



**THE TIMES 100**

**BUSINESS CASE STUDIES**

## Teacher guide

### Adding Value – Anglo American

#### Where does the lesson fit?

This session would fit in a Production Module, perhaps following methods of production or specialisation and the division of labour.



#### Suggested resources & activities related to adding value and Anglo American

- Full Anglo American case study
- Adding Value PowerPoint
- Anglo American crossword
- Anglo American word search

#### Suggested timings for the session

5 mins	Starter e.g. Anglo American word search
5 mins	Use the Adding Value PowerPoint to discuss the topic
5 mins	Read the case study
10 mins	Questions
30 mins	Task – presentations
5 mins	What have you learned?

#### Answers to questions

1. Define 'added value'?  
Added value is the difference between the cost of producing a good or service and the price customers are willing to pay for it.
2. Anglo American focuses on improving efficiency to add value. List the other ways that value can be added.  
Other methods of adding value include:
  - Production – converting raw materials (inputs) into finished goods (outputs)
  - Having a Unique Selling Proposition (USP)
  - Function and features of the product
  - Design



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- Advertising and other promotion
  - Customer service and other associated services e.g. warranties and after-sales services
  - Quality and reliability
  - Convenience
  - Image – perhaps through brands or designer names
3. Explain why Kaizen is important to Anglo American during its Asset Optimisation programme.  
In order to continue to improve efficiency in the long term, Anglo American has adopted a culture of continuous improvement whereby all workers are involved in making small but ongoing improvements to the way they work. The improvements filter through the whole organisation and it benefits from an accumulation of marginal gains.
4. Analyse the benefits firms like Anglo American might enjoy from adding value. Adding value can benefit companies in different ways, from being able to differentiate a product from its competitors to being able to charge higher prices. For Anglo American, the efficiency savings have led to financial rewards in terms of greater profit margins. In 2010 the benefits of the AO programme amounted to \$2.1 billion.

### **What have you learned?**

Expected learning is likely to include:

- Definition of added value
- Ways of adding value (production, quality, reliability, USP, branding and image, function, features and benefits, convenience, promotion, associated services)
- Benefits of adding value (differentiation, segmentation, less price sensitive products, higher profit margins, greater customer loyalty).