VALUE CREATION, NETWORK AND LEAN

An Exploratory Study in a Sport Industry Organization

Study submitted in fulfillment of the requirements for the degree of Master of Sport Management.

Author: Filipe Borges Albernaz
Advisor: Catarina Delgado, Ph.D

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KEYWORDS: VALUE NET, NETWORK MANAGEMENT, LEAN THINKING, SPORT MANAGEMENT, NELO, KAYAKING.
“You cannot teach a man anything; you can only help him discover it in himself.”

Galileo Galilei

“It takes time to happen in one’s life something important in other people’s lives.”

Unknown author

“Wish I could see what others see, would I have the confidence of those who trust me.”

Unknown author
Acknowledgements

After some consideration about the purpose of getting a master of science I conclude that the main contribution for the master student in doing such academic course is under the knowledge he acquires on scientific research techniques. During my engineering graduation school I did not have too many research related subjects aiming the continuation of an academic career. Thus, it was extremely productive the time spent in classes and during the advisory sessions for the dissertation production.

Every class and research activity has contributed to the achievement of the final objective. The result of the master course is a product, the dissertation, with which the candidate of master in sport management will defend his technical research skills. Finally, this dissertation has to be a contribution to the scientific area of study, justifying its choice.

For this and other reasons, this work may have been satisfactory for this candidate. For the personal growth, improvement in scientific and academic skills, and the contribution in the area of value creation in sport organizations. This master has fulfilled its purposes and, with no doubts, provided this candidate the skills to continue either academic or scientific research career. For that I am thankful to professors and professionals of the Faculty of Sports of the University of Porto.

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I could not forget all master course colleagues and friends from Portugal and Brazil who helped me in so many ways to get to this point, each of you know your contribution and what it meant to me. A special word to Samuel Lins and Giselle Tavares, who were and I hope to keep being like brother and sister to me.

To NELO, for opening the company and allowing the conduction of this research, without which it would not have the same impact and relevance.

Finally I would like to apologize to my family for the lack of contact and flaw in my responsibilities as son, brother, uncle, during this period of studies abroad. I hope to compensate for this in the near future.
Abstract

Aiming sustainability, companies from different economic sector struggle to come up with something different, valuable someway. In a business matter it means to have competitive advantage in the market. The question is how to create more value than costs from limited capital, time and even human resources. The sport industry is getting a global dimension, economically, socially, environmentally, and this must be, more than a threat, an opportunity to develop areas superficially explored so far.

The current level of competitiveness demands organizations to develop areas and activities previously considered less important, in order to increase their competitive advantage and ensure its sustainability in the market. Given this context, this research shows of the importance of good relationships between stakeholders for value creation in a sport organization through the identification of wastes related to the bad network management.

The way to relate with pairs, suppliers, customers, can create competitive advantage by adding value to the process and, consequently, to the final product (Allee, 2008; Holm, Eriksson, & Johanson, 1999; Peppard & Rylander, 2006; Porter, 1985; Stabell & Fjeldstad, 1998). Organizational culture and structure can be drivers for value creation as well (Lin & Lin, 2006), in a way that encourages people to create value from organization’s resources. The identification and elimination of wasteful activities is considered an opportunity for value creation (Jimmerson, 2010). Common wastes of bad network or relationship management are depicted and categorized at the end of this study.

The object of study is a sport organization, world leader manufacturer of watercraft for high competition and recreation, called Nelo. Data was collected and analysed using in-depth interviews to main stakeholders involved in production process. Qualitative approach was used as the research is a case study. As theoretical background, it was used the principles of value creation, value network and waste identification and elimination from Lean.

Interviews’ content shows that relationship management is a value adding activity, though not formally recognized at Nelo. The evidence lies on the organizational culture and regular operations and in the way their leaders relate to their customers and staff for immediate and further value creation. The best and closer relationship they have with athletes is expected to generate reliance and complicity. The better the relationships between employees, the better the final results. The natural consequence is a stronger customer loyalty and long lasting value creation through highly committed and collaborative employees.

Keywords: Value Net, Network Management, Lean Thinking, Sport Management, NELO, Kayaking.
Resumo

Visando sustentabilidade, empresas de diversos setores econômicos esforçam-se para chegar a algo diferente, valiosa de alguma maneira. Em se tratando de negócios isto significa ter uma vantagem competitiva. A questão é como criar mais valor do que custos através de recursos limitados a capital, tempo e até mesmo humanos. A indústria do esporte começa a ter uma dimensão global, econômica, social e ambiental, e esta deve ser, mais do que uma ameaça, uma oportunidade para desenvolver áreas superficialmente exploradas até agora.

O atual nível de competitividade exige que as organizações desenvolvam áreas e atividades anteriormente consideradas menos importantes, a fim de aumentar sua vantagem competitiva e garantir a sua sustentabilidade no mercado. Diante deste quadro, esta pesquisa mostra a importância das boas relações entre partes interessadas para a criação de valor em uma organização desportiva através da identificação de desperdícios relacionados a má gestão de network.

A maneira de se relacionar com pares, fornecedores, clientes, pode criar vantagem competitiva, agregando valor ao processo e, consequentemente, ao produto final (Allee, 2008; Holm et al., 1999; Peppard & Rylander, 2006; Porter, 1985; Stabell & Fjeldstad, 1998). A estrutura e cultura organizacionais podem vir a ser condutores ou barreiras à criação de valor (Lin & Lin, 2006), à medida que incentiva as pessoas a criar valor a partir dos recursos da organização. A identificação e eliminação de desperdícios são consideradas oportunidades para a criação de valor (Jimmerson, 2010). Ao final do estudo é feita uma descrição e categorização dos desperdícios comuns relacionados a uma má gestão da rede ou gestão de relacionamentos.

O objeto de estudo é uma organização desportiva, líder mundial na fabricação de barcos para alta competição e recreação, chamada Nelo. Os dados foram coletados e analisados por meio de entrevistas em profundidade com os principais intervenientes envolvidos no processo de produção. A abordagem qualitativa foi utilizada dando um caráter de estudo de caso ao trabalho. Como pano de fundo teórico, foram utilizados os princípios de criação de valor, value network e de identificação e eliminação de desperdícios do Lean.

O conteúdo das entrevistas mostra que a gestão de relacionamento é uma atividade que acrescenta valor, embora não seja reconhecida formalmente na Nelo. A evidência encontra-se na cultura organizacional, nas operações regulares e na forma como os seus líderes se relacionam com seus clientes e funcionários para a criação de valor imediato e futuro. A boa e estreita a relação com atletas tem o objetivo de gerar uma maior confiança e cumplicidade. Quanto melhor as relações entre os funcionários, melhores são os resultados finais. A conseqüência natural é uma maior lealdade por parte dos clientes e uma duradoura criação de valor através de funcionários altamente comprometidos e que colaboram uns com os outros.

Palavras-chave: Value Net, Gestão de Rede, Lean Thinking, Gestão do Desporto, Nelo, Kayaking.
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Terminology and Abbreviations

Sport Industry – The economic sector that involves every sport related business.
Sportive Industry – A manufacturing industry with sport related products (goods or service).
Lean – The same of Lean Thinking and Lean Manufacturing.
7 Wastes – Seven original forms of waste identified by Taiichi Ohno (Hill, 2011).
Network – The net that connects organization’s stakeholders through relationships.
**Introduction**

In the recent past years, we have seen more and more people, from different background or economic sector, struggling to come up with something different, original someway. The ultimate goal of this task is to guarantee sustainability. In a business subject it means that one have competitive advantage to its competitors. And competitive advantage may be achieved when the balance between value and cost is more positive than one’s competitors’.

Therefore, the question is how to create more value than before, than competitors, than one’s resources seem to be able to. There will always be costs and shortages of capital, time and even human resources. The sport industry is getting a global dimension, economically, socially, environmentally, and this must be, more than a threat, an opportunity to develop areas superficially explored so far.

Shilbury (2000) states that the degree of complexity of the Sport Industry is caused by the increase of competitiveness and the growing sophisticated management practices. The current level of competitiveness demands organizations to develop areas and activities previously considered less important, in order to increase their competitive advantage and ensure its sustainability in the market.

To Jimmerson (2010), the identification and elimination of wasteful activities is considered an opportunity in terms of value creation. The philosophy employed, currently named Lean, was developed by Taiichi Ohno for the Toyota Production System in Japan. The basic principle of this philosophy is the reduction of waste through the use of resources at the right time and the exactly amount required by the line of production (Ohno, 1978). Ohno identified the most common wastes of his industry and classified them as the 7 wastes.

Also, the way to relate with pairs, suppliers, customers, can create competitive advantage by adding value to the process and, consequently, to the final product (Allee, 2008; Lin & Lin, 2006; Porter, 1985). Porter (1985) mapped value creation activities in an organization and developed what he called the Value Chain, classifying the
company’s production activities in: Primary and Support. Allec (2008) uses the concept of Value Network, where the main source of value creation comes from the relationships and exchanges of intangibles between actors in the network. Although actors are represented by firms, the author emphasizes the importance of real people, through whom these relationships and exchanges can be possible.

To Lin and Lin (2006), companies must be aware of drivers and barriers for value creation and try to take advantage of these drivers and to avoid barriers. The interesting aspect for this work is that most of drivers and barriers are related to the employee personally (drivers: distinctive skills, personal experience, learning and training, team work; barriers: distrustful environment, inadequate knowledge) and to the firm’s processes (drivers: innovation and evolution, R&D, capability for differentiation; barriers: short of core technology, poor resource support, bad services and attitudes). Organizational culture and structure can be drivers for value creation as well, in a way that encourages people to create value from the organization’s resources. To Lin and Lin (2006) value creation can only be sustainable if value is created and delivered to customers, employees, and investors. Thus, the creation of value of an organization and, consequently, its sustainability depends on satisfaction of expectations of those three.

Given this context, this research aims to study the role of relationship management for value creation in sport organizations. The object of study is a sport organization, world leader manufacturer of sport equipments for high competition and recreation. Data was collected and analysed using in-depth interviews to the main stakeholders involved in the production process. Qualitative approach was used as the research is a case study. The theoretical background, had support on theories of value creation, network and waste identification and elimination from Lean. The objective is to verify the importance of network management for the value creation in a sport organization by identifying wastes related to that activity providing evidence of this opportunity for value creation.
1. Overview

This work is a dissertation for the degree of Master of Science. Thus, it has in its structure an Abstract; Introduction; presentation of Investigation Question, Objectives and Hypothesis; Methodology; Theoretical Background; presentation of Results, Discussion and Conclusions; and list of References.

The Methodology is placed before the Theoretical Background because it is there explained the way to conduct the search for scientific papers to produce the background for this research, as well as the details of the procedures to be taken into account to reach the best results inclusively for the literature review and data collection and analysis.

1.1. Investigation Paradigm (Investigator Paradigm)

A Vision of the world, my beliefs, that determines the perspective according to which I put my investigation question.

Sport is one of those subjects that go deep in people. It grows with a more and more important role in local and international economy. Sometimes this role is strategic. Following this growth, we can see many scientific researches on Sport fields, mostly related to the practice and some to organizational development and few to management.

One thing we take from the late information technology, is that evolution and innovation these days come at us faster than in the past… in the pace to feed the hunger of a new globalised market. Some industries have succeeded on this task. They now walk hand by hand with their own market, mostly due to their straight relation to research initiatives. It is the case of telecommunications and automobile industries. They know, or try its best to reach what their customers want and, then, develop means to get their goal.

We live today in the Information Age or Digital Age, where changes happen extraordinarily fast; changes in concepts, brands, theories, products, companies… in the
whole society. And then, new opportunities breed within new demands from this new society, new requirements for companies and new extremely profitable business, but also, tough competition and resource shortages.

