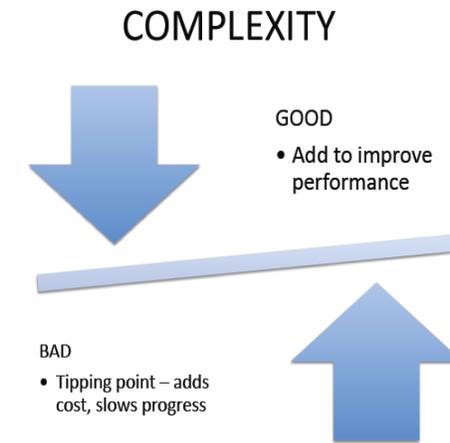
Know your customers and treat them well. That leads us to our internal processes. This is a huge area of complexity. Those are also the areas that we have the most control over to make them simpler. Why is the process not working? The first response I usually hear is *'we need more people, we are short of people.'* Take a step back and look at your core business processes. Those are critical for customer satisfaction. Look at them from scratch. Break them apart and rebuild them, making them as simple as possible. Ask your customers what bugs them and what they would like to see. Listen to complaints. Complaints are gifts. They are precious gifts from your

 **The real strategic thinking is looking at all this complex thinking and finding simplicity.**

customers; because your customers are giving you information and an opportunity to do better by them instead of running away and grumbling. Don't run from a complaint. Say 'Thank you Mr or Mrs Customer. I really appreciate you telling us this.'

Test drive your business processes yourself. Do you for example, call your own business and find out what happens to the customer? Do you try to fill out a form on your website? Test drive these for yourself and see how you can make these simpler and eliminate steps that don't add value. Be ruthless and relentless. If it does not add value, eliminate it. A lot of things we have added, we do not need them anymore. Take them out!

Once you are clear on your processes, take a look at your organisational structure. My recommendation for simplicity is that it be as flat as possible. If you hire somebody don't hire them to assist, hire them to do something. Give them the authority and autonomy to get things done. Rather than appointing people as acting, make the decision and put them in the post or not. We have people acting for two, three or more years. That is madness! Keep it simple. Push the decision



making down. You don't have to make all the decisions. Employees come to the business to work. Every one of the persons working in your business comes with his or her own brain and many are brilliant and many times smarter than their bosses. Focus on results.

You may also consider outsourcing. Do you need a full time accountant? A full time HR person? Maybe not. I have a team of twelve persons in my business and I am the only full time person. Everyone else provides services. We operate in three different countries and it works. We are all happy.

You also want to consider your culture. Building your business capability, building your organisational capability is not a one-off event. You want to create a culture of simplicity. How can you and your team make the work simple? It is not just up to you. You want all

your employees to be thinking, 'How can we make this simple without losing the importance and essence of the work that we are doing.' You want everyone to approach it this way. People do what you do. It is that simple. When you see your employees or your team members doing something that you do not like, check yourself. You are either doing it or you are accepting it. If you want them to change, you have to change. Simple.

Forget your ego at the door. That advice is kind of tough to accept because we all have egos. However, moving from complexity to simplicity means we have to check those egos from time to time. We have to improve our communication. If we are going to push decision making down and make our internal processes simpler, we have to make sure that the communication process is also free flowing and simple. This mass of e-mails that we tend to send to each other has to stop. Pick up the phone or go to the person's office and speak to him or her. Have a conversation rather than e-mailing and copying everybody. You know this whole thing around culture and simplicity revolves fundamentally around trust. When you get around to changing

FROM COMPLEXITY TO SIMPLICITY:

STIMULUS:



RESPONSE:

- External
- Strategy – simple process
- Customer relationship – focused
- Internal Processes – few, most important
- Organisational Structure – less, flatter
- Culture of simplicity – trust!

your business culture, you have to trust people. You cannot wait for people to earn your trust. If you want people to trust you, you have to start trusting them. That's it. You have to trust. Oftentimes when I frame my discussion around trust, people tend to respond by saying 'well so and so has to earn my trust'. No. You trust and you will see what happens.

