

## **Relearning Lessons We've Forgotten- the significance of a piggy bank**

As we move into a technology led service economy it is easy to forget the origin and meaning of childhood lessons. However, for those of you that can recall those lessons there is still gold to be won and wonderful things to be accomplished in business by delivering value around the globe.

Visiting the local shops in rural Philippines from which the *Purina* animal feed was sold, our expatriate country manager noticed that many of the customers could not afford to purchase product in the industry standard fifty pound bags. Customers would purchase a small amount scooped out into paper or plastic lunch bags. From a US animal science nutritional perspective the amounts purchased would not provide sufficient nutrients to efficiently and economically raise a commercially saleable animal. The practice also violated modern sanitary standards for animal husbandry and was discouraged.

From a marketing perspective the answer was to create small bag units (like single serve detergents packages or other consumer products) but that substantially increased costs without delivering corresponding value to the customer. It was also an easy answer to merely produce and distribute small bags with the *Purina* logo into which the product could be scooped. While it might be a great advertising device, it neither ensured that the customer would use them only for our products nor adequately addressed the risks of contamination or other concerns about protecting our reputation for quality.

Our intrigued manager discussed the issue with his sales, marketing and distribution managers and was repeatedly told that the practice existed merely because of the low purchasing power of our customers. Unsatisfied, the manager went to a number of these customers homes to find out for himself what was happening. As he visited with individuals in the Philippine countryside, he came to realize the role of the pig in the economics of the household. The pig was an investment vehicle in a country which regularly suffered from inflation, banking inadequacies, civil and political unrest, physical insecurity and insufficient monetization of the rural economy.

He learned that the pig lived just outside the kitchen and generally ate table scraps. If the family meals didn't provide sufficient scraps, the pig could survive on roots in the yard (thus the pig is an investment that would grow.) If the village was threatened by civil strife or insurrection the pig could be carried into the jungle (the pig is a portable investment vehicle.) If inflation ravaged the savings of the citizens the pig would increase in value based on the increased cost of meat (the pig is a hedge against inflation.) The farmer even if he had access to the banking system was wary of the risk of collapse or other loss of savings at the bank (the pig being a more prudent investment that the farmer could better protect than a bank account.) If the farmer needed money the pig could be taken to market and sold (the pig is a liquid investment that is readily convertible.) If the farmer was hungry the pig could be slaughtered and eaten (the pig is a safety net against starvation.) So when the farmer had money, the farmer would buy a scoop of *Purina* feed (buying *Purina* feed was a means of making periodic contributions to the farmer's savings account.)

Learning this, the manager asked his nutritionists to formulate a premium product packed with nutrients, vitamins and minerals essential to encouraging an immediate improvement in the health, appearance and condition of the pig when mixed with table scraps. As the impact on the health of the pig was immediately apparent to the farmer, demand for the product exploded. The product became so popular that the earnings of *Purina* animal feed in the Philippines rose to the highest in the company.

Global business success is not merely about having the latest technology or the lowest price- it is about recognizing and satisfying the customer's needs. Thus, our country manager's ability to see an opportunity when all others saw was a problem and to devise a local program to satisfy the need, helped propel him to COO of the company. The tale of the "piggy bank" reminds us that lessons from our childhood may hold solutions for the global business executive willing to get out from behind a desk and look with an open mind at their business from the perspective of the customer.

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