If everything was ever connected, today this is even more evident. The way actors interact to each other can determine the success or failure of personal and business endeavours. More relevant is the fact that all these network activities consume, directly and indirectly, nowadays a considerable amount of resources, perhaps immeasurable. Communication tools, machines, time, energy, etc, all those resources are finite and must be efficiently used, therefore, managed.

The proper management of relationships between these actors in value creation activities is the main issue to formulate the investigation question of this work. The acknowledgement of the actual role of relationship for value creation in an organization will allow a further and better understanding on how a good relationship management can add value to the production process and to the business itself. Such statement is evident in the competition field of business network context where the actors are the firms. The hypothesis is that it might get the same way in sport business management as well, where the network is the sport organization business and the actors, its stakeholders.

1.2. Investigation Question

In a production level, what is the actual role of network management for value creation in a sport organization?

1.3. General Objective

To understand the role of network management for value creation in a sport organization.
1.4. *Specific Objectives*

The specific objectives of this work are:

1. To verify that the network management can be a value-adding activity;
2. To verify the occurrence of waste caused by bad network management in a sport organization;
3. To propose a categorization of common wastes of network management in a sport organization;
4. To propose other investigation to follow this research.

1.5. *Hypothesis*

Based on the theoretical background and the vision of the investigator of the business world, the established hypotheses are:

i. Network Management plays an important role adding and creating value to the organization.

ii. The company is not aware of the importance of the good relationships to the creation of value.

iii. The company practice network management, even in its own way.
2. Methodology

There are two possible approaches to aim an understanding of a subjective reality, interpretativist or constructivist approach (Thiétart et al., 1999). The positivists are more to explain from “verification” to “degree of confirmation or refutation” (*ibid*). We want to understand a social reality, namely the way a sport organization works through its network, internal and external.

Thiétart et al. (1999) say that “whereas for interpretativists the process of understanding consists above all of ‘revealing’ the reality of the actors studied, constructivism sees the process of understanding as contributing to constructing that reality”. That is, the knowledge will be built through the interactions between the researcher and the object of study. Thus, we will have a constructivist approach.

As we assume the subjective nature of the reality under investigation, we will have a Qualitative Research, which will lead to a broad comprehension of the phenomena. For the process of understanding, it will be draw a *contextualized research*\(^1\) to analyze the functioning logic of the organization in terms of network management. This involves carrying out field studies, namely on-site interviews.

A case study will be performed as it offers “the opportunity for a holistic view of a process as opposed to a reductionist-fragmented view that is so often preferred” (Patton & Appelbaum, 2003).

Against the method chosen, Hamel (1993) underlines that the case study has been strongly faulted for 1) its lack or representativeness as a point of observation for a social phenomenon and 2) its lack of rigor in the collection, construction, and analysis of the empirical materials.

\(^1\) Research that involves inquiring into local meanings (localized in time and place) that actors give to their behaviour. (Thiétart et al., 1999)
But Patton and Appelbaum (2003) remember that it has been shown time and again, that quantitative research can also be affected by the bias of the researcher and of participants: samples can be manipulated, data can be tampered with or purposely excluded, surveys can be poorly constructed and respondents can answer dishonestly.

As a research endeavour, the case study contributes uniquely to our knowledge of individual, organizational, social, and political phenomena; the distinctive need for case studies arises out of the desire to understand complex social phenomena; in brief, the case study allows an investigation to retain the holistic and meaningful characteristics of real-life events (Yin, 1984). The case study’s unique strength is its ability to deal with a full variety of evidence - documents, artifacts, interviews and observations (ibid).

The most important thing here is the goodwill of the researcher in achieving his findings. That is why it is important, not just the data or to control the system, but to measure the benefits of the research results to an organization.

### 2.1. Object of Study or Sample

By object of study we mean “that which may be used to construct [theoretical] models, which can be manipulated according to explicit rules, and which can be evaluated using specifically defined and codified tests” (Granger, 1989, p. 17).

The sample is one organization from the Sport Industry, namely an Industry of Sport. The sample is unitary, due to the difficulty of finding a number of proper organizations willing to help with the study by opening the company, receiving the researcher, allowing us to check documents, and getting its employees interviewed, etc. For that, the most convenient for the study was to make it in a controlled environment conducting a Content-based Research with a single sample, characterizing the Case Study.
The company’s name is Nelo and, as mentioned in its website, they are “now the largest canoe manufacturer in the world” (NELO, 2011). There would be no reason to study a single object of study unless it had representativeness in its market. The choice for this particular company is motivated by the possibility of finding clues that help to figure the hypothesis of this research and nothing better than an in the market reference company to draw a framework or theory, generalizable to other similar scenarios.

2.2. Procedures

2.2.1. Literature Review

The EBSCO search platform was used to search for references limited to full text papers and articles published in academic journals, in the following databases, with the keywords (in the abstract) and results as it follows in the table below:

Table 2.1 – Literature search – Value, Network*, Sport

<table>
<thead>
<tr>
<th>Database</th>
<th>Keywords</th>
<th>Timeline</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total of results</td>
<td></td>
<td></td>
<td>35</td>
</tr>
<tr>
<td>Academic Search Complete</td>
<td></td>
<td></td>
<td>9</td>
</tr>
<tr>
<td>CINAHL Plus</td>
<td></td>
<td></td>
<td>15</td>
</tr>
<tr>
<td>SPORTDiscus</td>
<td></td>
<td></td>
<td>0</td>
</tr>
</tbody>
</table>

Another search was also made to check production made on the field not related to sport, and the results are as it follows:

Table 2.2 – Literature search – Value creation, Network*

<table>
<thead>
<tr>
<th>Database</th>
<th>Keywords</th>
<th>Timeline</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total of results</td>
<td></td>
<td></td>
<td>133</td>
</tr>
<tr>
<td>Academic Search Complete</td>
<td></td>
<td></td>
<td>31</td>
</tr>
<tr>
<td>Business Source Complete</td>
<td>Value creation, Network*</td>
<td>1994 - 2012</td>
<td>113</td>
</tr>
<tr>
<td>CINAHL Plus</td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>SPORTDiscus</td>
<td></td>
<td></td>
<td>1</td>
</tr>
</tbody>
</table>
Taking into account results after 2009, to have just recent papers, the results found were as it follows:

<table>
<thead>
<tr>
<th>Database</th>
<th>Keywords</th>
<th>Timeline</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total of results</td>
<td>Value, Network*, sport</td>
<td>2009 - 2011</td>
<td>16</td>
</tr>
<tr>
<td>Total of results</td>
<td>Value creation, Network*</td>
<td>2009 - 2012</td>
<td>53</td>
</tr>
</tbody>
</table>

At last, for the purpose of checking the production combining Lean and Network as keywords, these were the results found:

<table>
<thead>
<tr>
<th>Database</th>
<th>Keywords</th>
<th>Timeline</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total of Results</td>
<td>Lean thinking, network*</td>
<td>2011</td>
<td>1</td>
</tr>
<tr>
<td>Total of Results</td>
<td>Lean management, network*</td>
<td>2002 - 2006</td>
<td>3</td>
</tr>
</tbody>
</table>

From the results shown, there is little production on the databases related to our theme especially when it comes to a sport management study.

Only some papers are interesting as reference for this work, being the majority of them, put apart. Besides the theme related articles, major references for main subjects will be taken as a backbone and delineation of the work. They are:

<table>
<thead>
<tr>
<th>Subject</th>
<th>Author</th>
<th>Year</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value Creation</td>
<td>Michael Porter</td>
<td>1985</td>
<td>Competitive Advantage: creating and sustaining superior performance</td>
</tr>
<tr>
<td></td>
<td>Verna Allee</td>
<td>2008</td>
<td>Value Network Analysis and value conversion of tangible and intangible assets</td>
</tr>
<tr>
<td>Network</td>
<td>Grace Lin and Jerry Lin</td>
<td>2006</td>
<td>Ethical Customer Value Creation: Drivers and Barriers</td>
</tr>
<tr>
<td>Lean Thinking</td>
<td>James P. Womack</td>
<td>1990</td>
<td>The Machine That Changed The World</td>
</tr>
<tr>
<td></td>
<td>Taiichi Ohno</td>
<td>1978</td>
<td>Toyota Production System: Beyond Large Scale Production</td>
</tr>
<tr>
<td>7 Wastes</td>
<td>Cindy Jimmerson</td>
<td>2010</td>
<td>Value Stream Mapping for Healthcare Made Easy</td>
</tr>
</tbody>
</table>

The background for this work will be produced from this literature review and other scientific works gathered along the research and listed in the References.
2.2.2. **Instrument**

For the qualitative data collection it was constructed an In-depth Interview Instrument. In-depth interviewing is a qualitative research technique that involves conducting intensive individual interviews with a small number of respondents to explore their perspectives on a particular idea, program, or situation (Boyce & Neale, 2006).

According to Bowles (1978), depth interviews “employ broad, open-ended questions (…) used primarily to discover people, issues, and sentiments rather than to verify sentiments about specific issues (…) based on a purposeful rather than a random sample”. They are often used to refine questions for future surveys of a particular group (Boyce & Neale, 2006).

The instrument was constructed using both objectives and hypothesis, that is, based on the specific objectives in order to confront our hypothesis. Broad themes were depicted from objectives and hypothesis to construct the instruments to get fruitful data for further analysis. The themes are Value / Value Creation, Network / Relationship Management and Waste. The strategy is to identify eventual wastes related to the network management that give evidence of the opportunity for value creation to the organization. The opportunity for value creation lies on the elimination or reduction of wastes.

The instrument has three moments with specific purposes for each. In the first moment, the respondent is given explanation about the research objectives and of the objective of the interview. In the second moment, the respondent gives the formal authorization for the continuation of the interview and the next steps of the research. Finally, in the third moment the interview is performed. This third moment is recorded and the respondent is asked to answer to the questions of the interview guide in the appendix.

The interview follows 4 steps, described below:

1. Identification of the respondent: this stage stands for a preparation of the respondent for the next steps of the interview. It is expected from this part that
the respondent get comfortable by talking about factual things under himself and the company. This can be called an ‘icebreaking step’.

2. Products: this step has the purpose of introducing the respondent into the company’s issues, making him to think about the company’s products, the contribution for the company’s revenues and the activities not directly involved to the final products. The objective here is to get an overview of the company and to make the respondent pass through all of it mentally. It is expected from this step that the respondent speaks about the main products and the relation with support activities. The interdependence of support and primary activities is the focus for further analysis. No concepts or terms are used so far.

3. Stakeholders: In this step, specific terms as value and value creation are introduced. The network involved in the production through a chain, connecting processes and its stakeholders should be evidenced by the respondent. The respondent is also asked to think and talk about the relation between these stakeholders. It is expected to get from the respondent’s speech, the role of theses relations in the process of value creation for the company.

4. Problems: This step aims to get information about the problems inherent to the relations between stakeholders, directly or not related to the production processes, that may contribute positive or negatively in the creation of value for the company.

The possible involved stakeholders were, together with the organization’s CEO, pre-assigned and lately confirmed to be interviewed.

The strategy to get to the objective starts with the application of a first instrument to the organization’s CEO. This first interview will give us an overview of the organization and the dynamics of the network activities in their business. Then, we can make improvements in the instrument for the following interviews, oriented to key characters ahead of the main processes we want to analyse. This second step is conducted for a clearer and closer look into the process chain as it is usual for head managers or board directors not to be that familiarized to operational activities or not that much as operational staff.
2.2.3. Data Collection

The data collection was preceded by formal consent and inform of confidentiality. Instructions were formerly given about the purpose of the study and the need to record the interview. The interview guide was followed by the interviewer during the interview.

The interviews were conducted in the days and with the stakeholders listed in the table bellow.