Moving business capability forward means making the complex simple. You have to change first by focusing using the 80/20 rule and accepting that there are things that you cannot change but that you can respond to. You have to be relentless in simplifying your strategy, your customer relationships, your processes, and your structure. You also have to be relentless in creating a culture of simplicity by modeling it yourself.

Let me pause and take a few questions before I summarise:

ST. KITTS - Do you make the

distinction between external and internal customers?

I do believe that employers ought to be treating customers and employees with respect, trust and with love. Love is very much a word in my lexicon. How in the world do you create great customer satisfaction (external customers) if you have disgruntled and burnt out people? In one of the earlier slides I mentioned that the cost of complexity is employee burn out, so you have employees who are weighed down and burnt out by these complex processes.

MONTSERRAT - How do we trust employees?

We actually trust more than we believe. We are sitting in this room. Do you know how much trust it takes to come into this structure? We had to trust that the architect knew what he/she was doing; that the contractor knew what he/she was doing; that the people who made all the

construction materials did the right things. We have walked into the room with a lot of trust. Sitting on the chair, we trust that it would hold us up. We think we have to guard and hold this thing about trust as if it is something that people have to earn, but we have to trust. I am not saying that we have to be foolish. We have to be prudent, but we have to trust.

COMMONWEALTH OF DOMINICA- You said listen to complaints because they are gifts. For some reason that reminded me of a body experiencing pain. Can you imagine if something is wrong with your body but you aren't feeling any pain so you are not aware that something is wrong and that you need to go to the doctor? Complaints send a certain message. Kindly expand on the positive dimensions of pain i.e. complaints.

You are absolutely right. Pain sends us a messages that the body is not working well. If you have no pain and something is wrong you can just drop down and die. Likewise, complaints indicate that people are in pain. Let me take your analogy further and focus not just on the external customer complaints but also

employee complaints, going back to the point about internal customers. When employees complain it means they are in pain and frankly they are in organisations that are sick. One of the things that are making the organisations sick is complexity. There is just too much stuff: too heavy processes, a culture that is dysfunctional, an organisational structure that is just too hierarchical, etc.

NEVIS - How do you get employees to take initiative so that you can delegate? That is one of the biggest problems that businesses are having.

There is a tough question that you have to answer, *'Does this employee have the capability?'* Frankly he or she may not. Having answered that question, go to the next question, *'Is he or she trainable?'* You are also referring to the issue of motivation. Frame the conversation with the employee from very early around why what the business is doing is important. Move beyond telling people what to do and engage them on the why and make it important. This is how they will understand the focus of the business and become motivated. All of us come to work because we want to contribute something. Nobody

comes to work intending to do a bad job. Look at people on their first day of work. They are excited and motivated. Overtime they become demotivated employees. What happened? People have not seen the why. They become weighed down in the complexity I spoke about earlier. They do not understand the focus of the business. My advice to you is to engage your employees. Sit with them and ask them the following questions:

- ♦ *'What do you want out of life?;*
- ♦ *Where do you see yourself in ten years time?; and*
- ♦ *What are your dreams and aspirations?.*

Engage them from the heart and you will see that over time they will take more interest. I know it sounds like a lot of work. It is upfront, but over time it will get easier and easier. I know it works because I have done it.

ST. VINCENT AND THE GRENADINES: How do you comply with cross border regulations in the interest of those persons to whom you outsource work? Additionally, how do you also maintain the interests of those who you contract to do the work for you in order to deliver the type of results that the business

requires to delight its customers?

You have to know the employment conditions and regulations of the countries where your contractors are and stick to that. You have to understand what your needs are. It is not every business that can follow the business model of outsourcing. However, don't jump automatically to full-time employment. Do you always need an employee full time or do you need someone who is on contract to provide a particular service on a project type basis? Be very careful that you do not outsource your core business. If something is core you have to be very careful of outsourcing that. When you outsource you have to have very clear deliverables and you have to hold people accountable. You have to demand clear reports from your contractors and you have to make sure they deliver on time. You have to be just as vigilant in managing contractors as you would be in managing full time employees?

ST. KITTS How do you train teams to identify the simple 20% that they may be overlooking every day.

