

## **Birds in trees, or** How value-added may evolve

The basic premise is that value is not created in a factory or office, it is given by the individual customer; and that the individual customer has personal needs that are unlikely to be met by any one single enterprise. In the future, enterprises will amalgamate in order to serve individuals, who will in turn act as advocates for the amalgamation.

The analogy is the tree full of birds; there will not be the same birds there at all times as some leave and others join, yet from the outside, it will continue to look the same. The idea of an ecological arrangement is strong, as it is the interplay between organisms one with the other and with their environment which gives rise to evolutionary pressure and continual improvement.

A simple analogy might be the local pub, which takes the place of the amalgamation [in the future business the amalgamation would be a virtual entity, digitally controlled]. It comprises the individual customers, their friends, the publican, the bar staff and assorted drinks and food – a mix of tangible and intangible offerings.

In the new economy, it is recognised that value realisation comes from the individual customer not the inner workings of the brewery. Yet today we have a system which calculates value as an internal deliverable generated at the centre rather than something to be carefully garnered from individual customers. The reasons to visit are many and varied: for a meal, a moan, to meet friends, escape, pass the time or to just enjoy good beer, each one visits for a different and personal reason, and each will be served in a different and personal way.

Nothing is fixed, customers can come and go, bartenders hired and fired, breweries engaged or disengaged, menus changed and entertainment provided or ignored. Given this realisation and suitable controls, this model translates to larger more complex ventures which use intellectual, behavioural, emotional and digital assets as primary sources of innovation directed to each and every individual. The outer appearance stays constant [the tree] yet there is continual and energetic activity within the digital framework [bird migrations] directed to serve each individual in a way peculiar to them.

Within the amalgamation, the bartender is the interface with the customer and will have built a relationship of trust which extends into the customer's mental space. The tangible assets (surroundings, beer and food) and the intangible (conversation, respect and concern) have become fused and contribute to the total experience. The quality of the beer becomes less important when the real value is the total package (which includes the level of attention) given to the individual.

The better bartenders will generate secure trust, stronger bonding and greater loyalty which have now become the amalgamation's competitive success – and the provision of a 'safe haven' for the individual customer. If the bartender were to leave, the amalgamation would be impoverished.

This arrangement will give the bartender responsibility for personal development so it is no longer the domain of the brewery as people become more responsible for their own actions and personal advancement.

In the bigger picture, the majority of amalgamations will face the challenge of blending tangible and intangible assets in many changing combinations: pre-existing physical assets can enter into relationships with more than one amalgamation. They can be bundled with intangible assets that link them to individuals with unique demands and expectations served by that amalgamation. In this way, physical assets can have many faces and play many roles as they contribute to a variety of amalgamations that serve different individuals.

For there to be commonality, this new approach demands trust; and for discipline to be maintained no cash will be released into the system until the individual pays. In this scenario, it would be quite feasible to pay the cost of a drink into the till and simultaneously credit the individual bartender, the pub, the dray, the distributor and the brewer.

There would also be the capacity to monitor the various enterprises in the amalgamation; for example if individuals favour one particular bartender for the confidentiality and respect offered, this will be reflected in the value brought into the amalgamation by that bartender and also in their personal credit earned.

Each individual has friends and colleagues who will be influenced to use the pub if the experience is good and can be readily persuaded to go elsewhere if it isn't; these will be the advocates for the amalgamation and their trust and loyalty will be its key to future success.

### **Some thoughts on branding**

This mobilisation creates an immense opportunity for brand development and extension. Digitally managed amalgamations will add to the value-realising potential of their participating enterprises through unique value styles and meaning that are reflected in the way they provide support. This opens opportunities for the lead enterprise to grow significantly and to flourish by supporting other brands.

The brand is very much an emotive issue<sup>1</sup> which links the tangibles and intangibles with expectation; there will be a risk of losing clear communicable values as these amalgamations form and re-form such that brand control will become a very important issue for the future.

Using the internet with its on-line societies and clusters the brand can be taken to the people, rather than have to entice the people to use the brand [now designated *clustomers*] and there will be a reduced risk of bad debt.

### **An intriguing thought**

An example of an economy that is not debt based is the good old Post Office that sells stamps, every letter is pre-paid and in theory the organisation can calculate its income a month in advance to better plan investment and payments. ***No-one has yet used the Post Office as an economic model of the future.*** For people needing a precedent before becoming involved in something new, this might be a helpful approach.

---

<sup>1</sup> "A brand franchise is the very stuff of the brand. It is the unique sum of its taste and texture, flavour and smell, appearance and associations. A strong brand franchise reassures, gives confidence and like an old friend, promises the certainty of pleasure. From all this comes the probability of long-term profits"

*Ken Dixon – past Chairman of Rowntree Mackintosh*