<table>
<thead>
<tr>
<th>Interview</th>
<th>Date</th>
<th>Respondent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>24/11/2011</td>
<td>CEO</td>
</tr>
<tr>
<td>2</td>
<td>15/05/2012</td>
<td>Production Manager</td>
</tr>
<tr>
<td>3</td>
<td>15/05/2012</td>
<td>Web Developer</td>
</tr>
</tbody>
</table>

As it is a case study of a current organization, the main source of information will be from semi structured interviews. Additional information collected from documents and direct observation may be joined to the data analysis.

The first interview, with the organization’s CEO, was conducted in the presence of the Master Program Coordinator and the contact into the organization. The other interviews with different selected stakeholders were all performed alone with the interviewee, inside the organization but with no outside interference, and fully recorded (after formal authorization).

The purposes of the first interview were:
1. To give an overview of the organization;
2. To provide an initial verification of hypothesis;
3. To give insights to improve the instrument.

The purposes of the following interviews were:
1. Applied to stakeholders involved in the production activities, try to understand the importance of a good network management for the creation of value;
2. Capture the stakeholders' perception of eventual wastes related to the network management.

2.2.4. Data Analysis

Complementary to the interview record and review, a report will be made about the interview with overall aspects. The transcription will not be necessary primarily. Information will be preferably crossed through the interviews, trying to get more accuracy in data collection.

The broad themes took for the instrument construction will be used for the data analysis as well. The first step is to verify the notions of the respondent under the concepts of the research. The second step is to trace a parallel between organization’s reality and dissertation’s hypothesis, from interviewees’ speeches.

Patterns and other themes identified among participants may join the final report. The opposites “enthusiasm”/“few words” were subject of special attention during the analysis.

A feedback from the representatives of the organization was taken for a further revision and final version of the report which is part of the data results present in this work.
2.3. Mind Map

Figure 2.1 – Mind Map – Dissertation Flow Chart
3. Theoretical Background

This research is based on the assumption that theories from the management school apply on sport related business, that all the hard work done in that school can be used to understand and develop techniques to manage sport organizations. This research is the beginning line for understanding how network management can help adding value to an organization, for instance by verifying the occurrence of networking related wastes during production activities.

There are good examples of successful applications of business techniques in sport organizations. According to Callejo and Forcadell (2006), in the early 21st century, Real Madrid (Spain) became the world leader in the soccer market, overtaking Manchester United (England), pioneer in the practice of commercial exploitation of their brand to international levels. The marketing strategies used then have been and remain successful, leaving no doubt that there is proximity between practices in the manufacturing industries, service and sport business.

In the scientific field as well, (Olafson, 1990; Paton, 1987; Spaeth, 1967), have been studying the scientific production on sport management. Through the analysis of doctoral dissertations and completed research, Paton observed that 75 % of the studies employed descriptive methods and used instruments borrowed from business and education. There was a continuing "trend to strengthen the theoretical foundations" of sport management research (Paton, 1987, p. 29), by the approximation between other areas of study and sport management (Ratten, 2011).

To understand the value creation from elimination of waste in networking activities, we will track the theoretical background of these three issues, starting with value creation, passing through the theory of waste elimination of Lean and finally getting to the network approach in business.
3.1. Value Creation

An organization’s value lies on the sense of utility that its customers realise on its activity. The value is recognized by the customer in different ways, financially, by the rate of use, satisfaction, and other indexes. To the customer, the utility represents the opportunity, quantity, price and quality of the matter of value, where the quality stands for its objective and subjective features. Naturally, value creation plays a vital role in sustaining a company’s competitive advantage (Allee & Taug, 2006; Lin & Lin, 2006; Porter, 1985).

To create value firstly one need to understand what is value. To Porter (1985), value is “what buyers are willing to pay for a product or service”. The difference between value and the cost to create it determines profits (Porter, 1985). To achieve competitive advantage, the firm’s balance between value creation and costs must be more positive than its competitors’ in the industry (Hines & Rich, 1997; Lin & Lin, 2006; Porter, 1985; Zhang & Gregory, 2011). In other words, it is not just a matter of creating value, but of doing it in a sustainable way, eliminating unnecessary costs (wastes).

The creation of value depends on many variables and has been changed along the time. First there was the intrinsic value of non processed goods. Then, the commoditization of those goods brought the necessity to add extrinsic value to the product. In this stage, goods could be more properly processed, handled, transported. After that, process optimization, quality control, approach strategies from marketing, development of new technologies making obsolete former ones. When competitive advantage is exhausted, the search for ways to add value becomes the organizations’ goal.

The increase of competitive advantage from value creation or addition can be accomplished through different means. Allee (2008) works with the concept of value conversion of assets through the network. After a proper identification, intangible assets are converted into tangible, financially tradable products (goods or services). The idea is to get the best results from available resources. The challenge is to convert intangible assets into tangible, so the organization can create value from a sale, characterising the value conversion. The identification of these intangibles is the link to this work,
because, to Allee (2008), these intangibles are everything that could be trade within the network generating any sort of value but financial, for instance, information, favours, influence, benefits.

Porter’s Value Chain is a framework where one can see the strategic activities involved in the value creation for the organization. In the past, some activities were to be the most important activities in the organization’s business. The core business activities were “the basic units of competitive advantage” (Porter, 1985). In a more recent reading, Lin and Lin (2006) states the corporate value is created from three major sources: employees, processes and customers.

Porter (1985) mapped the value creation activities in an organization and developed what he called the Value Chain, which aims to identify and classify the company’s production activities in: Primary and Support. Primary activities are those related to the company’s core product (Inbound and Outbound Logistics, Operations, Marketing and Sales, Service), while support activities stand for those secondary to the product (Firm Infrastructure, Human Resource Management, Technology Development, Procurement), but necessary for the efficient functioning of the company.

Figure 3.1 – The Generic Value Chain (Porter, 1985)

In the past, support activities were meant to keep the organization concentrated on the core business activities. Now, these activities play a more important role. They can
change the competitiveness balance between companies in the same market. As Shilbury (2000) states that the high degree of complexity of the Sport Industry is caused by the increase of competitiveness and the growing sophisticated management practices, the current level of competitiveness demands that organizations develop areas and activities previously considered less important, in order to increase their competitive advantage and ensure its sustainability in the industry.

There are other models of value creation logic as there were given more importance to certain activities formerly considered ordinary. Other characteristic that may change the way to create value is the nature of the business, that is, the value chain changes depending on the final product. The logic of value creation is different for delivering different types of goods and different types of services (Albernaz, Delgado, & Sarmento, 2011; Stabell & Fjeldstad, 1998; Woratschek & Schafmeister, 2005).

Some authors (Allee, 2000; Peppard & Rylander, 2006; Stabell & Fjeldstad, 1998) see the value network as a logic of value creation, alternative to the value chain, and suitable to the digitalized and globalized world. The value is created through the facilitation and exchanges between the actors of the network (Allee, 2008). The value network would stand for the main activity for value creation. Even true, every organization needs some of the support activities present in the original value chain. Furthermore, if the value creation depends on the good relations between its players, this logic may apply to every company as a support activity, even if its main product is not a service exclusively dependent on the network. After all, there is more than one path to value creation.

According to Lin and Lin (2006), there are drivers and barriers for value creation. For that, companies must be aware and try to take advantage of these drivers and to avoid barriers. The interesting aspect for this work pointed for Lin and Lin (2006) is that most of drivers and barriers are related to the employee personally (drivers: distinctive skills, personal experience, learning and training, team work; barriers: distrustful environment, inadequate knowledge) and to the firm’s processes (drivers: innovation and evolution, R&D, capability for differentiation; barriers: short of core technology, poor resource support, bad services and attitudes). Personal related attributes are vital for customer
value creation (positively or negatively), because even when those authors refer to processes, it is important to remember that employees run those processes somehow.

Lin and Lin (2006) also make reference to the importance of cultural and structural aspects as barriers for the value creation. In other words, one could say that an appropriate organizational culture and structure can be drivers for value creation as well, in a way that encourages people to create value from organization’s resources.

Thus, the creation of value of an organization and, consequently, its sustainability is carried out by its employees. Lin and Lin (2006) understand that the purpose of any business is to create value to customers, employees, and investors. Therefore, the value creation can only be sustainable if value is created and delivered to all of them (ibid).
3.2. Network Management

Every management technique is conceived with the objective of getting bottom line results to the company in which it will be applied. The network management is no different. The objective is to get best results from human relationships in a labour environment. The relationship is an inevitable activity in any company with more than one employee. The network management or just relationship management is to reduce levels of conflict, errors, rework, and raise levels of commitment, motivation and cooperation between stakeholders within a business network.

The network is composed by actors, in which they have roles according to the network’s objectives. In some cases it is not, but usually the relationship between these actors is inevitable. In an organization context the actors are the stakeholders involved in the value creation activities, they are usually grouped into work teams or have a labour relation of customer-supplier, in an internal logic. Another way of looking to networks is from the business context, where the actors are firms, but still evidencing the equally important relationships.

From the scientific production on value creation through relationships within networks, the most of it takes into account a business context where the actors are represented by firms. In some papers the marketing approach focused on sponsorship prevails, but still, with a high level of concern on the relationship between these actors and on the network analysis (Allee, 2008; Cobbs, 2011; Holm et al., 1999; Olkkonen, 2001; Peppard & Rylander, 2006; Stabell & Fjeldstad, 1998; Wolfe, Meenaghan, & O’Sullivan, 2002).

Olkkonen (2001) describes the network from a marketing perspective for sport sponsorship analysis. The network’s identity is built by associated or bonded structures as buyers and sellers, but also other relevant organizations such as consultants and governmental institutions. The author’s main concern is about the relationship management of these actors, which has to be performed within the whole network with the purpose of adding value. Holm et al. (1999) state that the relationship is expensive but extremely important to get best results. Thus, it is wise to develop better relationship from actual partners, pairs, customers, actors in the network (ibid).
Wolfe et al. (2002), in their paper on sports networks, affirm that the development of relationships instils commitment to a network. Holm et al. (1999) state that mutual commitment and mutual dependence are critical to promote value creation within a relationship. To this author, firms in business markets “share an unbounded structure of interdependence activities (…) to achieve greater value than (…) if they did not engage in relationship development”. We could say that the actors of the network are connected by their value creation activities, without which there would be no long lasting network.

To Wolfe et al. (2002), “the nature of network relationships in a sport context will (…) be different to the relationships encountered in traditional industrial-marketing settings”. We can infer that the nature of the business itself is determinant for the characteristics of the actors in the network, making the relationship between these actors easier as they have a business background founded in sports. Wolfe et al. (2002) continue, affirming that the same actors must be prepared to embrace and develop commitment-trust relationships to enable cooperation and reduce levels of conflict. That is, by saying, to avoid waste along network activities caused by badly developed or badly conceived relationships.

The network can create value through the combination of players in the network (Peppard & Rylander, 2006) or by the exchange of intangibles within the network’ actors (Allee, 2008). In the value network, the members and the relationships between them make the network more or less valuable in the business market, ensuring, or not, the competitiveness and sustainable advantage of each member of the network (Allee, 2000; Peppard & Rylander, 2006). In a lower level, it may work as well, with the actors of the network being the employees and other stakeholders of the organization. That is, in a network of real people involved to the business, instead of firms.

The real people aspect is strongly considered by Allee along her work (Allee, 2000, 2002, 2008; Allee & Taug, 2006). She knows that the human factor is crucial to get relationships to a trustful level, generating best results in terms of value creation to the organization and to the network as well. With a marketing approach, she sustains that the exchanges made by real people or groups of people are what is really important. To her, the sustainable advantage is only granted by building a rich web of trusted
relationships, also with customers, providers of knowledge and other intangible values. It is all about getting knowledge and intangible benefits out of your business network. Value is generated through the exchange of more than just goods, services and revenues but also of knowledge and intangibles or benefits (Allee, 2000).

