

The Basis of the Management Model

TERRA VIVA



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The basis of the Management Model Terra Viva

Fundamentals behind the Model. The link with Human values of T Viva. Self-realization

A reflection conducted by Hermanus Meijerink during the annual seminar for shareholders of the Terra Viva Company in November 2018.

What brings us to this seminar?

We are shareholders of capital of T Viva! We are here as shareholders of the same company, with Capital and Purpose.

To have capital in a business is NOT having money!!

Capital is a set of assets with which an entrepreneur works. But, as in the parable of the talents: one has 7, another 5, another 2. One works and gains 7 more, another 5 more. But there is also one who hides the talents in the ground e afterwards only returns the original 2. He could also have lost what he buried in the earth!!

Hence the importance of the quality of the entrepreneur to whom we entrusted the capital!! The first great responsibility of the capital owner is to choose somebody who will work with this capital; whom he will choose? He himself? A relative? Somebody from outside?

It is our duty to make **Profit!!!!**

Why??? Survival, Development, Capacity to attend to new demands that come from outside, Return on risk capital, Continuity! Making profit is a necessary condition. “no results – no story”.

We cannot appeal or demand our rights as share-holders of capital!!! We are the last persons. We have nobody to fall back on. We are the “final instance”!

Having capital in a business does not bring guarantee like you have when your salary is not paid by the boss, or when you don't receive the money back that you have lent. In both cases to can sue the boss or the bank. In case capital doesn't bring return, we don't have someone to sue, except ourselves!

To be capital owner (alone or with others) doesn't bring guarantee, it has risk: not only of having no return, but also to diminish or even to lose completely. This brings insecurity! This causes worry and even anger when results are not coming.

To work / undertake with capital demands more than just knowing how to sell and use marketing instruments, demands more than only producing with quality and low cost, demands more than knowing how to analyse the figures of the business and its results and take decisions for correction, demands more than knowing how to lead people, develop technical capacities and social skills, demands even more than knowing to innovate products and its processes. A businessman who works well with capital, has an eye looking outside and to the future and knows how to develop the business and the company as a whole, with insight of what has to change and with the ability to take decisions and transform these into action.

So, shareholders want to place the capital in the hands of an excellent entrepreneur, capable of not only running efficiently the business, but also to develop it towards the future, so that it may continue in good shape.

Now one may ask: is he free to do this in the way he thinks is the best? Can he use any means that he judges to be the best? Can he freely take decisions? No, he presents his plan to be approved and he has to account for his management.

Can he also follow whatever principles and values? (Examples: moral pressure in banks; Ambev; ...) T Viva, from the very beginning 63 years ago, has a clear answer to this question: "NO". You only have to look to its history, to all that has been said and written, from the time of the founder until the present day. "We want integrated sustainability: financial, human, social and environmental. That is it!

But this is not so easy. We have had times in which the search to take care of human and environmental values almost led to lose economic and financial sustainability. Mr Klaas called this "to make a social trip!" So, every time again we faced the challenge to make the company highly profitable and at the same time caring for the well-being of its co-workers, society and environment. In the last 12 years and mainly the internal crisis in the last couple of years have shown how important this issue is.

It means that it is important to build a constant alignment on the management model between the shareholders, the board and the entrepreneur they have chosen as CEO. In our case, the MEGTV (Management Model of Excellence T Viva) has been started and developed by Frans and his team. Recently this was strengthened by Andriani, who developed this model, and Murilo who has experience with it for many years. There are many signs that this model is not "any" model! It is capable to attend to the two issues that we want and need: Excellent results AND Human Values.

Today, in this seminar, the board wants to focus on the MEGTV, in order to consolidate an alignment and coherence in the company T Viva.

For this to happen, we are going to reflect and dialogue about it as follows:

1. The fundamentals behind the model that brings Results and Values together.
2. The way it works in practice and how it developed.
3. A visit to the SMUs in order to know the practice and dialogue with the people that have a living experience with the model.
4. Digesting what we have heard and seen.
5. Final conclusions of the shareholders.

1 – The fundamentals behind the model that brings Results and Values together.

Exercise or research: what makes us enthusiastic? What connects us? What brings satisfaction, happiness?

Concrete examples of these experiences. What are moments and situations of extreme happiness and realization?

Abraham Maslov contributed with his pyramid of the Basic Needs of the Human Being. He describes 5 levels of satisfying human needs and how it appears in the organization:

- 1 – Survival – In the organization: ☒ Salary

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| 2 – Security – | ☑ Perspective to maintain the job. |
| 3 – Belonging – | ☑ Space for interaction |
| 4 – Recognition – | ☑ Compliment for a good job |
| 5 – <u>Self-realization and self-development</u> | ☑ Giving responsibility. |

About this last level, Andriani writes: *“Self-realization is the most human of the human needs and through it we have total expression of the human potential, the highest degree of motivation in work and the highest level of creativity. The self-realization is the maximum that a company can offer to its co-workers.”*

This last level asks for conditions to be given:

- Autonomous space to create, to act. ☐ the co-worker is not a machine or part.
- Experience the meaning of what he is doing. ☐ He knows the ‘why’ e the ‘for what’.
- Cooperation and dialogue between people. ☐ Forming teams, no competition between the members.

The Management Model MEGTV creates the spaces for the conditions that are mentioned above (autonomy, meaning, cooperation) and these make it possible that the co-worker can assume total responsibility for the mission of the SMU.

But the model also shows that the self-realization is directly linked to results. Andriani writes:

“In order to reach self-realization, there is need to fix goals for results (the prime matter for self-realization) for all the groups and also create support with appropriate methods towards these results e towards the problems that are rising.”

This leads to excellency in results, because he works with tools and procedures that create effectiveness, making sure that the processes are lean, that work is done on time, that improvement is constant, that people are trained and learn to cooperate and work in teams.

This means: the MEGTV is the model that permits that the co-worker can reach the maximum degree of self-realization and at the same time that the company can maximize financial results.

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