

Market Entry Strategies & Business Planning

WORKSHOP SOUPHANOUVONG UNIVERSITY LUANG PRABANG

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Outline: today & tomorrow

1. Introduction: Overview & goal, limitations
2. Business Planning I & Market Entry Strategies
3. Marketing
4. Outlook: Business planning within a cooperative Planning
5. Field trip: Using the slides & the templates

Overview, Goals & Limitations

- ▶ Focus & Goal: **approach & structure**
Theoretical approach: transfer needed!
- ▶ **Network thinking**
entrepreneurial and strategic thinking and doing
understanding the impact of business strategies
! Not all slides are relevant for the specific case presented, but ... !
- ▶ **toolbox**
business steering instrument
- ▶ **Preparation for first hand research & exploration**
- ▶ Limitations: time, insight, examples from literature (vs. Nayang Case ... an enormous difference in scale etc.)

Business Plan

- ▶ ... a written document prepared by entrepreneur that describes all the relevant external and internal elements involved in starting new venture. It is an integration of functional plans such as marketing, finance , manufacturing and human resource plan.
- ▶ ... a blue print of step by step process that would be followed to convert business idea into successful business venture.

OBJECTIVE OR IMPORTANCE OF BUSINESS PLAN 1/2

Business plans can be used to **attract** key employees or to apply for e.g. regional development support

The fundamental reason for creating a plan though, is to **map out the route** you are going to follow to achieve your intended goal.

- ▶ To **give direction to the vision** formulated by the entrepreneur & to guide the entrepreneur in actual implementation of plan
- ▶ To objectively evaluate the prospects of business
- ▶ To monitor the progress after implementing business plan
- ▶ To persuade others to join business
- ▶ To seek loans from financial institutions
- ▶ To visualize concept in terms of market availability, organizational, operational, and financial feasibility
- ▶ To guide entrepreneur in actual implementation of plan

OBJECTIVE OR IMPORTANCE OF BUSINESS PLAN 2/2

- ▶ To identify actual strengths and weaknesses of the plan
- ▶ To identify challenges in terms of opportunities and threats from the external markets.
- ▶ To clarify ideas and identify gaps in management information about their business, competitors and market.
- ▶ To identify the resources that would be required to implement the plan
- ▶ To document ownership arrangements, future prospects and projected growth of the business venture.

Success Factors: A good business plan

- ▶ ...becomes essential and continuous reading as the business unfolds.
- ▶ ... does not remain static, it is a living document that is continuously updated as your knowledge of the market grows and the opportunities unfold.
- ▶ ... will continuously be tested and evolves on a permanent basis
- ▶ ... is a team effort (writing and updating)
- ▶ ... integral part of the commitment of the whole team
- ▶ ... is produces/ written initially by someone who takes charge - but should be 'owned' by the whole team
- ▶ ... should flow naturally and lead the reader through your assumptions to its logical conclusion.

BUSINESS PLANNING PROCESS

Idea generation : is the first step in the business planning process. This step differentiates entrepreneur from usual business. An entrepreneur may come up with new business idea or may bring in value addition to existing product in the market.

Sources of new ideas for entrepreneurs are :

- ▶ Consumers/ customers
- ▶ Existing companies
- ▶ Research and development
- ▶ Employees
- ▶ Dealers, retailers

Example

9

an Agriculture Farm Business Plan

Business plan – core elements

10

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4. Products and services – incl. clearly defined target customers' needs to be
5. Organization & management structure: team/ staff
6. The business operations - understanding of the day to day running of the company The plan outlines steps to be taken to ensure everything runs smoothly.
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9. Financial requirements
10. Implementation strategy/ plan

I. Executive Summary

- ▶ ... written at the very end!
- ▶ ... should be no longer than two pages.
- ▶ ... summarizes the whole plan in a nutshell (no details)
- ▶ ... should be made dynamic and exciting to capture the reader's interest: clear, concise and easy to understand.
- ▶ ... should be written from a consultant's point of view, to attract a third party.
- ▶ ... contains only a paragraph or two about each of the other sections.
- ▶ Goal: self-marketing

Business plan – core elements

12

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2. Business idea & -model

- ▶ **Start with „Why“:** why do you want to sell something to somebody - &: why should somebody buy something
- ▶ Is there a market niche/ gap?
- ▶ Why *your* idea of all products / services?
- ▶ Does your idea bring an additional benefit or advantage to the customer – or does it even solve a problem?
- ▶ Is your idea clearly distinguishable from the ideas of competing products/ services?
- ▶ Can you explain your idea to people not familiar with the sector/ business field clearly and convincingly in a short time?

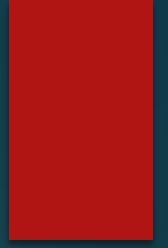
Focus: „Customers‘ needs and wants“

- ▶ Main criterion „Customer‘s needs / advantages“ \neq advantages of the product (= „Hard Facts“ = specific features of the product or Price).
- ▶ it is important that the potential customers knows how he benefits from the product/ which of his „problem“ are solved by the product
- ▶ Means: know the requirements, needs and wants of your customers
- ▶ requirements, needs, wants of your customers and the problems solved by your product should be stated very clearly

Business Model

- ▶ Description of the various stages of the creation of values, the various parties involved and their roles within the value chain.
- ▶ Answers the question: How is the product/ service created – and in which combination?“
- ▶ **What:** What's the benefit that the company provides to its customers and most important partners, who are part of the **value chain**? (= a set of activities that a firm operating in a specific industry performs in order to deliver a valuable product (i.e., good and/or service) for the market)
- ▶ **How:** How does the company produce this benefit?
- ▶ **Money:** How does the company earn money?

Dimension of the business model



Market-related dimension

- ▶ Benefit claim
- ▶ Customers segments
- ▶ Communication and distribution channels
- ▶ Customers relation
- ▶ revenue sources

Business-related dimension

- ▶ Core activities
- ▶ Core resources
- ▶ Core partners
- ▶ Cost structure

Segment types

- ▶ Mass market (no specific segmentation)
- ▶ Niche market (addressing a particular customer group with specific needs/ wants & specific characteristics)
- ▶ Segemented customers groups (segmentation within existing customer groups e.g. acc. to gender, age, and/or income)
- ▶ Diversified customer groups (addressing various customer segments with different needs/wants and characteristics)

Tool:

| | | | | |
|--|---|---|---|--|
| PROBLEM <i>List your top 1-3 problems.</i> | SOLUTION <i>Outline a possible solution for each problem.</i> | UNIQUE VALUE PROPOSITION <i>Single, clear, compelling message that states why you are different and worth paying attention.</i> | UNFAIR ADVANTAGE <i>Something that cannot easily be bought or copied.</i> | CUSTOMER SEGMENTS <i>List your target customers and users.</i> |
| EXISTING ALTERNATIVES <i>List how these problems are solved today.</i> | KEY METRICS <i>List the key numbers that tell you how your business is doing.</i> | | CHANNELS <i>List your path to customers (inbound or outbound).</i> | |
| COST STRUCTURE <i>List your fixed and variable costs.</i> | | REVENUE STREAMS <i>List your sources of revenue.</i> | | |