Allee (2002) defines Value Networks as “webs of relationships that generate tangible and intangible value through complex dynamic exchanges between two or more individuals, groups, or organizations”. More, she states that “any organization can be seen as a value network”. Allee frames organizations in a network where values in form of tangibles (good and other assets) and intangibles (knowledge, information, benefits, influence) are exchanged as currencies or deliverables in order to create value, to the organization and to the network itself. Thus, the sustainability of the network depends on the smooth flow of tangibles and intangibles between all the actors where no one take advantage at the expense of any other. That is, the actors of the network should bring value, extending it to the other participants, converting values and exchanging them to one another (trying to avoid waste and exploitation of inside members).

This is not new. The networks have always been there, the value as well. Actually, the expression value creation is a bit overestimated here for one cannot literally ‘create’ value, not out of nowhere, out of nothing. The value is there, companies just have to comprehend it and to deliver it to the market in a usable manner so customers can realise its utility, attributing financial value. From this point of view, it can be worth it to see to what extent the relationships between stakeholders can add value to a particular organization, even if this addition is incremental. In an ever increasing competitive market, any advantage can be the difference between sustainability and bankruptcy.
The important thing to point is that bad relations between stakeholders prevent an organization of delivering maximum value to its customers. In the same direction, but in opposite way, good relations between the same stakeholders can be drivers for value creation. Then, we highlight:

- The network must have an identity – for this identity is to be a major part of the culture of the organization;
- Relationship management has to be performed within the whole network;
- Relationship management is expensive but extremely important to get the best results;
- Commitment and mutual dependence is critical to promote the creation of value.
3.3. Lean

The Lean Manufacturing was developed by Taiichi Ohno, to be a more efficient production system for the Toyota Automobile Industry. From this tentative were born the Toyota Production System and, ultimately, the lean production (Womack, Jones, & Roos, 1990). The term Lean was not created by its developers at the Toyota Motor Company in Japan. It is still difficult to have an agreement to the best definition or concepts of Lean, but a recent one published by Hill (2011) states that Lean “is a philosophy and a set of practices (…) that seeks to eliminate waste”.

Originally, the automobile manufacturers were concerned about producing as many cars as possible in the shortest time, no matter the needs to get the job “done”. One of the setbacks for this limited goal was the high number of defected cars at the end of the production line. Furthermore, summed to the rework, there were other hidden costs to the production such as high inventories, large number of employees, given the specificities of the jobs in such industry, etc (Womack et al., 1990).

The particular aspect of Lean to take into account for this work is the basic principle of elimination of waste. The first step was the so called Sakichi’s Just in Time Production (JIT), where every piece and part was produced in the exact time and amount required by the production line, avoiding wastes of overproduction, storage, unnecessary processing, use of resources and others.

In difficult times, Toyota needed to terminate a quarter of its workforce. The way Toyota was forced to review the relationships between its ‘mass-production’ employees came to be one of the long-term advantages of that industry. In return, the employees union had negotiated terms no union were ever able to. Lifetime employment and payment grade on seniority were two of the benefits granted to the remaining employees. The company would have these employees for their working lives and it was expected, and agreed by the union, a higher level of employees’ commitment (Womack et al., 1990). It meant a steeply reduction on turnover levels and related costs. The workforce was now a more significant fixed cost.
What has passed in Toyota was more than lucky or common sense, but a good use of resources in a great effort within the whole company and through its employees, turning it in one of the best case studies on business management.

3.3.1. From common sense to management

When we start looking closely to the day-to-day business management of a company we can find a good amount of practices not found in books or taught in business schools. Those are just the sum of years and years of experience that end up in an organizational active, just like a machine or building, something that, somehow, adds value to that company.

This organizational active is not always evident to employees, not even to the people responsible for running processes, built up on that former experience. This is not the best scenario for one company. The scenario where the workforce is not aware about how the work is done or why it is done that way. This is not going to drive processes to improvement, or not in a sustained and continuous pace.

One of the greatest tools of management and control of pace on running multiple processes in the same time is the countdown. Is it possible to imagine that such a simple tool would be one of the most visible one in a project like the launch of a spaceship or a satellite into space? That 10 seconds, counted forward back, so every single person could know the exact time to do his task without compromising the entire operation.

Some break through advances in business management came from simple observation of running processes. Hard work and commitment of CEOs and employees on the deployment of new philosophies of work is also crucial in order to get bottom line results. The many techniques developed for the auto industry arose from exhaustive observation of the processes over all the supply chain. It was also necessary a bit of sensibility for changing those processes, some slightly some profoundly, so the desired improvements could be achieved.
The active observation, that is the act of observe something, reflecting about it, is probably one of the most discriminated technique for the managerial activity. It is so, that it was necessary to systematize this natural activity in order to get it recognized as a management technique. Examples of these activities are the Waste Walk and the Management by walking around. The first one is a lean practice of walking through the place where work is being done to look for wasteful activities. The second is a term created by the founders of Hewlett-Packard (HP) and describes an active management style used at HP. Both techniques stand for the idea that management needs to be engaged with the workers and the workplace (Hill, 2011), through active observation.

The main objective of a good management may be the sustainability of the business. By sustainability, we shall refer to internal and external factors, whereas external factors comprehend things that the manager may not have control. Nevertheless, those internal are in fact what a manager must control to have an advantage to those who does not, that is, when you control the whole process you may say you can manage this process. This is true just because when you have full control, your company can react better and faster face a market change.

The philosophy behind the practices and tools comes through the high level of engagement of the people in the “gemba” (the place where the real work is done). Today, the term “lean thinking” is used to emphasize that lean is more of a philosophy than a set of tools and that lean principles can be applied in services, government, and other non-manufacturing contexts (Hill, 2011).

So, it seems everything runs under processes, and these processes can, during the consumption of resources, generate some wasteful use of those. As we referred earlier, the systematic observation of processes under the production line in an auto industry, took Taiichi Ohno to the classification of 7 acceptable wastes in such industry. Later, after thousands of hours of direct observation of high skilled professionals, Jimmerson (2010) adapted Ohno’s 7 Wastes to make it more pertinent to the healthcare context, a service industry.
3.3.2. The 7 Wastes

The occidental way of doing things, empowered and sustained by a wealthier American economy making use of their geography of large spaces could not be properly applied in Japanese context, not at that time nor ever. To Ohno and the new Toyota Production System, with limited space, money and technology, every resource should be 100% converted in value to the final product. In other terms, wastes were not to be accepted any longer. Ohno assumed three types of activities in his industry, as shown in the example below.

- Non-value-added: walking to the power tool; walking to the component;
- Non-value-added but necessary: opening component box; pulling the power tool down to the component;
- Value-added: positioning a component on the chassis; tightening the bolts to the chassis with the power tool.

During the observation of the American Mass Production System carefully, Ohno defined seven categories of waste which could not be borne. They are:

1. **Overproduction**: producing more than what is needed or before it is needed;
2. **Waiting**: any time spent waiting for tools, parts, raw material, packaging, inspection, repair, etc;
3. **Transportation**: any transportation of parts, finished goods, raw material, packaging, etc;
4. **Excess processing**: doing more than necessary (e.g., providing higher quality than needed, performing unneeded operation, or watching a machine run);
5. **Inventory**: maintaining excess inventory of raw material, in-process parts, or finished goods;
6. **Excessive motion**: any wasted motion or poor ergonomics, especially when picking up or stacking parts, walking to look for items, or walking to look for people;
7. **Defects**: repair, rework, recounts, re-packing, and any other situation where the work is not done right the first time.
Later authors (Bodek, 2009; Liker, 2004) have referred to another source of waste which is the unused human potential, described by Hill (2011) as being unused employee’s minds and creativity. Toyota used to receive 70 improvement ideas per worker per year (Bodek, 2009). If improvement means innovation and change, more important than to have creative employees it is to have managers capable of understanding and supporting them toward changes. Jimmerson (2010) makes reference to Art Niime, CEO of Toyota America, and his message of Toyota’s ‘Think Deeply’ during the National Conference of the Association of Manufacturing Excellence in 2004. She says that “We have failed not only our workers but our organizations by not expecting deep thinking to be practiced daily by every worker. We have lost the knowledge locked in our collective intelligence”.

"Failure to change is a vice! I want everyone at Toyota to change and at least do not be an obstacle for someone else who wants to change."

-- Hiroshi Okuda, Senior Advisor, board member and former chairman of Toyota Motor Corp.

Toyota had changed, firstly with Ohno’s initiative and the board’s support, and then with employees’ support. Ohno identified wastes by walking the shop floor. Actually his interest was in identifying value-added activities and putting out everything else. This process is called Value Stream Mapping and is still used nowadays to identify wastes in value creation streams in many industries.

Jimmerson (2010) pioneered the use of lean thinking in a non-manufacturing industry, adapting the original list of wastes proposed by Ohno for the Healthcare Industry. She used the Value Stream Mapping and identified that industry’s wastes. She combined “transportation” and “motion” and included the waste “confusion”. The author also encourages managers and researchers not to be stuck on the original list from auto industry, and to try to recognize the specific sources of waste that occur in one industry.

This “confusion” is somehow a waste as employees do not know exactly the processes they are actually running, that is, they have frequently to answer several different questions in order to get their work done. This waste of time could easily be joined to the “time” classification of waste, but it is more serious than just a waste of resource by not doing what is supposed to be done. It happens mainly because they are not familiar
to the process or, even worse, because the whole process is confusing. It ends up with
the running of many hours of activities that do not add value to the customers. Sadly,
this is for sure the reality of many companies in every industry or sector of economy.

“Transportation” or “conveyance” refers to the unnecessary motion of materials, parts
or even clients (in the case of service companies) in which non-value adding activities
run among the process. It differs from “excessive motion” or just “motion” as the latter
stands for the movement of workers for any activity other than strictly necessary
(remember that not always a non-value adding activity is unnecessary). For the two
classifications has as the main difference the object of observation on the motion, it
was, in Jimmerson’s point of view, redundant, so she combined them in one class of
waste.

<table>
<thead>
<tr>
<th>7 Wastes</th>
<th>Author</th>
<th>Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Conveyence</td>
<td>Ohno (1978)</td>
<td>Auto</td>
</tr>
<tr>
<td>2 Motion</td>
<td>Jimmerson (2010)</td>
<td>Healthcare</td>
</tr>
<tr>
<td>3 Waiting</td>
<td>Motion/Conveyence</td>
<td>Waiting</td>
</tr>
<tr>
<td>4 Over processing</td>
<td>Over processing</td>
<td>Over processing</td>
</tr>
<tr>
<td>5 Inventory</td>
<td></td>
<td>Inventory</td>
</tr>
<tr>
<td>6 Defects</td>
<td></td>
<td>Defects</td>
</tr>
<tr>
<td>7 Overproduction</td>
<td></td>
<td>Overproduction</td>
</tr>
</tbody>
</table>

The ‘7 Wastes’ is not an ultimate rule, something static to the point that no one can
adapt or modify according to a specific reality. To Jimmerson (2010) and her specific
reality on healthcare, “confusion” was one worth-to-sort kind of waste. It is
understandable that motion of people and material can be combined as this source of
waste ends up in the waste of time and other resources, such as human potential. But,
the waste of human potential can come from the inappropriate allocation of this
expensive resource, or as is the best lean companies in Japan, expensive company’s
active.
This should be a general framework in terms of classification of wastes in a sportive industry. Howsoever, as we want to take a close look into the support activities of such industry, we may find some of those classifications a bit useless. For instance, there may be some waste on inventory or overproduction, but hardly will it be as important as another class of waste like waiting or over processing. Motion and defects, that is, the defected products of processes that reflect a rework, are possibly important sources of wastes as well. At last, the waste of human potential, led by either poor designed processes or miss allocation of these resources, brings two major issues: the waste of the most important company’s resource and the waste of improvement opportunity by employees’ creativeness.

