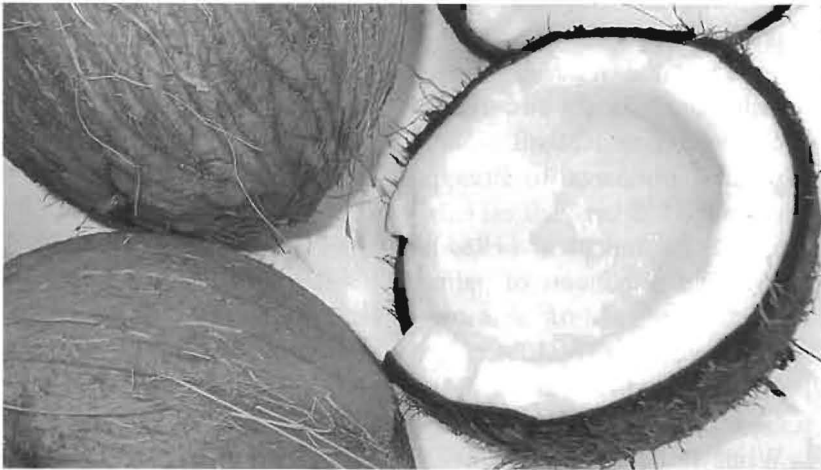


A farmer friendly strategic vision for coconut in a globalised world

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Coconut is known for its great versatility as seen in the many domestic, commercial, and industrial uses of its different parts.

Though coconut has its own multifaceted uses, many of the general problems addressed practically by farmers includes lack of knowledge about appropriate variety of planting material with respect to identified uses lack of man power or technology for harvesting or high cost involved for the same, identification of appropriate product mix and lack of value creation on the basic product.

Farmers often complains that they are getting only Rs. 4-6 per nut whereas the retailer gets Rs. 17 – 20 for a tender coconut. There is not much demand for 50 year old trunk of coconut tree and the farmer is forced to sell it for a throw away price.

As there exists many such issues, the core specific opportunity addressed in this paper are the co-creative work of

farmers, facilitating organizations such as Agricultural Universities and Coconut Development Board and the participation of government to initiate the synergy of togetherness and integrate it into a strategic vision for the empowerment of local bodies, farmers, industry and other stake holders.

As readers know that strategy is derived from the Greek strategos, or the “art of general.” The general is responsible for multiple units on multiple fronts and multiple battles over time. The general’s challenge is in orchestration and comprehensiveness. Generals think about the whole. But strategy has pieces, or elements, but they form a coherent whole. Generals whether they are CEOs of Universities, Government Departments or NGO’s must also have a strategy – a central integrated, externally oriented concept of how the business will achieve its objectives.

Without a strategy, time and resources are easily wasted on piecemeal, disparate activities; void of their divergent approaches, interpretations of what business should be doing, and the result may be disjointed feeble initiatives.

The five elements of strategy: If a value proposition or addition (business) to exist, it should have a strategy and has specifically five parts. Arenas: Where will we be active? Vehicles: How will we get there? Differentiators : How will we win in the market place? Staging: What will be our speed and sequence of moves? and Economic Logic: How will we obtain our returns?

This article develops and illustrates these domains of choice emphasizing how essential to form a unified whole from the perspective of coconut growers and its stake holders.

Arenas: The most fundamental question a coconut grower and facilitating organization may ask together may be in what arenas the business will be active? We will be the producer of tender coconut or we will be focusing on the basic core product - the copra/coconut oil or do we will specifically focus on other value addition on the basic product? It is a fact that 50 grams of coffee bean when delivered as a branded coffee experience in Star bucks or Café Coffee Day retail chain provide 200 times of value than the basic price of 50 grams of coffee powder. Presently we have identified around 68 uses for coconut. Do we generally focus on all 68 areas or specifically focus and co-create value in one specific area or a selected few? If then how do we integrate the supply chain and revise supply chain? How we co-create value proposition to the customer and ensure

that adequate value is passed on to the farmer? If AMUL can do the same in the case of milk by means of co-creation and Starbucks and Coffee Day can replicate the same in the case of coffee, can we replicate the same for coconut?

Vehicles

Beyond deciding the arenas in which the business will be active, the coconut grower or organization also needs to decide how to get there? Specifically the means for attaining the needed presence in a particular product category, market segment, geographic area, or value creation stage should be the result of deliberate strategic choice. If one has to decide to expand the product range (copra to virgin coconut oil or desiccated coconut or spray dried coconut milk powder or even tender coconut water), are we going to accomplish that by relying on internal product development, if then on what scale and magnitude? On a national level or regional level or are there other vehicles – such as co-creative joint venture with, collaboration or even acquisition and export promotion – that offer better means for achieving our broadened scope? The means by which arenas are entered matters greatly. Therefore selection of vehicles should not be an afterthought or viewed as a mere implementation detail.

Differentiators

A strategy should specify not only where an enterprise will be active (arenas) and how it will get there (vehicles) but also how the firm will win in the market place, how it will get customers to come its way? In a competitive market scenario winning is the result of differentiators, and such edges don't just happen. Rather they require implementers and strategic thinkers to make upfront, conscious choices about which weapons will be assembled honed and deployed to win over competition, challenge

similar product lines, offer value proposition and value addition and differentiate our product with respect to the competition. Differentiation may be image, styling, perceived value, customization, price or others. The critical issue for strategists is to make up-front deliberate choices. It should be very clear to the customer that how natural or preserved tender coconut water add value than aerated water or cola and also its availability and reach.

Staging

Once the strategist decides the choices of arenas, vehicles, and differentiators, constitute what might be called the substance of a strategy – what the implementers plan to do? This substance cries out for decisions on a fourth element – staging, or the speed and sequence of major moves to take in order to heighten the likelihood of success? Most strategists do not call for equal, balanced initiatives on all fronts at all times. Instead usually some initiatives must come first followed only then by others and then still others. In erecting a great building foundations must be laid followed by walls and only then the roof. The enterprise may decide to work on a value added product such as virgin coconut oil or desiccated coconut or spray dried coconut milk powder and expand and co-create it nationally or expand internationally as a collaborative PPP project or as a co-operative movement. There are definite stages to implement it and it follows a sequence of activities performed one by one that is termed as staging.

Economic Logic

At the heart of business strategy there must be a clear idea of how profits will be generated – not just some profits but profits above the enterprises cost of capital. It is not enough to vaguely count on having revenues that are

above costs. Unless there's a compelling basis for it customers and competitors won't let that happen. It's not enough just to generate a long list of reasons why customers will be eager to pay high prices for desiccated coconut or virgin coconut oil along with a long list of reasons why the costs will be lower than your competitors. That's a sure-fire route to mediocrity. The most successful strategies have a central economic logic that serves as a plan for profit creation. In some cases, the economic key may be to obtain premium prices as in the case of desiccated coconut available in our country by offering the same to customers. By taking any strategic initiative the basis for making profits becomes the very base of economic logic.

Conclusion

Apart from the general problems raised by coconut growers and other stakeholders, if the very basis of economic logic itself is to pass on the benefits of value creation to farmers so as to further reduce the economic disparity; we need to have co-creative, innovative, vibrant social enterprises. This need in-depth analysis and qualitative research to understand the practical problems of farmers and quantitative simulations and analysis to make out the strategic intend to be successful and sustainable. The role of Agricultural Universities, Coconut Development Board, government, growers, local bodies and other supporting institutions have got a pivotal role in planning and implementing a farmer friendly strategic vision for the empowerment of small, medium and large farmers of coconut in India.

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