UBER LONDON - PASSENGERS

Example

| PROBLEM | SOLUTION | UNIQUE VALUE PROPOSITION | UNFAIR ADVANTAGE | CUSTOMER SEGMENTS |
|---|--|---|---|---|
| <p>Difficult to find a cab when you need it</p> <p>Minicabs needs to be booked in advance</p> <p>Never know who is driving the minicab, and cars are often old and not in decent conditions</p> <p>Black cabs are expensive</p> <p>Cabs mostly don't accept cards</p> | <p>Guaranteed fast pick up from a car through an app tracking your location</p> <p>See who the driver is and his rating, car plate and car model in advance</p> <p>Pay a reasonable price directly from the app, automatically</p> | <p>We allow Londoners to get from A to B in a comfortable, safe and reasonably priced ride by hailing a car through an app in 1 click</p> | <p>40K drivers already active</p> <p>Brand awareness 84% among adults (2016)</p> | <p>Young (18-24 yo are 30%), internet-savvy Londoners and tourists</p> <p>25- 44 yo young adults (26%) Londoners and tourists</p> |
| <p>EXISTING ALTERNATIVES</p> <p>Black cabs and minicabs</p> <p>Public transports</p> <p>Own means of transport</p> | <p>KEY METRICS</p> <p>Apps installed</p> <p>Accounts created</p> <p>Journeys booked</p> <p>Money spent on trips per month</p> <p>Users referred</p> | <p>HIGH-LEVEL CONCEPT</p> <p>Like taxi but cheaper, easier and safer</p> | <p>CHANNELS</p> <p>PR</p> <p>Referrals - invite friend and get discount</p> <p>Outdoor adverts</p> | <p>EARLY ADOPTERS</p> <p>American tourists opening the app</p> <p>Wealthy and busy professionals</p> |
| <p>COST STRUCTURE</p> <p>IT infrastructure and development</p> <p>Marketing, PR and legal costs</p> <p>Drivers recruitment and management</p> | | <p>REVENUE STREAMS</p> <p>25% of a fare based on route and idle time</p> | | |

Business plan – core elements

20

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3. Market & Competition Analysis

- a) **Sector Analysis** analysis provides information about national and local markets that affect the business of the company
- b) **Competition analysis**, looking at the nature of the competitive environment you will have to work in as well as looking at the main competitors on the market (secondary data by news papers, article, websites, catalogs, promotions, interview with distributors, customers etc.)
- c) **Target customers analysis**: looking at the needs of your customers

+ see Instrument “SWOT-Analysis” below

Checklist: market analysis

Questions of market analysis

Delimitation and description of branch, the whole market as well as the targeted market segment for which ones product is suitable.

Determination of the market volume, market potential, rate of growth of the sector, overall market and target market

Analysis of the trends of the branch of business, overall market and target market

Analysis of the factors that determine market development (key factors)

Analysis of the significance of innovation and technological progress

Determination of the stage of development of ones own market segments

Determination of the price level of own output market

Estimation of the development of resource costs and market prices

Questions about opportunities and risks of the market

Determination of the essential success factors on ones own market

Estimation of the possible yield of the respective branch of business

Determination of exportation opportunities

Determination of possible market restrictions and barriers to entry, respectively

Determination of relevant market influencing laws, decrees and regulations

Questions about the target audience and costumer behaviour, supplier and distributive channels

Determination of the target group

Determination of the wishes of potential customers

Determination of the market potential of the target group

Estimation of the development of demand

Determination of the supplier as well as of the development of the industry supplying needed components

Determination of the actual and potential sales channels

Checklist: Sector Analysis

Sector direction

- General direction of the branch of business (materials, technology, customer problems etc.)
- Innovation tendencies (products, procedures, etc.)

Sector structure

- Determination of the number of suppliers
- Determination of the imperfections of the suppliers
- Analysis of the types of supplying firms
- Determination of the branch organisation (associations, agreements, etc.)
- Recognition of industry-related opportunities and risks

Competition factors

- Judgement of the competitive situation in the respective industry
- Analysis of quality requirements
- Analysis of product assortment requirements
- Determination of conventional pricing
- Recognition of coalition opportunities

Competition situation

- Determination of competitors, their operative capability and their location
- Comparison of own prices with those of the opponents
- Estimation of competition advantages / disadvantages as opposed to opponents
- Estimation of the substitutability of services
- Determination of the abilities to react to possible opponents
- Determination of opponent weaknesses as a starting point for ones own offensive strategies

Distribution structure

- Geographical analysis of the distribution structure
- Determination of channels of distribution

Porter's Five Forces Framework

24

(→ a) Sector Analysis)

- ▶ **1* Threat of new entrants:** New entrants eventually will decrease profitability for other firms in the industry.
- ▶ **2* Threat of substitutes:** ... solving the same economic need.
- ▶ **3* Bargaining power of customers:** ability of customers to put the firm under pressure. Buyers' power is high if buyers have many alternatives & low if they have few choices.
- ▶ **4* Bargaining power of suppliers** e.g. of raw materials, components, labor, and services can be a source of power over the firm when there are few substitutes
- ▶ **5* Competitive rivalry:** major determinant of the competitiveness of the industry. awareness of its competitors' marketing strategies and pricing and also be reactive to any changes made.

b) Competition analysis

- ▶ **Step 1:** Current and possible future competitors in the sector as well as beyond.
- ▶ **Step 2:** Choose main competitors from the list
- ▶ **Step 3:** Describe main competitor and the necessary implications/ consequences for your own company

Criteria for own business & competitors:

- ▶ Market position
- ▶ Innovation capacities
- ▶ productivity
- ▶ attractiveness for „good“ employees
- ▶ liquidity
- ▶ profitability

c) Customer Analysis/ Market Segmentation

Market as the sum of all potential customers - start meeting your customers and work out the customers benefit

Who are my potential buyers?

- ▶ **geografic criteria:** particular region, national or even international level?
- ▶ **demografic criteria: age group?** Specification regarding gender, income, occupation, education, culture etc.?
- ▶ **behaviour oriented criteria:** what is the ideal customer's focus? Quality?, price/ performance ration? Sustainability? Environmental freidnly production? ...?
- ▶ **Lifestyle oriented criteria:** Which lifestyle do your customers live? Active, hedonistic, health oriented? Luxury oriented?, modest? ...