The specific activity object of investigation shall be the communication processes under the network management, inside and outside the organization. Firstly, the main processes must be identified and classified by importance. Characters (stakeholders), infrastructure, procedures, tools, forms, rules, everything in this net must be identified and classified as important or not for the process under observation.

The differences between the healthcare industry and the support activities of a sportive industry are profound in terms of nature, but in terms of the processes they work basically for providing a customer with a service. To do that, they work constantly with information and the way this information is collected, handled, and delivered, will differentiate the average value adding and the highest value adding process.
4. Results and Discussion

4.1.1st Interview

4.1.1. Overall Aspects of the Interview

The interview was held on November 24, 2011, at 14 hours approximately, inside the company with André Santos, the company’s CEO, as respondent, in the presence of the Director of the Master Program of the Faculty of Sport of the University of Porto, and one of the organization’s engineer, who is our contact inside the organization for the investigation, and me as an interviewer. The interview lasted 54 minutes.

The instrument was constructed, applied, reviewed and analyzed in Portuguese language. Report, results and other references from the collected data were translated, when necessary, and written in English. The full transcription of the interview was not necessary as the quantitative content is not the focus of this research.

There are no bad aspects to point out. No significant interruptions from strangers. Comments and follow ups were made from the Director of the Master Program in order to enhance and clarify statements and specific issues.

4.1.2. Results

After data review and analysis, some of the previous objectives for this interview were accomplished. It was possible to have an overview of the organization, going through its products, main stakeholders and difficulties in terms of production. From the interview’s content we could make observations under the relative importance of the network related activities and products for their business. These observations give evidence that the network management may appear as an important and distinct activity for the creation of value in this organization. All the information gathered from the first interview could guide as well an improvement of the instrument, as there were some
aspects not that much efficient which could be removed. Through this improvement it is expected to, more clearly and with less expenditure of time, verify the hypothesis and get to the objectives of this research.

4.1.2.1. Overview of the organization

The organization is the world leader watercraft manufacturer for high competition and recreation. The CEO defined the organizational structure as “horizontal”, having no departmental divisions as a “management option where everybody understands the strategic objectives of the company”. Different support activities, “not related with the core business and services”, get mixed to each other and with the production activities within this horizontal structure. For instance, the technology development is mixed to the production and sometimes “is represented by the same employees doing both tasks”.

The main products of the company can be clearly divided in two different categories: Principal and Complementary; where the principal products are goods represented exclusively by watercrafts and the complementary products are represented by services.

Table 4.1 – Organization’s Products

<table>
<thead>
<tr>
<th>Principal Goods</th>
<th>Complementary Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>1- Watercrafts</td>
<td>1- Technical Advisory and Support</td>
</tr>
<tr>
<td></td>
<td>2- Training Centers</td>
</tr>
<tr>
<td></td>
<td>3- Repair/Maintenance</td>
</tr>
</tbody>
</table>

The CEO has other responsibilities other than just executives, for what he declares to spend just ¼ of his working time. The executive authority is divided with the company founder, who has fundamentally duties within the development of products. The number of employees rose from 24 to approximately 90 in 11 years, from when he started working in the organization.
4.1.2.2. Data presentation

From the CEO’s speech, it is clear that the most important product, their “core business”, is represented by their goods, the watercrafts. The production process is an “industrial handicraft”, for what there may be variation on quality and specifications of the final products. This variability lies on personal aspects like differences on personality, mood, state of happiness, etc. This industrial handicraft is what brings value for the final product as it transforms raw material into final product, whose sales generate revenues for the organization. Thus, the possibility of having less value added to the product or wasteful use of resources by bad relationships between employees must be eliminated or at least reduced.

But, it is also clear that the complementary products play a role as much as important for their business, or in their value creation, otherwise they would not keep them. We can check this from the passages:

“We have three big services…”
“Technical Advisory and some Logistics service are not a direct source of revenue…”

We can infer that their services are used as a marketing approach and for network management. The activities performed to deliver these services, when well managed within the stakeholders involved (partners, technicians, other employees, suppliers and, naturally, customers), can create value to the core product of the company. For the respondent, the value is intrinsic to the specificity of the product, so there is nothing to do to increase their value from outside the production line. But, he mentions a bit later that the services are expected to increase the boats sales. In these passages the CEO talks about the products and the perception of value of them from their clients:

“… it is not an impulse purchase (…) how the product reaches them is indifferent…” – as the customer knows what he wants and why;
“… the product does not have to reach them in an easy way…” - because they know this is the way;
“… complementary activity aiming the increase (…) of boats sales…” – and yet, these services have bottom line objectives.
More than the idea that the usual marketing strategies does not apply in their specific business, the respondent showed that they have realized this fact. Furthermore, they are aware of what they can, must and actually do to increase the perception of value from their customers, and increase their loyalty. Their focus is in having the best athletes whose sportive results are expected to give a better visibility to the brand and a good reputation among high competition athletes. Their concern on adding value through the relationship within the whole stakeholders’ network (which includes the customer) may apply to most sports, especially those not too popular. The networking management is the next stage of value-adding from support activities.

The relative importance of the services gets more evident as the respondent spends more than three minutes, and with some enthusiasm, explaining, with detailed information, the functioning of Technical Advisory and Support services and the Training Centers, referring to “transport, equipment supply, technical advisory, ‘training centers’ for foreign teams, specific and individual technical advisory and support, optimization of the watercraft in function of the athlete’s characteristics and needs, storage…”.

To reinforce some aspects of their awareness about the importance of this kind of complementary activity, we can quote:

“… we have a strong partnership with Brazilian team…”
“… strategic interest in this partnership…”
“… for its sportive values…”
“… customers use the watercrafts also due to the service…”

The partnership with the Brazilian team has been taken since the last Pan-American Games in Rio de Janeiro, which means that they have managed it to be a long lasting relationship, aiming the Olympics of 2016 in the same city. These evidences indicate the relative importance of these "complementary activities", involving several actors in the network, to improve customer perception of value and also to create value for the company.
They also have partnerships with teams for training camps, and with federations and clubs for punctual actions in events. That is, they have to manage their relations with different agents, sometimes from different organizations, as in the case of the Training Camps, where each delivery, standardized or not, has a fundamental importance in the processes of: company's value creation, customer value perception AND customer loyalty (from usual clients and new ones).

### 4.1.3. Consideration under the Instrument and Suggestions

The instrument was effective and had good responses from the respondent. However, the duration of the interview was larger than necessary and the third part of the questionnaire did not fulfil the primary purpose for it. The idea was to make the respondent talk about the stakeholders’ relationship and its influence in the process of value creation for the organization’s products.

For an improvement of the instrument, it is suggested to give more emphasis in the concepts of value and value creation, network management and waste. The way to verify the role of the network management for the value creation is trying to identify wasteful activities whose elimination could add value to the process.
4.2.2nd and 3rd Interviews

4.2.1. Overall Aspects of the Interviews

The two interviews were held on May 15, 2012, at 17 hours approximately, inside the company with Cristiana Ramos, the Production Manager, and Nuno Ramos, the Responsible for the Marketing, Image and Web Development, as respondents. The interviews lasted 21 and 26 minutes each.

The instrument was constructed, applied, reviewed and analyzed in Portuguese language. Report, results and other references from the collected data were translated, when necessary, and written in English. The full transcription of the interview was not necessary as the quantitative content is not the focus of this research.

There are no bad aspects to point out. The first interview was interrupted so the respondent could answer a call but no other significant interruption occurred. Some questions not present in the interview guide were made by the interviewer in order to get more accuracy in answers.

4.2.2. Results

After data review and analysis of the second and third interviews, it was possible to add some valuable information to support the initial hypothesis and to confirm some aspects formerly taken in consideration. The respondents focused their speech in aspects related to the value creation, relationship management and, with help of the interview guide, the main problems of the production related to the relations between people involved in the process.

From the interviews’ content we could see a more focused on production perspective of the relative importance of the network management for the creation of value for the company. For the people directly involved in daily activities of the company it is clear
the importance of the good relationship of employees for getting the best results. Wasteful activities were acknowledged but not as a big concern of theirs due to the nature of their business, where relational problems occur but not too frequently or in an intensity to breed major consequences. Other fact to help sustaining this scenario may be the active participation of the Production Manager in the management of conflicts and in the daily interactions between staff involved in the production process.

4.2.2.1. Data presentation

It is clear that the most important product of this company is the watercrafts sales, which represents “98% of the revenues” (Nuno Ramos – 3rd interview). The other 2% stands for other services delivered to customers with two objectives: to improve the image of the brand in the sport and to get feedbacks from top athletes to develop and deliver new technologies back to them.

The two respondents emphasized the importance of human resources management to the production. It seems that their concern begins in hiring people who have connection to their sport. Nuno Ramos says they “appreciate as our employees, people connected to kayaking”, “because it gives an extra desire to do things well”, therefore, “this connection to the company and to the sport is very important”.

Apparently, they are aware that the culture of the sport can bring value to their business, which is further confirmed in the same interview. The sportive culture they are immersed in allows a good environment for employees to do their jobs and to the company to have better results. Nuno Ramos says that the activity itself, the environment in which they are involved, allows it to be relaxed and fun, mainly from people who are connected to kayaking, because they often go paddling together, they have a relationship outside and inside the company. He says this atmosphere is contagious to other employees who do not have such affinity to the sport to also get this culture.
There is a consensus that every employee of the company is important to the business and that their relative importance depends on their experience and time in the company. The two respondents state that there are two individuals that have a bigger importance than the others, being the founder of the company, Nelo, and the actual CEO, André. Each of them for specific but complementary reasons, as Nelo is responsible for the beginning of the company and the two of them for big changes in terms of products and commercialization. The CEO also is very important “for the relationship he has with the athletes” today (Cristiana Ramos). To Nuno Ramos, the two of them “are more irreplaceable than others in the company”.

Taking it to a network point of view, it could induce a perspective where the actors Nelo and André play a role in a value net for “everybody in the sport knows Nelo and André for their connection to the sport” (Nuno Ramos). But “the value is in the brand and not in the person of Nelo and André” (Nuno Ramos), because, although “the brand would not be what it is if were not for these people”, this is not enough: “through technological innovation people recognize quality in our brand” (Nuno Ramos). Cristiana Ramos knows the importance of having a good and straight relation with athletes, but because the "feedback given by athletes is important for improvements in the final product". In other words, people are important, through their relations, network knowledge, expertise and experience, but only through recognition of product quality they have their competitive advantage and long term sustainability. They make the real difference through their products and not through the networking activity, though the latter is important.

Inside the company, good and bad relations between staff get the attention of the respondents for their impact in the company’s results. To Nuno Ramos, “good relations between staff is very important”. He continues saying that “when bad relations happens we have not only low motivated staff and it reflects in the work”, “but, also, with good relations there is an easier exchange of ideas and a clear perception of what is needed to do to the company”. Cristiana Ramos reinforce it saying that "when there is good relation, there is more collaboration, when there is bad relation, the collaboration may be not the best possible, and it affects the final result".
With a production perspective, Cristiana Ramos says that:

“good communication (...) good relationship (...) the transmission of information and knowledge particularly to new employees (...) and receptiveness for new ideas and perspectives (...) are very important for the good flow of the production processes”.

All this contributes to the harmony of the process and to the final product. All this are affected by the fluctuation of the employees’ relationships.

Beyond pairs, “good relations between staff in different levels in the hierarchy is very important”, says Nuno Ramos. To him, “there is not aggressive behavior” which means that “when a leader gives an order, it is not received with a bad will, and things work better”, “otherwise one speak and other does not listen”. To Nuno Ramos, “there is some relaxation (...) with respect”. That is, everybody respects each other, knowing the limits and length of what they can and must do to get the job done in a good way.

