

Value Added: Magical Thinking or the secret sauce of business success?

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Adding value goes beyond cute packaging and flashy certifications; companies in the bioeconomy sector need to aim for operational excellence if they want to succeed in the marketplace

Richard Feynman, the famous American physicist, liked to tell the story of certain islands in Melanesia that had hosted US military bases during the Second World War. At that time, these communities received regular supply flights so their inhabitants gained plentiful access to imported tools, fuel, clothes and food. When the war ended, the flights stopped. Unhappy, the local dwellers decided to take matters into their own hands: they opened a makeshift airstrip, built a control tower out of discarded wood, equipped the staff with headphones and antennas made of bamboo and placed men at the head of the runway, signaling with flags and torches, believing that this pantomime would bring the cargo planes back. As Feynman explained, they were copying the format, but hadn't captured the essence of the mechanism that generates wealth.

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I was reminded of this story during a visit to Acre many years ago, when a socio-environmental activist explained that he had advised some communities to store their copaiba oil in small 30 ml vials instead of using two-liter bottles because "it added more value". Following this same logic, time and again I hear people saying that glossy seals "add value". And there is an increasing number of people out there, in Brazil and abroad, who firmly believe that industrialization is the best, perhaps the only, way to "add value".

At first glance, these suggestions seem to make sense. I just searched online and saw that Young Living, a company based in Utah, offers a 5 ml vial of essential oil of copaiba, with four seals (no animal cruelty, gluten-free, vegan and kosher), for US\$65.00. This price is equivalent to almost R\$64,000.00 per liter. Eden's Garden, based in California, sells a container with 1 kilo of essential oil of copaiba for US\$700, equivalent to R\$3,500.

For comparison purposes, producers in the Xingu region of the Brazilian Amazon sell a kilo of copaiba resin for R\$80.00 or R\$90.00 (the resin needs to be distilled to produce essential oil). When compared to Young Living's product, the value received by the Xingu extractivists is seven or eight hundred times lower. In the case of Eden's Garden, the multiple is around forty.

A price difference of this magnitude frightens, delights and fuels ambition: how do some companies manage to charge so much for a minimally processed product while others receive so little for its main ingredient? More importantly, how can producers in the Amazon retain a larger share of this money?

The most frequent suggestion is to "add value", or to perform locally some of the more visible activities that are usually carried out by firms outside the region. This suggestion, however, ignores the essence of the mechanism that generates wealth. Bottling the oil in small vials, adorning the packaging with flashy seals and setting up a store or website to sell the product directly to consumers are not so much the cause of economic development as the most visible consequence of more fundamental advances that are hidden from view, in particular improvements in worker productivity, operational efficiency, quality control and the continuous discovery of profitable markets.

These are demanding goals that require a great deal of experimentation, learning and coordination by individual companies, their trade associations and the government, to ensure that the collective effort will have a positive outcome. The indiscriminate advice to "add value", without

attention to the intricacies of the business, ends up taking attention away from the challenges that matter.

Fonte: [n/a](#)