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27

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4. Products & Services

- ▶ Customers' needs as the main focus point of the business
- ▶ Description of the product/ service from a customer's point of view
- ▶ Meeting desires, requirements, needs & wants of customers as precondition for stable prices
- ▶ Quality = quality in customers' eyes (external quality) – here: measurable vs. subjective quality components
- ▶ Stability & standardisation of product/ service
- ▶ Unique selling proposition (see below)

See also presentation for „Marketing“ tomorrow

Unique Selling Proposition (USP)

29

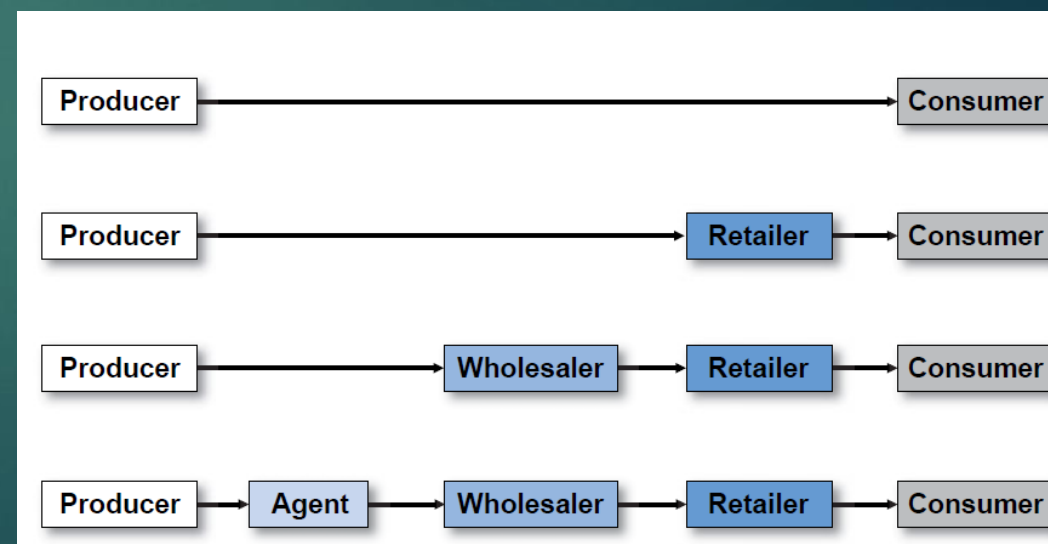
- ▶ Attributes that distinguishes own product from competitors' products
- ▶ Uniqueness in terms of customers' need and wants
 - higher benefit or additional value (e.g. better service)
 - more effective communication (packaging, design, PR)
 - value for money –ratio better than competitors

Additional services

- ▶ .. very often make the difference
- ▶ Possible additional services
- ▶ special requests and adjustments – need to be realized flexibly and quickly
- ▶ Service and customers' services are handled better than competitors
- ▶ Customers' relations is highly individual
- ▶ Important: additional value has to be marketed = communicated clearly and plausibly

The Value Chain: Direct Selling vs. Channel sales (via traders)

- ▶ Channel Sales –via in-house sales teams, dealers, retailers, affiliates, or direct marketing - include any type of third-party that offers your product or service to the end customer.
- ▶ Direct Sales - is selling directly to consumers away from a static commercial or physical location. In today's modern world of direct selling, deals can be closed via personal arrangements, in-person demos, and of course online direct sales.



| | Direct Selling | Channel sales |
|-------------|---|---|
| Pros | Full control of the sales process. | Low sales, marketing and distribution cost |
| | | Effective scaling |
| | Noting directly to share for channel | Low marketing |
| | external option – you pricing and sales process | |
| Cons | managing | Less |
| | sales team and on- | Less |
| | markets | Partner discounts need to share between 20% and 50% of your revenues with the partner that makes the sale |

Direct Sales: Questions to Consider

- Does our product or service require customization or enhancements for every client?
- If additional services are typically required to fully utilize what you offer, then you likely need a channel of partners that provide these services locally.
- What is the estimated cost of sale internally and how does it compare to the partner discount we'd need to offer through a channel?
- Do we have the resources to develop and manage an in-house sales team in all the markets we target?
- Do we have a direct line of customer feedback beyond sales?

Channel Sales: Questions to Consider

- How do you help your partners make money?
- How does the partner help you make money?
- What benefits does the partner bring to the table?
- How can we have a direct line to the customer?

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33

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5. Organization & Management structure

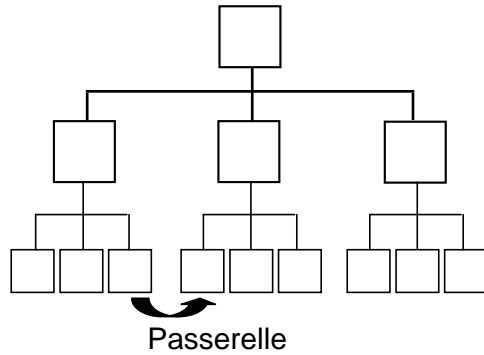
a) **Company**

- ▶ Company size
- ▶ Company Structure incl. definition of roles within and around organization: Executive management team, board of directors, advisory board
- ▶ legal status: cooperative, sole proprietor, partnership ...

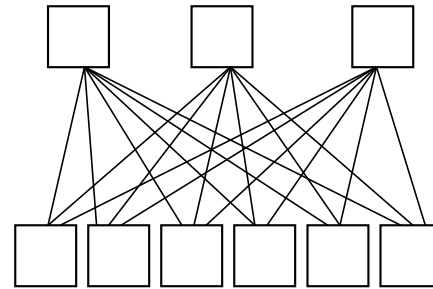
Business Organization Structure

35

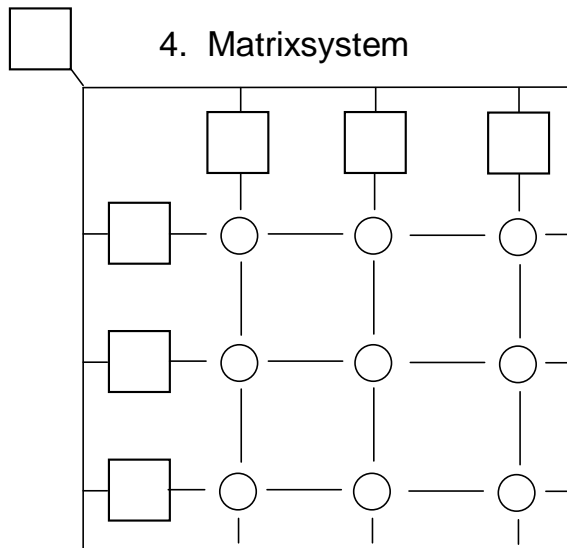
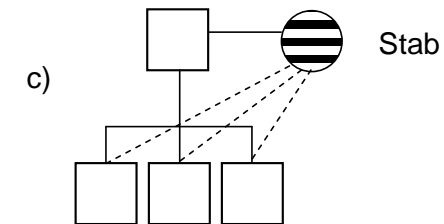
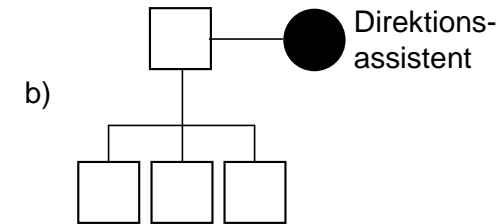
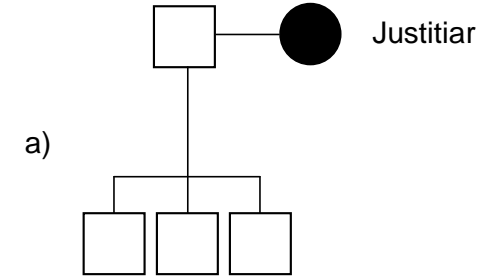
1. Einliniensystem