Other problems are depicted during the interview. Cristiana Ramos points out "delay in the production" as the main problem caused bad relationships. To Nuno Ramos, “problems caused by a bad relationship originate delays or extra costs in production”. In other words, the final product or the client is not harmed by any problem caused by bad relationships. The company has to assume the costs of rework, delays, other compensations, in order to deliver the product in the specifications of time and quality required.

He explains that “if a boat goes out with a defect because an employee did not follow a procedure, then it will be necessary to correct this defect. This will mean more hours at another stage of production, or possibly a delay to deliver the boat, or more costs to compensate this delay. Therefore, the problems occur in compensation or in solving problems than actually in the final product.”

Among the causes of rework and delay, Nuno Ramos says that “one has to do with some negligence in some processes”. The employee may get “afraid to ask anyone for fear of appearing not to know how to do the job”. He sees it “in newer employees who
still do not have the spirit of working here in the company. They are not comfortable to contact the leadership”.

To both respondents, relationship problems may occur, but not in their company. To Nuno Ramos “there were always problems in the relationship between people”, but he has “never noticed big problems derived from bad relations between our staff”, “it never seemed to harm the work”.

To Cristiana Ramos, "lack of communication is the main problem" and "good relation is synonym of a good final result". The few cases of turn over were “not to do with relationship problems”, she says. She agrees that "sabotage is something that can happen, but it is difficult to detect and does not seem to happen here". More, "transmission of knowledge is important because if one employee leaves the company, he can take all the knowledge with him". Again she reinforces that "when the relation is not good there is no exchange of ideas" that can lead to new solutions and technological innovation.

They are aware that employee creativity is something that cannot be wasted. Nuno Ramos says that “in production, creativity is encouraged but not for everyone”, that “ideas are always welcome (…) but there are specific times to try new solutions”. In management, he continues, “creativity is stimulated much more often, because we can run tests without implications in production”.

Time is needed to get an employee comfortable among pairs in the labour environment. This time can be shortened by making the adaptation to the organizational culture easier and faster, integrating employees to the network, as it is done at NELO. Nuno Ramos shows they pay attention to this aspect:

“Our main concern is that people get along here, because we know that this will have an influence on the result, in the production efficiency of the boats. We appreciate that people get along. We all want to work in a place where we feel good, where people are fine.” (Nuno Ramos)
Nuno Ramos also says that they “do some dynamics in group” such as Christmas, Dinners, and other things. This is a strategy to make staff to get to know each other, shorten distances between people and make the environment friendlier, as it is done in other companies of other industries.

However, relationship problems do not seem to be recognized as a major problem to the production or to the company’s final result. Nuno Ramos states that “the company does not have this relationship factor as a production problem” and that “there is not a perception of the connection between employees’ relationships and the company's productivity”. Nevertheless, Cristiana Ramos affirms that "the better the management of relationships between people, the better the final product” and to Nuno Ramos, “any method that makes people work better and have a better dynamic between them seems to be quite positive”. Thus, there is a good feeling about the practice of network management in order to get best results from employees.

The problems occur when people do not or can not get an understanding or conciliating solution. This has to do with the state of the relationship these employees have and more, how the leadership deals with such problems. Cristiana Ramos shows that in the production she has an active participation in terms of resolving personal problems between staff. She tries "to find a conciliating solution" to these problems.

4.2.3. Consideration under the Instrument and Suggestions

The instrument was effective and had good responses from the respondents. The interview had a short time of duration and fruitful information was collected. The idea was to make the respondent talk about eventual wastes under the relationship between stakeholders and its influence in the process of value creation for the organization’s products.

For an improvement of the instrument, it is suggested to give more emphasis in the concepts of value and value creation, network management and waste. The way to
verify the role of the network management for the value creation is trying to identify wasteful activities whose elimination could add value to the process.

Another suggestion would be to get more respondents. Data and results could be crossed getting a better understanding of how the companies see and do the network management, on purpose or not.
4.3. Discussion

Sport organizations have different logics for value creation (Woratschek & Schafmeister, 2005). From the traditional value chain to other value creation frameworks, there is a trend to develop new ways to the sustainability of specific business (Allee, 2008). From the literature, it is clear that the network management can contribute to the value creation of companies in different industries (Allee, 2008; Holm et al., 1999; Lin & Lin, 2006; Peppard & Rylander, 2006; Wolfe et al., 2002). In the sport organization under study it plays an important role in value creation. Their services are a product that creates value through the relationship with stakeholders in a network. This network, where the organization is placed in, is composed by customers, suppliers, partners and other stakeholders. Nevertheless, the agents responsible for bonding all these stakeholders and create value for this particular service chain are the organization’s employees and the stakeholders representatives, such as athletes, employees, etc, that is, people. Thus, the management of the relations between these agents is the root of the value creation process for their core business, the main value chain, which is the watercraft manufacturing.

After analyzing the content of the interviews, it was possible to have an overview of the organization and its overall structure and functioning. Verifying the hypothesis, it was possible as well to see that the fundamental principles of business management are present in this particular sport organization, namely on marketing and operations management. Specific tools from classic methodologies of business management were not verified to be applicable at this moment. Nevertheless, production aspects, as well as activities, present in the Generic Value Chain (Porter, 1985) seen in manufacturing industries implies that this methodology may be applicable.

According to the data analysis, network management is a value creation activity not formally recognized. The evidence of their concern lays on the organizational culture and regular operations and in the way they personally relate to their customers and clients for immediate and further value creation. The best and closer relationship they can have with athletes is expected to generate value for the company. Differently of a marketing general strategy, their idea is to try to get this relationship close enough to
create reliance and trustfulness. The natural consequence is a stronger customer loyalty and lasting value creation from the exchange of experiences of athletes and company. Of course the company trust in their technical expertise and products quality. This is evidence that they are aware of the importance of their technical work compared to the networking activities within the main external stakeholders.

Both Lean and Value Chain philosophies consider the networking or just stakeholders’ relations, as having an important role in the organization’s competitive advantage and thus its sustainability (Liker, 2004; Ohno, 1978; Porter, 1985; Zhang & Gregory, 2011). The most important thing for a good leader is to have good led. Dealing with them is as important as dealing with customers, investors and other stakeholders. NELO can not measure the wasteful use of resources in bad network management or relationship management. This sort of wastes usually start from communication and relationship problems, gets worse due to a poor network management, generating harmful consequences to the company. The interesting observation to point is that at NELO the main leaders are concerned about the good relationship between employees, as they are very important to get best results, though it is not a strategic concern.

Communication problems lead to relationship problems and vice-versa. Some important variables to the production to get the best results are identified and depicted from respondents’ speech. These variables are to be influenced by relationships between employees. They are:

- communication;
- turn over;
- sabotage;
- delay;
- rework;
- motivation;
- the exchange of information, ideas, knowledge;
- collaboration;
- creativity;
- behaviour;
- final result and final product.
Working these variables, it is proposed a categorization of wastes caused by a vicious circle between network management, communication and relationship problems. In the categorization, collaboration turns into teamwork, and motivation and behaviour turn into expectation. Creativity becomes human potential. The final categorization counts with eight wastes from bad network management or relationship management:

1. Turnover: costs related to firing, hiring, training employees in a high rate;
2. Sabotage: can cause losses to the company when an employee intends to harm a fellow employee in an attempt to benefit himself or another person;
3. Delay: any kind of delay or difficulty caused by the lack of communication between employees and other stakeholders;
4. Rework: all kinds of situations where the work is not done by the first time;
5. Expectation: mismanagement of expectations among stakeholders causing low commitment, motivation and perhaps misbehaviour;
6. Knowledge: poor dissemination of knowledge and information within the organization and between employees and other players, causing islands of knowledge preventing the creation of organizational assets;
7. Teamwork: difficulties in grouping employees into work teams, and consequent lack of cooperation and commitment;
8. Human potential: no use of creativity and potential of employees.
Wastes are translated into more costs and low productivity mainly. The key to stop this vicious circle is to have a good network management, eliminating or minimizing communications and relationships problems and, consequently, wastes related to them. Nevertheless, the network management or relationship management must come as a support activity for value creation. It can never overpass the company’s main activity, its main source of value; otherwise it will compromise the long term sustainability of the company.
Conclusions

Regarding the research objectives, this work had a satisfactory result. In light of the methodology and the literature review we conclude that the network management clearly plays an important role in terms of value creation for the organization under study. Their services are a product that creates value through the relationship with stakeholders in a business network. Moreover, the good relationship between staff is recognized as a factor of influence in getting the best results. Finally, the occurrence of wastes caused by bad network management was verified and it was proposed a categorization of common wastes of network management.

Data analysis comes to confirm the original hypothesis that network management plays an important role adding and creating value to the organization and that the company practice network management, even in its own way. Surprisingly, the second hypothesis was refuted for the company is aware of the relative importance of the network management and of the good relationship between stakeholders, inside and outside the company. However, it is not a factor of major concern in terms of production, which reflects in the way they act punctually over the subject.

I. Limitations and strengths of the study

As it was expected, the incipient scientific production was a limitation in terms of literature review and the few respondents brought some limitation in terms of accuracy of data analysis and data crossing. On the other hand, this work had an added value with regard to the representativeness of NELO, world leader manufacturer of high competition watercrafts.
II. Recommendations and suggestions for future research

In continuation of this study, it is suggested:

- the verification of the categorization of wastes proposed in other sport organizations.
- the application of the same methodology to a wider universe and comparison of results.
- to verify how managers can have the best relationship management within the company’s stakeholders and how to make it intrinsic to the organizational culture through employees.

III. Practical implications and originality

The originality stands for the innovative character of assumptions, giving a new point of view of network management in terms of value creation. The change of paradigm for the value creation from business networks is the most important practical implication of this work. The companies that practice the network management have the best results from employees. The recognition of its importance for value creation is the first step for a change of organizational culture and success.
References


Appendix A

Instrument 1
Entrevista a André Santos, CEO da NELO

Seguindo o definido pela metodologia desta investigação, esta entrevista serve como parte da coleta de dados para o mapeamento de processos da cadeia de criação de valor do objeto de estudo.

Será realizada uma entrevista semi-estruturada a fim de obter uma visão macro dos principais grupos de processos apontados aos produtos oferecidos pela empresa.

A entrevista tem 2 etapas distintas:

1. Autorização formal para a realização do trabalho e para a continuação do processo de recolha de dados (através de observação ativa, partilha de informação e entrevistas e/ou inquéritos a outros colaboradores/ responsáveis de secção ou grupo de processos);
2. Identificação, por parte do entrevistado:
   a. dos produtos/ serviços (principais ou de apoio) da empresa;
   b. das partes interessadas (stakeholders) associadas a cada produto/ serviço [metodologia: análise SIPOC a um nível macro, para identificação de entradas, saídas, fornecedores e clientes para cada produto/ serviço];
   c. dos principais problemas, dificuldades, falhas ou desafios percebidos pela direção da NELO

Tomo conhecimento e concordo com o disposto.

Vila do Conde, 24 de Novembro de 2011

__________________________________

André Santos – CEO da NELO
Guião de Entrevista

Identificação do entrevistado
Nome
Função (formal)
Tempo de trabalho no cargo
Tempo de trabalho na empresa

1. Produtos da Empresa

1.1. Quais produtos (bens ou serviços) a empresa fornece ao mercado?
1.2. Todos os produtos são vendidos, ou seja, geram receitas diretamente à empresa?
1.3. Quais são os produtos internos, ou seja não relacionados à produção, identificados formalmente dentro da organização? Estamos a falar de atividades de suporte.

