

A Fresh Approach to Rubber

Durban, 25 July 2016

Redefining how rubber tyres can be transformed after their initial use has opened new doors for Durban-based carpet manufacturer Van Dyck Carpets, aiming to implement the well-renowned blue ocean strategy business approach, to launch an innovative paving brick and paver product.

Family-owned PFE International has developed the paving commodity, an investment that recycles truck tyres into rubber crumb, as a new product segment. PFE International director Dr Mehran Zarrebini says the group recently commissioned new machines to produce various different paving bricks, tiles and innovative interlocking paving mats and are in the process of applying for the Green Tag certification.

Rubber crumb is recycled rubber produced from automotive and truck scrap tyres. The process is done at the Hammarsdale-based Mathe Group, a sister company. During recycling steel and tyre cord (fluff) are removed leaving tyre rubber with a granular consistency.

The global Green Tag certification independently assures every product has been fitness tested and certified under one of the organisation's two leading scientific certification programmes.

Zarrebini says the group aims to capture architects and designers seeking to add a Green Star rating, the benchmark for green buildings in terms of design, construction and management, to their buildings.

PFE International acquired Van Dyck Carpets from Belgian company Domo Carpets in 2004. Subsequently the group invested significantly in equipment, new product ranges and sustainable manufacturing in South Africa.

As South Africa's oldest carpet manufacturer, Van Dyck Carpets offers a combination of tufted, needle punch, woven carpets and

artificial grass as well as manufacturing a range of acoustic underlays made from recycled rubber crumb from used truck tyres.

Envirobuild, KwaZulu-Natal's first manufacturer of eco-friendly rubber flooring, will specialise in the sales and distribution of the new brick and paver product manufactured at Van Dyck Carpets. The company is a joint venture between Envirobuild MD Jaco Snyman and PFE International.

Snyman believes the new products, that includes 93% recycled materials, complement architects, interior designers and construction industry players under pressure to meet their clients' demands for sustainable building requirements.

Zarrebini recently adopted the forward-thinking blue ocean strategy following his attendance at the INSEAD Business School in Fontainebleau, France, to read on the strategy at the Blue Ocean Strategy Institute. He had initially encountered the concept while reading for his Master of Business Administration (MBA) at Stellenbosch University.

More than a decade ago INSEAD University Professors W. Chan Kim and Renée Mauborgne broke ground by introducing "blue ocean strategy" as a model for discovering uncontested markets ripe for growth. Today Cirque du Soleil remains a key example of the strategy.

More than 30 years since its founding, Cirque du Soleil is one of the largest Canadian circuses and as profitable as entities that have existed for more than a century.

In the *Harvard Business Review* March 2007 Kim and Mauborgne introduced the blue and red ocean concept as a metaphor to describe that success. They argued the universe consists of two oceans – blue and red – with the latter representing existing competitive industries and the former uncontested market spaces untouched by competition.

Industry boundaries in the red ocean are clearly defined and competition dictates the rules. Companies fight for customers and

the more companies entering the red ocean, the fewer opportunities exist for enhancing profitability. Unique products are benchmarked and the red ocean waters become increasingly bloody.

Correspondingly, blue oceans are born either when companies create new industries – eBay invented a business model for online auctions – or when companies change red oceans from within. Demand in blue oceans is created from zero.

In the Cirque du Soleil case, the owners destroyed the boundaries between circus and theatre to create something new from within a red ocean. Kim and Mauborgne argued all successful companies have used the blue ocean strategy, which has little in common with traditional methods of competition in the red ocean, as the platform from which to lead future profitable growth.

Zarrebini says he had not initially recognised opportunities within the company's stable that pertained to the blue ocean strategy, but in applying a different business approach, those opportunities have emerged.

“A key point of the blue ocean strategy is the low-cost and differentiation of product offerings, as well as the potential to focus on non-customers. It is the change of thinking that brings the business opportunities into focus, as one of its biggest attributes is that it challenges conventional wisdom,” he says.

He believes the key to executing the blue ocean principles in business was stretching beyond the existing industry boundaries.