2. Mehrliniensystem



3. Stabliniensystem



Grundmodelle der Aufbauorganisation (Idealtypologie)

Idea: Cooperatives

- ▶ Minimum of three individual members share profits, investments, expenses (e.g. marketing), risks, facilities ...
- ▶ User-owner-control-principle: the people who use it are those who own it, control it & share all benefits and burdens
- ▶ A collaboratively run business that aims at promoting its members economic, social or cultural aims (variety of goods and services)
- ▶ Physical facilities
- ▶ Members acquire ownership of the collaborative business through owning shares of the business – members are investors
- ▶ Irrespective of the amount of shares, each member has the same opportunity to participate in the decision-making (e.g. investments): „one member – one vote“. Hence, it is an inherently democratic form of organization
- ▶ Organisation fom: general assembly, management board, supervisory board (controlling body)

Reasons for Joining a Cooperative

▶ Economic

▶ Vertical integration*

- ▶ forward
- ▶ backward

▶ To obtain a fair or efficient price

▶ To reduce costs through economies of size

▶ To pool risks

▶ To provide markets, supplies, and services that are missing or in danger of being lost

▶ To capture profits from another level

▶ To benefit from increased market power

* one firm engaged in different parts of production (e.g., growing raw materials, manufacturing, transporting, marketing, and/or retailing). Vertical integration is the degree to which a firm owns its upstream suppliers and its downstream buyers.

Cooperative Benefits

- ▶ Allows farmers to pool their financial resources and conduct business activities they could not independently perform as efficiently
- ▶ Allows farmers to respond to firms that follow monopolistic practices
- ▶ Provides farmers with access to goods and services needed

Disadvantages of Cooperatives

- ▶ Access to capital
- ▶ Cost of member and public education
- ▶ Investment in democratic process
- ▶ Limit in scope of operations
- ▶ Co-ops are only as good as their members ask them to be
- ▶ Legal/ administrative obstacles (?)

Types of Agricultural Co-ops

- ▶ **Marketing Co-ops** - improve bargaining power, reduce costs, access new markets, improve quality, and increase profits
- ▶ **Purchasing Co-ops** - obtain needed products and services, reduce or share costs, and increase profits
- ▶ **Value-added Processing Co-ops** - access a more significant raise of prices on the market & obtain better value from lower grade produce/product

What Does a Cooperative Do?

- ▶ Provide its user-- owners goods and services at cost
- ▶ Purchase inputs: seed-feed-fertilizers-chemicals-equipment-supplies
- ▶ Market members and non-members' products
- ▶ Provide member with services: insurance - credit-irrigation - (custom fertilizer spreading) - communication - electricity - marketing - training

Fitting into the Supply Chain Picture



5. Organization & Management structure

43

b) Location

- ▶ Describe the location, its benefits, amenities and accessibility to customer traffic.
- ▶ Indicate freight routes, traffic statistics (municipality), area demographics (newspaper) and growth rate.
- ▶ Details of parking and zoning
- ▶ Cost of Lease or Mortgage plus taxes & utilities
- ▶ Explain why you chose this location
- ▶ Outline any renovations or alterations to be done

5. Organization & Management structure

c) Staff/ Personnel / Team

- ▶ Include a brief profile of all key partners and employees outlining their duties and experience (skills profiles)
- ▶ Highlight relevant education and expertise, business qualifications, work history and references.
- ▶ Personnel / Human Resources planning: current status & further development goals

Example: Capacity/ Personnel Planning

45

| Business area | Year 1 | Year 2 | Year 3 |
|----------------------------|----------|-----------|-----------|
| Management & Financing | 1 | 2 | 2 |
| Purchasing | 1 | 1 | 1,5 |
| Production | 3 | 5 | 6 |
| Sales & Marketing | 1 | 2 | 2,5 |
| Personnel & Administration | 1 | 2 | 2,5 |
| Sum | 7 | 12 | 14 |

Side Note #1: Strategy & Communication Tool

... to evaluate current
business – and develop
strategy for new
products (NTPP)

SWOT ANALYSIS

46



Step 1: Strengths / Weaknesses Analysis

Strengths: characteristics of the business or project that give it an advantage over others.

Weaknesses: characteristics of the business that place the business or project at a disadvantage relative to others.

...both refer to internal factors within an organization, such as:

- ▶ Human resources — staff, volunteers, board members, target population
- ▶ Know how, Image , reputation in the community, experiences
- ▶ Physical resources — your location, building, equipment
- ▶ Financial — grants, funding agencies, other sources of income, capital stock
- ▶ Activities and processes — programs you run, systems you employ

Doing a Strengths / Weaknesses Analysis

48

step a: derivation of crucial factors for success

... important elements, processes, competencies, structures, and conditions, which have an distinct influence or impact on the business performance ...

requirements are:

- to include only these criteria which are relevant to success
- to include all criteria which are relevant to success