I think it is less about training

and more about listening. Employees know what is getting in their way. Especially employees who are on the front line of service delivery. They know. Usually we who are managers are the ones who are furthest away. It is less about training and more about engaging them in a conversation and really, really listening to them. It is about asking them *'what is getting in your way? How can we do this simpler?'* I do focus groups with employees as part of strategic planning intervention. I hear them. They say, *'this is so hard and complex. I don't know why we are doing this in this day and age.'* So we don't have to train anybody. We have to un-train ourselves. That is the challenge. We have to open ourselves and listen to what our employees are saying. Everyone comes to work with a brain and we leave so much brain power on the table. Employees see things happening that they know can be done simpler. So have those conversations.

ST. KITTS: Do you find that if you tap the right persons within your organisation the answers are just there?

Absolutely. You know I love the trouble makers. They are the most engaged people in your

organisation. I love when I hear 'so and so is a trouble maker and they only make noise'. I say great. They are the ones who are passionate, who are engaged. They are not just sitting back and watching. They are the ones that you want to talk to because when you get them to see 'The Why' they can flip that passion, that engagement to support you.

In summary here are four questions that you should ask every day when making decisions and these are all geared to adding simplicity:

1. Does this add value to those who matter---your customers, your employees, yourself?

2. What would happen if we just said NO? Explore that. You might reach the decision that you have to say yes. That is fine but at least it would become a conscious decision and you would be clear on the consequences rather than just having a set position.

3. How can we make this easy enough for a child? Little children are brilliant. They see things very clearly. Can you explain it to them, can they understand it. Think it through with the eyes of a child.

4. Must we really have a

meeting? Meetings are great places for complexity to flourish. Think hard about whether you really need to have that meeting and if you do, think about how you can keep it as short and as simple as possible.

The late Steve Jobs said **"Simple can be harder than complex. You have to work hard to get your thinking clean to make it simple. But it is worth it in the end, because once you get there, you can move mountains."**

To soar to success you have to travel light. Travelling light means you have to shed stuff. So shed the complex. You need to make things simple. Here is my challenge to you. Tomorrow morning, identify one action that you can take to bring simplicity to your business, your organisation, your department or your personal life, then **just do it!**

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Soar to Succeed - Travel Light

Simple Not Complex
"It's simpler than you think!"

7 DEADLY SINS OF WASTE

Rework

**DUE TO LOST FILES OR PROCESSING ERRORS/INCORRECT OR INCOMPLETE INFORMATION
DISSEMINATED**

Over and Extra Processing

**DUPLICATE CLIENT RECORDS IN MULTIPLE LOCATIONS/ REDUNDANT DATA ENTRY REQUIREMENTS/
GENERATION OF UNNECESSARY REPORTS**

Unneeded Movement

**UNNECESSARY MOVEMENT OF PROCESS PARTICIPANTS OR DOCUMENTS (SEARCHING FOR FILES /
HAND CARRYING DOCUMENTS TO ANOTHER LOCATION FOR PROCESSING)**

Printing, Copying and Transporting of Documents

INSTEAD OF TRANSMITTING, SIGNING AND STORING ELECTRONICALLY

Space

DUE TO STORAGE REQUIREMENTS FOR CUMBERSOME PAPER FILES

Waiting

**DUE TO SUPERFLUOUS STEPS THAT ARE PART OF INEFFICIENT PROCESSES / WAITING FOR MEETINGS
TO START / FILES AWAITING SIGNATURE OR APPROVAL**

Untapped Human Potential

DUE TO FAILURE TO UTILISE THE IDEAS OF EMPLOYEES AND STIMULATE EMPLOYEE INVOLVEMENT.

The foregoing summary on how to avoid bottom line losses in service based organisations takes its cue from the lean management methodology which first emerged in the manufacturing sector. By adopting **Lean**, profits are maximised by concentrating on service offerings which are valuable to the customer and costs are minimised by eliminating “waste” in processes and reducing operations which do not add value. The focus is on designing business processes and services which are **simpler, better, faster and cheaper** for the customer and which in turn translate into increased productivity, profitability and competitiveness for the organisation.