2. Análise SIPOC

2.1. Para cada classe de produto/serviço quais são os seus:
   2.1.1. Entradas;
   2.1.2. Saídas;
   2.1.3. Fornecedores;
   2.1.4. Clientes.
2.2. Há outros stakeholders a ter em conta?

3. Problemas

3.1. Qual a sua percepção acerca de eventuais problemas na relação entre as diversas partes interessadas (stakeholders)?
3.2. E o que acontece quando ocorre uma falha e consequente retrabalho decorrente desse tipo de problema?
3.3. Quais são as dificuldades de comunicação nos processos?
3.4. A que você atribui esses problemas, falhas e dificuldades?
Informação complementar

Cadeia de Valor de Michael Porter

The Generic Value Chain (Porter, 1985)

7 Wastes do Lean:

1. Superprodução: produção de mais do que o necessário ou antes de ser necessária;
2. Espera: todo tempo gasto na espera de ferramentas, partes, matéria prima, empacotamento, inspeção, reparo, etc;
3. Transporte: todo tipo de transporte de partes, produtos terminados, matéria prima, embalagem, etc;
4. Processamento em excesso: fazer mais do que o necessário (e.g., prover qualidade a mais do que a necessária, performar uma operação desnecessária, ou olhar uma máquina funcionar);
5. Inventário: manter excesso de inventário de matéria prima, partes em processo, ou produto acabado;
6. Movimento em excesso: todo tipo de movimento excessivo ou ergonomia pobre, especialmente quando do manuseio ou acondicionamento de partes, andar a procura de itens ou de pessoas;
7. Defeitos (correção): reparos, retrabalhos, recontagens, re-embalagem, e todo tipo de situação onde o trabalho não é feito pela primeira vez;
8. Potencial humano não utilizado: não utilização de criatividade e potencial dos empregados. (Este último foi incluído por alguns autores recentemente e talvez valha a pena considerar)
Este instrumento visa, através de perguntas abertas, identificar a função da gestão de relacionamento na criação de valor de uma organização desportiva.

A entrevista tem 3 etapas distintas:

1. Explicação dos objetivos do trabalho e da aplicação da entrevista.

2. Autorização formal para a realização do trabalho e para a continuação do processo de recolha de dados (através da aplicação da entrevista, de sua gravação, além de outras eventuais formas de obtenção de dados sejam observação ativa, partilha de informações e entrevistas e/ou inquéritos a outros colaboradores/ responsáveis de secção ou grupo de processos);

3. Aplicação da entrevista visando a identificação:
   a. do entrevistado;
   b. dos produtos/ (bens ou serviços) da empresa;
   c. dos intervenientes (stakeholders, pessoas envolvidas) associadas a cada produto, suas relações entre si e sua importância para a criação de valor na empresa;
   d. dos problemas, dificuldades, falhas e a relação deles com o processo de criação de valor para a empresa.

Tomo conhecimento e concordo com o disposto.

Vila do Conde, __ de __________ de 20__

______________________________
Cristiana Ramos
Este instrumento visa, através de perguntas abertas, identificar a função da gestão de relacionamento na criação de valor de uma organização desportiva.

A entrevista tem 3 etapas distintas:

4. Explicação dos objetivos do trabalho e da aplicação da entrevista.

5. Autorização formal para a realização do trabalho e para a continuação do processo de recolha de dados (através da aplicação da entrevista, de sua gravação, além de outras eventuais formas de obtenção de dados sejam observação ativa, partilha de informação e entrevistas e/ou inquéritos a outros colaboradores/ responsáveis de secção ou grupo de processos);

6. Aplicação da entrevista visando a identificação:
   a. do entrevistado;
   b. dos produtos/ (bens ou serviços) da empresa;
   c. dos intervenientes (stakeholders, pessoas envolvidas) associadas a cada produto, suas relações entre si e sua importância para a criação de valor na empresa;
   d. dos problemas, dificuldades, falhas e a relação deles com o processo de criação de valor para a empresa.

Tomo conhecimento e concordo com o disposto.

Vila do Conde, ___ de __________ de 20__

______________________________
Nuno Ramos
Guião de Entrevista

1. Identificação do entrevistado
   Nome
   Função (formal)
   Tempo de trabalho no cargo
   Tempo de trabalho na empresa

2. Produtos da Empresa
   2.1. Quais produtos (bens ou serviços) a empresa fornece ao mercado?
   2.2. Quais destes produtos geram receitas diretamente à empresa?
   2.3. Quais são as atividades adicionam valor aos produtos? (Gestão de recursos humanos, Contabilidade, Manutenção da Infraestrutura, etc)

3. Intervenientes (Stakeholders)
   3.1. Pensando na cadeia de produção, desde o início até o fim, quais são as pessoas envolvidas? Internos e externos à empresa.
   3.2. Qual a importância destas pessoas para a criação de valor?
   3.3. Qual a importância de se ter boas relações entre essas pessoas?

4. Problemas
   4.1. Qual a sua percepção acerca de eventuais problemas na relação entre essas pessoas?
   4.2. Que tipos de problemas decorrem da má relação entre essas pessoas?
   4.3. A que você atribui esses problemas, falhas e dificuldades?
   4.4. Como a relação entre as pessoas envolvidas no processo produtivo afeta o resultado final?
Informação complementar

Cadeia de Valor de Michael Porter

The Generic Value Chain (Porter, 1985)
Desperídios relacionados à má Gestão de Rede:

1. **Rotatividade**: rotatividade de funcionários adicionando custos;
2. **Sabotagem**: prejuízos causados à empresa para prejudicar um colega de trabalho na tentativa de benefício próprio ou de outra pessoa;
3. **Atraso**: todo tipo de atraso ocasionado pela falta ou dificuldade de comunicação entre funcionários e outros intervenientes;
4. **Retrabalho**: todo tipo de situação onde o trabalho não é feito pela primeira vez. Causado por falhas;
5. **Expectativa**: má gestão de expectativas entre intervenientes causando baixos comprometimento e motivação;
6. **Conhecimento**: não difusão do conhecimento e informação dentro da organização e entre os intervenientes, causando ilhas de conhecimento ao invés da criação de ativos organizacionais;
7. **Potencial humano não utilizado**: não utilização de criatividade e potencial dos empregados.
1. Objectives, Hypothesis and Purposes

This report is presented as part of the data analysis for the investigation work. The objectives and hypothesis for this investigation are:

Objectives:
5. To verify that the network management can be a value-adding activity;
6. To verify the occurrence of waste caused by bad network management in a sport organization;
7. To propose a categorization of common wastes of network management in a sport organization;
1. To propose other investigation to follow this research.

Hypothesis:
1. Network Management plays an important role adding and creating value to the organization.
2. The company is not aware of the importance of the good relationships to the creation of value.
1. The company practice network management, even in its own way.

Purposes:
1. To give an overview of the organization;
2. To provide an initial verification of hypothesis;
3. To give insights to improve the instrument.

2. Overall Aspects of the Interview
The interview was held on November 24, 2011, at 14 hours approximately, inside the company with the CEO as respondent, in the presence of the Director of the Master Program of the Faculty of Sport of the University of Porto, and one of the organization’s engineer, who is our contact inside the organization for the investigation, and me as an interviewer. The interview lasted 54 minutes.

The instrument was constructed, applied, reviewed and analyzed in Portuguese language. Report, results and other references from the collected data were translated, when necessary, and written in English. The full transcription of the interview was not necessary as the quantitative content is not the focus of this research.

There are no bad aspects to point out. No significant interruptions from strangers. Comments and follow ups were made from the Director of the Master Program in order to enhance and clarify statements and specific issues.

3. Results

After data review and analysis, some of the previous objectives for this interview were accomplished. It was possible to have an overview of the organization, going through its products, main stakeholders and difficulties in terms of production. From the interview’s content we could make observations under the relative importance of the network related activities and products for their business. These observations give evidence that the network management may appear as an important and distinct activity for the creation of value in this organization. All the information gathered from the first interview could guide as well an improvement of the instrument, as there were some aspects not that much efficient which could be removed. Through this improvement it is expected to, more clearly and with less expenditure of time, verify the hypothesis and get to the objectives of this research.
a. Overview of the organization

The organization is the world leader watercraft manufacturer for high competition and recreation. The CEO defined the organizational structure as “horizontal”, having no departmental divisions as a “management option where everybody understands the strategic objectives of the company”. Different support activities, “not related with the core business and services”, get mixed to each other and with the production activities within this horizontal structure. For instance, the technology development is mixed to the production and sometimes “is represented by the same employees doing both tasks”.

The main products of the company can be clearly divided in two different categories: Principal and Complementary; where the principal products are goods represented exclusively by watercrafts and the complementary products are represented by services.

<table>
<thead>
<tr>
<th>Principal Goods</th>
<th>Complementary Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>1- Watercrafts</td>
<td>1- Technical Advisory and Support</td>
</tr>
<tr>
<td>2- Training Centers</td>
<td>2- Training Centers</td>
</tr>
<tr>
<td>3- Repair/Maintenance</td>
<td>3- Repair/Maintenance</td>
</tr>
</tbody>
</table>

Table 3.1 – Organization’s Products

The CEO has other responsibilities other than just executives, for what he declares to spend just ¼ of his working time. The executive authority is divided with the company founder, who has fundamentally duties within the development of products. The number of employees rose from 24 to approximately 90 in 11 years, from when he started working in the organization.

b. Data analysis

From the CEO’s speech, it is clear that the most important product, their “core business”, is represented by their goods, the watercrafts. The production process is an “industrial handicraft”, for what there may be variation on quality and specifications of the final products. This variability lies on personal aspects like differences on personality, mood, state of happiness, etc. This industrial handicraft is what brings value for the final product as it transforms raw material into final product, whose sales
generate revenues for the organization. Thus, the possibility of having less value added to the product or wasteful use of resources by bad relationships between employees must be eliminated or at least reduced.

But, it is also clear that the complementary products play a role as much as important for their business, or in their value creation, otherwise they would not keep them. We can check this from the passages:

“We have three big services…”
“Technical Advisory and some Logistics service are not a direct source of revenue…”

We can infer that their services are used as a marketing approach and for network management. The activities performed to deliver these services, when well managed within the stakeholders involved (partners, technicians, other employees, suppliers and, naturally, customers), can create value to the core product of the company. For the respondent, the value is intrinsic to the specificity of the product, so there is nothing to do to increase their value from outside the production line. But, he mentions a bit later that the services are expected to increase the boats sales. In these passages the CEO talks about the products and the perception of value of them from their clients:

“… it is not an impulse purchase (…) how the product reaches them is indifferent…” – as the customer knows what he wants and why;
“… the product does not have to reach them in an easy way…” - because they know this is the way;
“… complementary activity aiming the increase (…) of boats sales…” – and yet, these services have bottom line objectives.

More than the idea that the usual marketing strategies does not apply in their specific business, the respondent showed that they have realized this fact. Furthermore, they are aware of what they can, must and actually do to increase the perception of value from their customers, and increase their loyalty. Their focus is in having the best athletes whose sportive results are expected to give a better visibility to the brand and a good reputation among high competition athletes. Their concern on adding value through the relationship within the whole stakeholders’ network (which includes the customer) may
apply to most sports, especially those not too popular. The networking management is the next stage of value-adding from support activities.

The relative importance of the services gets more evident as the respondent spends more than three minutes, and with some enthusiasm, explaining, with detailed information, the functioning of Technical Advisory and Support services and the Training Centers, referring to “transport, equipment supply, technical advisory, ‘training centers’ for foreign teams, specific and individual technical advisory and support, optimization of the watercraft in function of the athlete's characteristics and needs, storage…”.