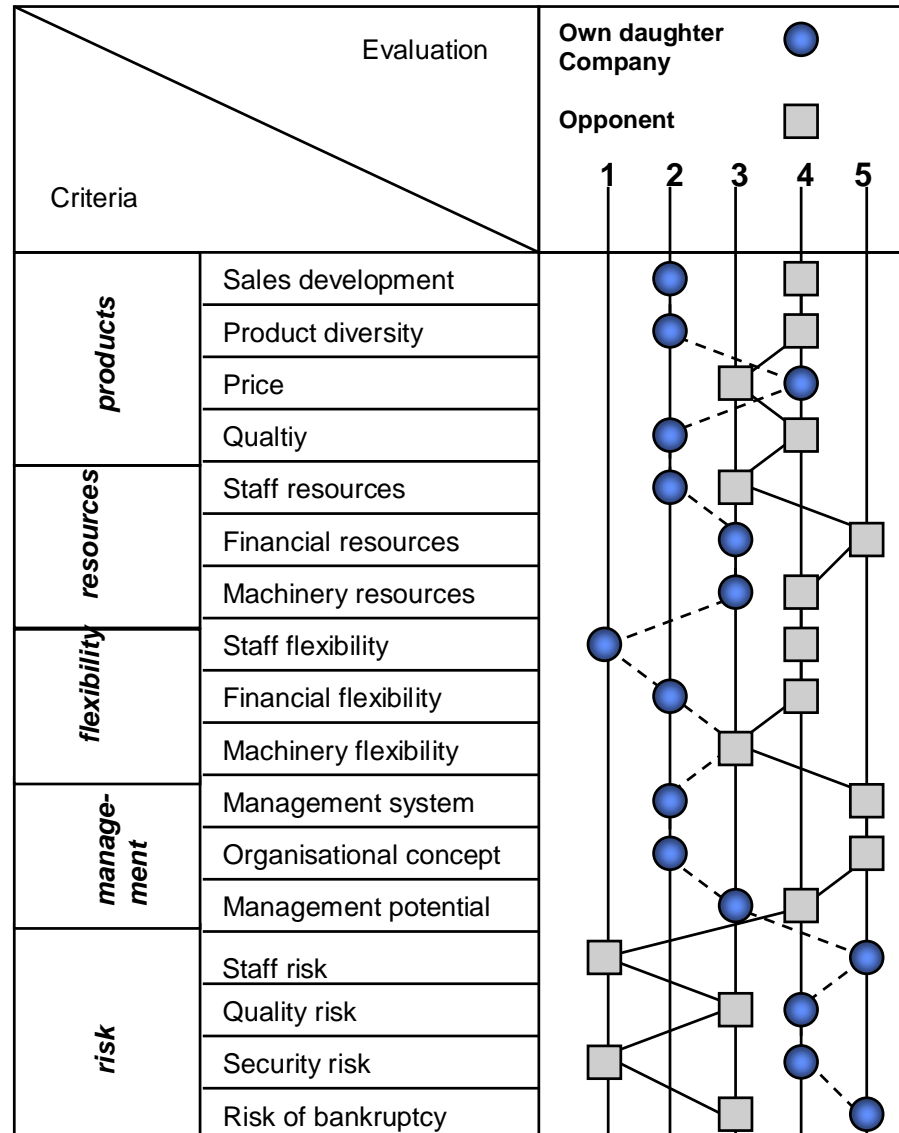
step b: evaluation of crucial factors for success

... in comparison to the strongest competitors ...

requirements are:

- uncompromising critical self-assessment
- careful identification of „strongest competitor(s)“

Example: Strengths/ Weaknesses - Profile



Legend:

1: to evaluate as very poor
 2: to evaluate as poor
 3: to evaluate as mediocre

4: to evaluate as good
 5: to evaluate as very good

Step 2: Opportunities/ Threats analysis

50

Opportunities: elements in the environment that the business or project could exploit to its advantage.

Threats: elements in the environment that could cause trouble for the business or project.

...both refer to external factors around an organization, such as:

- ▶ Future trends in your field or the culture
- ▶ the economy — local, national, or international
- ▶ funding sources — foundations, donors, legislatures
- ▶ demographics — changes in the age, race, gender, culture of those you serve or in your area
- ▶ the physical environment
- ▶ legislation — do new legal requirements make your business harder...or easier?

Doing an Opportunities/ Threats analysis

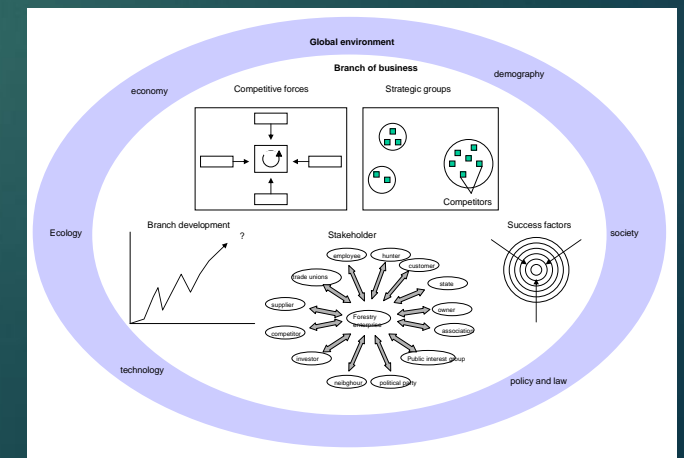
51

1. Provision of a catalogue of relevant environmental factors/ issues, according to global & sectoral environment
2. Identification of existing interdependencies
3. Analysis of current conditions and projection of future developments (development of different future scenarios)
4. Assessing opportunities and threats from the enterprise's perspective

... with regard to scope of enterprise

a1) global/ general environment

a2) specific sectoral environment



Checklist: global environment

| | |
|--|--|
| Economic environment | Development of international trade Expected inflation Development of the capital market Development of the job market Expected propensity to invest Expected business fluctuations Development of particularly relevant economy sectors (e.g. raw wood markets) |
| Social environment | Changes in nature and environmental awareness Anticipation of socio-psychological tendencies (e.g. work mentality, leisure time behaviour, consumption tendency, environmental awareness) |
| Political & legal environment | Developmental tendencies of economic policies, national/international Developments of environmental policies and law relating to environment (e.g. certification) |
| Technological environment | Production technology Developmental tendencies in processing design Innovative capabilities Automation / process control / information technology Product innovation Substitute technologies Computer science and telecommunications |
| Natural environment | Availability of energy Availability of raw materials Affects on the environment |

Checklist: market analysis

Questions of market analysis

Delimitation and description of branch, the whole market as well as the targeted market segment for which ones product is suitable.

Determination of the market volume, market potential, rate of growth of the sector, overall market and target market

Analysis of the trends of the branch of business, overall market and target market

Analysis of the factors that determine market development (key factors)

Analysis of the significance of innovation and technological progress

Determination of the stage of development of ones own market segments

Determination of the price level of own output market

Estimation of the development of resource costs and market prices

Questions about opportunities and risks of the market

Determination of the essential success factors on ones own market

Estimation of the possible yield of the respective branch of business

Determination of exportation opportunities

Determination of possible market restrictions and barriers to entry, respectively

Determination of relevant market influencing laws, decrees and regulations

Questions about the target audience and costumer behaviour, supplier and distributive channels

Determination of the target group

Determination of the wishes of potential customers

Determination of the market potential of the target group

Estimation of the development of demand

Determination of the supplier as well as of the development of the industry supplying needed components

Determination of the actual and potential sales channels

Checklist: Sector Analysis

Sector direction

- General direction of the branch of business (materials, technology, customer problems etc.)
- Innovation tendencies (products, procedures, etc.)

Sector structure

- Determination of the number of suppliers
- Determination of the imperfections of the suppliers
- Analysis of the types of supplying firms
- Determination of the branch organisation (associations, agreements, etc.)
- Recognition of industry-related opportunities and risks

Competition factors

- Judgement of the competitive situation in the respective industry
- Analysis of quality requirements
- Analysis of product assortment requirements
- Determination of conventional pricing
- Recognition of coalition opportunities

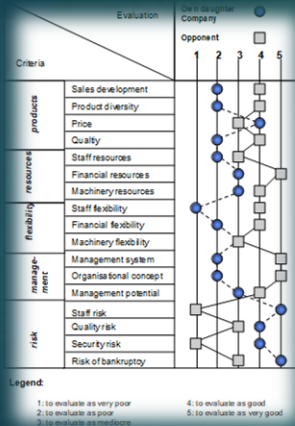
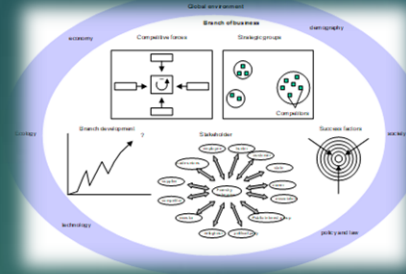
Competition situation

- Determination of competitors, their operative capability and their location
- Comparison of own prices with those of the opponents
- Estimation of competition advantages / disadvantages as opposed to opponents
- Estimation of the substitutability of services
- Determination of the abilities to react to possible opponents
- Determination of opponent weaknesses as a starting point for ones own offensive strategies

Distribution structure

- Geographical analysis of the distribution structure
- Determination of channels of distribution

The SWOT Matrix



| | Opportunities (external, positive) | Threats (external, negative) |
|---|---|---|
| Strengths (internal, positive) | <p>Strength-Opportunity strategies</p> <p>Which of the company's strengths can be used to maximize the opportunities you identified?</p> | <p>Strength-Threats strategies</p> <p>How can you use the company's strengths to minimize the threats you identified?</p> |
| Weaknesses (internal, negative) | <p>Weakness-Opportunity strategies</p> <p>What action(s) can you take to minimize the company's weaknesses using the opportunities you identified?</p> | <p>Weakness-Threats strategies</p> <p>How can you minimize the company's weaknesses to avoid the threats you identified?</p> |

... combining/ contrasting internal & external factors

Side note #2: Tool Stakeholder Analysis

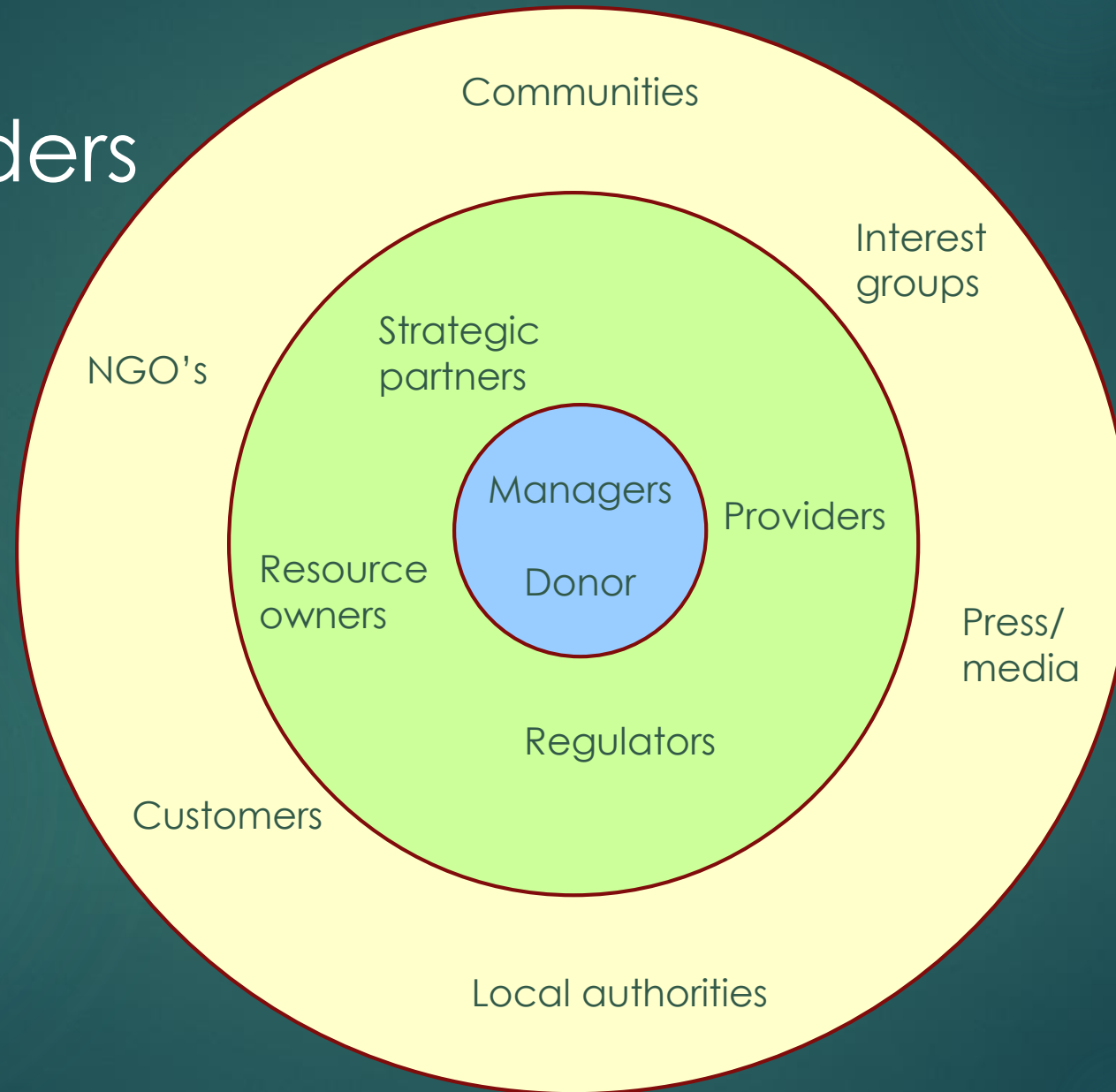
Stakeholder:

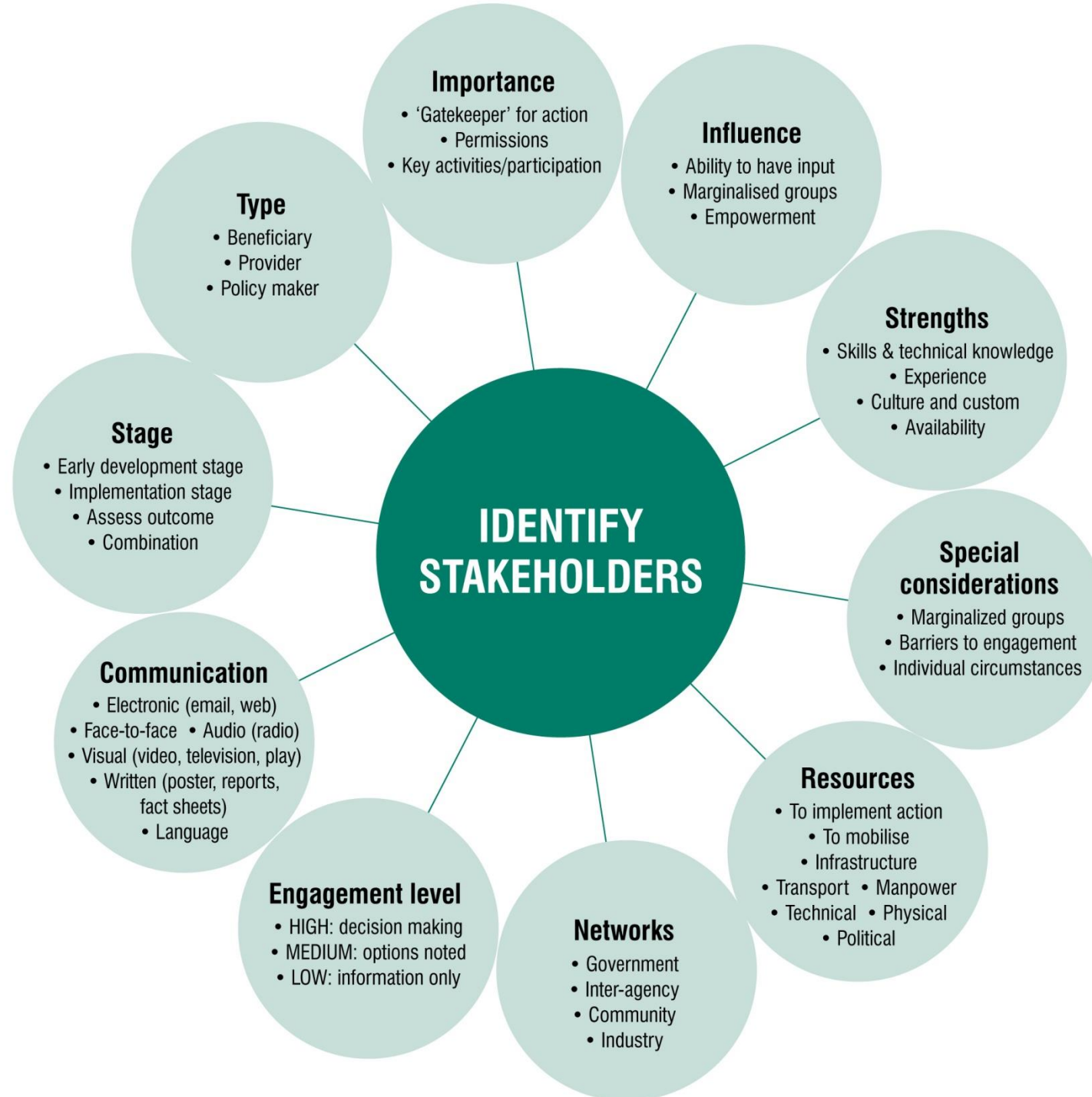
any person, group or organisation
who can be positively or negatively
impacted by, or cause an impact on,
the actions or activities proposed

Stakeholder analysis

- ▶ **Aim:** Identify the stakeholders and assess how they are likely to be impacted by the project.
- ▶ **Goal:** develop cooperation between the stakeholder and the project team and, ultimately, assuring successful outcomes for the project.

Stakeholders





Key analyses

60

Attitude

- ▶ Supportive
- ▶ Indifferent
- ▶ Opposed

Interested or not interested?

- ▶ Approachability?
- ▶ Flexibility?
- ▶ Ability to 'block' if remaining opposed?

Influence

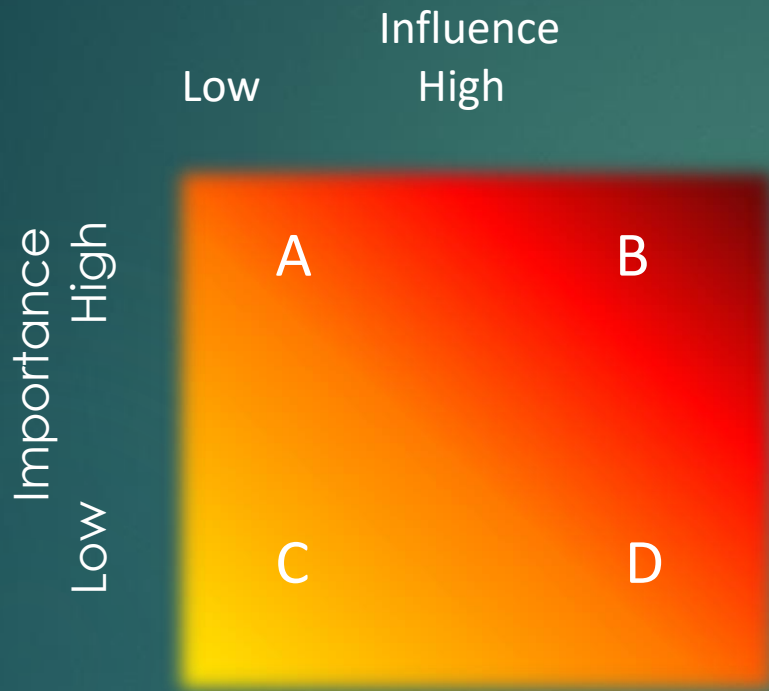
- ▶ Decision-maker
- ▶ Policy – maker
- ▶ Access 'gate-keeper'

Supportive or opposed?

- ▶ Accessibility?
- ▶ Open-mindedness?
- ▶ Willingness to use influence to change outcome (+ or -)

Importance

61



A: Keep satisfied

B : **Key player**

Beware a key player with strong opposition

C : Keep informed

D : Keep engaged

! **marginalized groups whose 'low influence' may come from poor opportunity**

Stakeholder management

62

- ▶ identifying conflicts/potential conflicts, gaps, contradictions or incompatibilities between stakeholder requirements, so that a reconciliation strategy can be planned.
- ▶ ensuring ongoing communication, two-way information access, monitor changes in engagement, attitude and/or influence

Business plan – core elements

63

1. Executive summary - showcasing the overall strategy of the company incl. its main missions and goals
2. Business idea & model – „What & Why?“
3. Market analysis –focus on the target market, competitors and the overall outlook of the industry.
4. Products and services – incl. clearly defined target customers' needs
5. Organization & management structure: team/ staff
6. **The business operations - understanding of the day to day running of the company** The plan outlines steps to be taken to ensure everything runs smoothly.
7. Financial projections
 - Projecting of expenses: viability of the business at the moment and in the future.
 - Sales projections –estimates for the business in the short and long-term, allowing for necessary adjustments to business strategies to ensure good sales at all times.
8. Financing
9. Implementation strategy/ plan