To reinforce some aspects of their awareness about the importance of this kind of complementary activity, we can quote:

“… we have a strong partnership with Brazilian team…”
“… strategic interest in this partnership…”
“… for its sportive values…”
“… customers use the watercrafts also due to the service…”

The partnership with the Brazilian team has been taken since the last Pan-American Games in Rio de Janeiro, which means that they have managed it to be a long lasting relationship, aiming the Olympics of 2016 in the same city. These evidences indicate the relative importance of these "complementary activities", involving several actors in the network, to improve customer perception of value and also to create value for the company.

They also have partnerships with teams for training camps, and with federations and clubs for punctual actions in events. That is, they have to manage their relations with different agents, sometimes from different organizations, as in the case of the Training Camps, where each delivery, standardized or not, has a fundamental importance in the processes of: company's value creation, customer value perception AND customer loyalty (from usual clients and new ones).
4. Conclusion

Network management clearly plays an important role in value creation for the organization under study. Their services are a product that creates value through the relationship with stakeholders in a network. This network, where the organization is placed in, is composed by customers, suppliers, partners and other stakeholders. Nevertheless, the agents responsible for bonding all these stakeholders and create value for this particular service chain are the organization’s employees and the stakeholders representatives, such as athletes, employees, etc, that is, people. Thus, the management of the relations between these agents is the root of the value creation process for their core business, the main value chain, which is the watercraft manufacturing.

After analyzing the content of the interview, it was possible to have an overview of the organization and its overall structure and functioning. Verifying the hypothesis, it was possible as well to see that the fundamental principles of business management are present in this particular sport organization, namely on marketing and operations management. Specific tools from classic methodologies of business management were not verified to be applicable at this moment. Nevertheless, production aspects, as well as activities, present in the Generic Value Chain (Porter, 1985) seen in manufacturing industries implies that this methodology may be applicable. It was not possible to check similarities for the use of the 7 wastes methodology for waste identification and elimination as the third part of the interview did not accomplish its full purpose, for what it is suggested the application of the third part of the revised instrument to the CEO.

5. Consideration under the Instrument and Suggestions

The instrument was effective and had good responses from the respondent. However, the duration of the interview was larger than necessary and the third part of the questionnaire did not fulfil the primary purpose for it. The idea was to make the respondent talk about the stakeholders’ relationship and its influence in the process of value creation for the organization’s products.
For an improvement of the instrument, it is suggested to give more emphasis in the concepts of value and value creation, network management and waste. The way to verify the role of the network management for the value creation is trying to identify wasteful activities whose elimination could add value to the process.
Master in Sport Management Dissertation

Value Creation, Lean and Network

A Case Study of a Sport Industry Organization

Filipe Borges Albernaz

Second Report - Analysis of Interview

1. Objectives, Hypothesis and Purposes

This report is presented as part of the data analysis for the investigation work. The objectives and hypothesis for this investigation are:

Objectives:
8. To verify that the network management can be a value-adding activity;
9. To verify the occurrence of waste caused by bad network management in a sport organization;
10. To propose a categorization of common wastes of network management in a sport organization;
11. To propose other investigation to follow this research.

Hypothesis:
3. Network Management plays an important role adding and creating value to the organization.
4. The company is not aware of the importance of the good relationships to the creation of value.
5. The company practice network management, even in its own way.

Purposes:
3. Applied to stakeholders involved in the production activities, try to understand the importance of a good network management for the creation of value;
4. Capture the stakeholders’ perception of eventual wastes related to the network management.
2. Overall Aspects of the Interview

The two interviews were held on May 15, 2012, at 17 hours approximately, inside the company with the Production Manager and the Responsible for the Marketing, Image and Web Development as respondents. The interviews lasted 21 and 26 minutes each.

The instrument was constructed, applied, reviewed and analyzed in Portuguese language. Report, results and other references from the collected data were translated, when necessary, and written in English. The full transcription of the interview was not necessary as the quantitative content is not the focus of this research.

There are no bad aspects to point out. The first interview was interrupted so the respondent could answer a call but no other significant interruption occurred. Some questions not present in the interview guide were made by the interviewer in order to get more accuracy in answers.

3. Results

After data review and analysis of the second and third interviews, it was possible to add some valuable information to support the initial hypothesis and to confirm some aspects formerly taken in consideration. The respondents focused their speech in aspects related to the value creation, relationship management and, with help of the interview guide, the main problems of the production related to the relations between people involved in the process.

From the interviews’ content we could see a more focused on production perspective of the relative importance of the network management for the creation of value for the company. For the people directly involved in daily activities of the company it is clear the importance of the good relationship of employees for getting the best results. Wasteful activities were acknowledged but not as a big concern of theirs due to the nature of their business, where relational problems occur but not too frequently or in an intensity to breed major consequences. Other fact to help sustaining this scenario may
be the active participation of the Production Manager in the management of conflicts and in the daily interactions between staff involved in the production process.

**a. Data analysis**

It is clear that the most important product of this company is the watercrafts sales, which represents “98% of the revenues” (Nuno Ramos – 3rd interview). The other 2% stands for other services delivered to customers with two objectives: to improve the image of the brand in the sport and to get feedbacks from top athletes to develop and deliver new technologies back to them.

The two respondents emphasized the importance of human resources management to the production. It seems that their concern begins in hiring people who have connection to their sport. Nuno Ramos says they “appreciate as our employees, people connected to kayaking”, “because it gives an extra desire to do things well”, therefore, “this connection to the company and to the sport is very important”.

Apparently, they are aware that the culture of the sport can bring value to their business, which is further confirmed in the same interview. The sportive culture they are immersed in allows a good environment for employees to do their jobs and to the company to have better results. Nuno Ramos says that the activity itself, the environment in which they are involved, allows it to be relaxed and fun, mainly from people who are connected to kayaking, because they often go paddling together, they have a relationship outside and inside the company. He says this atmosphere is contagious to other employees who do not have such affinity to the sport to also get this culture.

There is a consensus that every employee of the company is important to the business and that their relative importance depends on their experience and time in the company. The two respondents state that there are two individuals that have a bigger importance than the others, being the founder of the company, Nelo, and the actual CEO, André. Each of them for specific but complementary reasons, as Nelo is responsible for the beginning of the company and the two of them for big changes in terms of products and
commercialization. The CEO also is very important “for the relationship he has with the athletes” today (Cristiana Ramos). To Nuno Ramos, the two of them “are more irreplaceable than others in the company”.

Taking it to a network point of view, it could induce a perspective where the actors Nelo and André play a role in a value net for “everybody in the sport knows Nelo and André for their connection to the sport” (Nuno Ramos). But “the value is in the brand and not in the person of Nelo and André” (Nuno Ramos), because, although “the brand would not be what it is if were not for these people”, this is not enough: “through technological innovation people recognize quality in our brand” (Nuno Ramos). Cristiana Ramos knows the importance of having a good and straight relation with athletes, but because the "feedback given by athletes is important for improvements in the final product". In other words, people are important, through their relations, network knowledge, expertise and experience, but only through recognition of product quality they have their competitive advantage and long term sustainability. They make the real difference through their products and not through the networking activity, though the latter is important.

Inside the company, good and bad relations between staff get the attention of the respondents for their impact in the company’s results. To Nuno Ramos, “good relations between staff is very important”. He continues saying that “when bad relations happens we have not only low motivated staff and it reflects in the work”, “but, also, with good relations there is an easier exchange of ideas and a clear perception of what is needed to do to the company”. Cristiana Ramos reinforce it saying that "when there is good relation, there is more collaboration, when there is bad relation, the collaboration may be not the best possible, and it affects the final result".

With a production perspective, Cristiana Ramos says that:

“good communication (…) good relationship (…) the transmission of information and knowledge particularly to new employees (…) and receptiveness for new ideas and perspectives (…) are very important for the good flow of the production processes”.
All this contributes to the harmony of the process and to the final product. All this are affected by the fluctuation of the employees’ relationships.

Beyond pairs, “good relations between staff in different levels in the hierarchy is very important”, says Nuno Ramos. To him, “there is not aggressive behavior” which means that “when a leader gives an order, it is not received with a bad will, and things work better”, “otherwise one speak and other does not listen”. To Nuno Ramos, “there is some relaxation (…) with respect”. That is, everybody respects each other, knowing the limits and length of what they can and must do to get the job done in a good way.

Other problems are depicted during the interview. Cristiana Ramos points out "delay in the production" as the main problem caused bad relationships. To Nuno Ramos, “problems caused by a bad relationship originate delays or extra costs in production”. In other words, the final product or the client is not harmed by any problem caused by bad relationships. The company has to assume the costs of rework, delays, other compensations, in order to deliver the product in the specifications of time and quality required.

He explains that “if a boat goes out with a defect because an employee did not follow a procedure, then it will be necessary to correct this defect. This will mean more hours at another stage of production, or possibly a delay to deliver the boat, or more costs to compensate this delay. Therefore, the problems occur in compensation or in solving problems than actually in the final product.”

Among the causes of rework and delay, Nuno Ramos says that “one has to do with some negligence in some processes”. The employee may get “afraid to ask anyone for fear of appearing not to know how to do the job”. He sees it “in newer employees who still do not have the spirit of working here in the company. They are not comfortable to contact the leadership”.

To both respondents, relationship problems may occur, but not in their company. To Nuno Ramos “there were always problems in the relationship between people”, but he has “never noticed big problems derived from bad relations between our staff”, “it never seemed to harm the work”.

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To Cristiana Ramos, "lack of communication is the main problem" and "good relation is synonym of a good final result". The few cases of turn over were “not to do with relationship problems", she says. She agrees that "sabotage is something that can happen, but it is difficult to detect and does not seem to happen here". More, "transmission of knowledge is important because if one employee leaves the company, he can take all the knowledge with him". Again she reinforces that "when the relation is not good there is no exchange of ideas" that can lead to new solutions and technological innovation.

They are aware that employee creativity is something that cannot be wasted. Nuno Ramos says that “in production, creativity is encouraged but not for everyone”, that “ideas are always welcome (...) but there are specific times to try new solutions”. In management, he continues, “creativity is stimulated much more often, because we can run tests without implications in production”.

Time is needed to get an employee comfortable among pairs in the labor environment. This time can be shortened by making the adaptation to the organizational culture easier and faster, integrating employees to the network, as it is done at NELO. Nuno Ramos shows they pay attention to this aspect:

“Our main concern is that people get along here, because we know that this will have an influence on the result, in the production efficiency of the boats. We appreciate that people get along. We all want to work in a place where we feel good, where people are fine.” (Nuno Ramos)

Nuno Ramos also says that they “do some dynamics in group” such as Christmas, Dinners, and other things. This is a strategy to make staff to get to know each other, shorten distances between people and make the environment friendlier, as it is done in other companies of other industries.

However, relationship problems do not seem to be recognized as a major problem to the production or to the company’s final result. Nuno Ramos states that “the company does not have this relationship factor as a production problem” and that “there is not a
perception of the connection between employees’ relationships and the company's productivity”.

The problems occur when people do not or can not get an understanding or conciliating solution. This has to do with the state of the relationship these employees have and more, how the leadership deals with such problems. Cristiana Ramos shows that in the production she has an active participation in terms of resolving personal problems between staff. She tries "to find a conciliating solution" to these problems.

4. Consideration under the Instrument and Suggestions

The instrument was effective and had good responses from the respondents. The interview had a short time of duration and fruitful information was collected. The idea was to make the respondent talk about eventual wastes under the relationship between stakeholders and its influence in the process of value creation for the organization’s products.

For an improvement of the instrument, it is suggested to give more emphasis in the concepts of value and value creation, network management and waste. The way to verify the role of the network management for the value creation is trying to identify wasteful activities whose elimination could add value to the process.

Another suggestion would be to get more respondents. Data and results could be crossed getting a better understanding of how the companies see and do the network management, on purpose or not.