6. The business operations

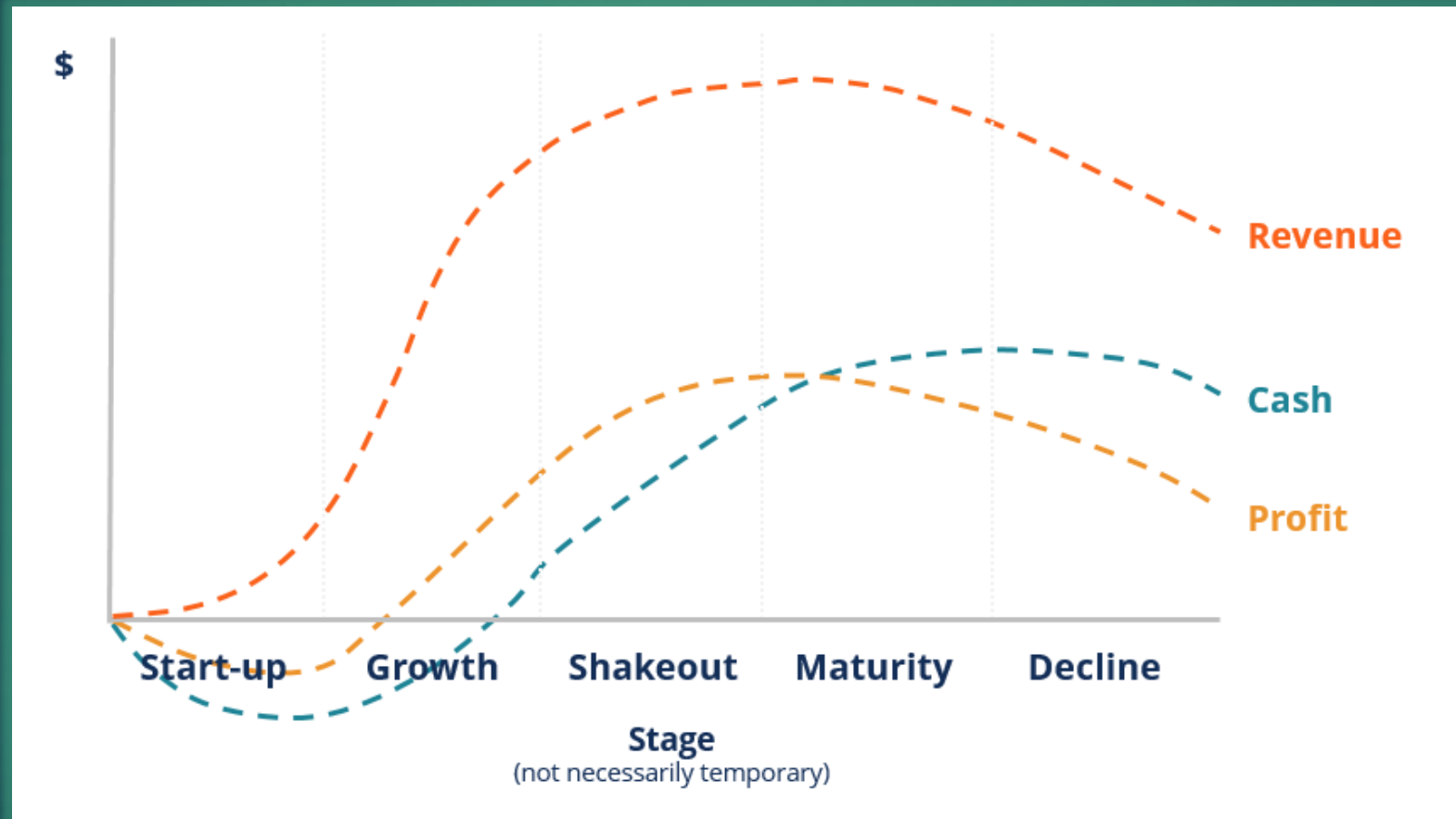
- ▶ describes about the manufacturing and/ or service delivery process to be utilized for production of chosen product and service.
- ▶ It should explain about the innovation brought in the process of production which makes it better when compared to existing competitors.
- ▶ It should also focus on the location & the availability of resources required for production.

Business plan – core elements

65

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9. Implementation strategy/ plan

7. Financial projections



Financial planning

67

Example: „Topsim“““

- ▶ Investment Planning: investments in fixed assets & others
- ▶ Initial investment costs, life cycle & Depreciation
- ▶ Plannend production Volume + required inputs & purchases; additional costs
- ▶ Personnel planning & staff costs
- ▶ Marketing & communication expenses
- ▶ Investment costs, depreciation, rental costs, capital costs
- ▶ Revenue Planning: Sales Projections, Prices (incl. seasonal fluctuations)
- ▶ Liquidity Planning (Cash In- & Outflows)
- ▶ Cost type calculation (labor, material, capital, other); fixed costs/ operating costs
- ▶ Profit & Loss Account; Balance sheet; Cash Flow

8. Financing

- ▶ If you need to borrow, explain how much you need, what you are going to use it for and how and when you will repay the loan.
- ▶ Explain how you plan to secure the loan and with what assets.
- ▶ Show the amount borrowed in your financials and include the monthly payments in your cash flow projections.
- ▶ When you need the money & how much
- ▶ The type of loan you are applying for
- ▶ The desired terms of payment
- ▶ A breakdown of how you will use the funds
- ▶ Any future funding requirements / Any expansion plans.

9. Appendix

- ▶ Up to Date Financial Statements
- ▶ Personal Statements of Net Worth
- ▶ Letters of Reference or Letters of Intent
- ▶ Product Photos and brochures
- ▶ Relevant Newspaper articles or internet downloads
- ▶ Resumes of Key employees or partners
- ▶ Incorporation or business registration papers
- ▶ Cash flow projections and sales forecasts
- ▶ Permits
- ▶ Licenses
- ▶ Trademarks or Patents
- ▶ Market Surveys
- ▶ Equipment and Asset appraisals
- ▶ Partnership or employment agreements
- ▶ Insurance policies
- ▶ Mortgages or Leases

Approach & style

70

- ▶ Write your entire plan in the 3rd person.
- ▶ Reference to the business, the owner, X Company, The Company, The Store etc. - DO NOT use I, we, our, mine, my or any other possessive terms when writing your business plan.
- ▶ Focus on the positives.
- ▶ Avoid “Wishing and Hoping” : Change words like “think” to “Know”, change “if” to “when”, change “hope” to “will” etc. etc.

ຂໍຂອບໃຈທ່ານ !

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