

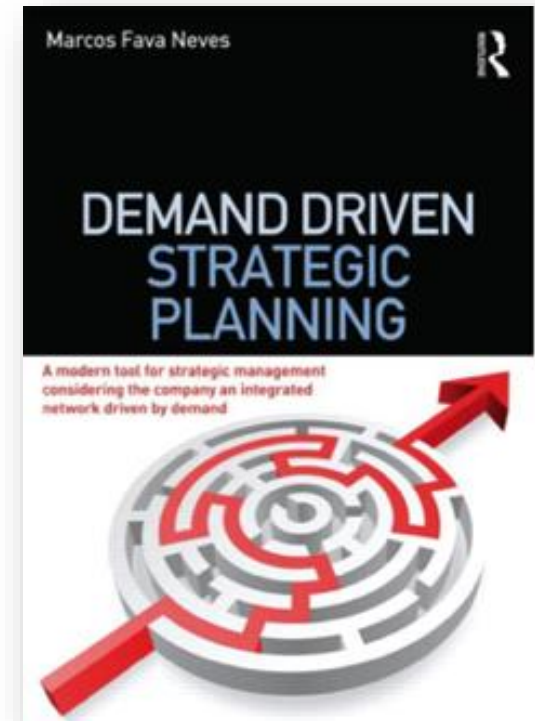
The Company as an Integrated Network

Demand Driven Strategic Planning Chapter 01

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Especialista em planejamento estratégico no agronegócio

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Agenda - The Company as a Integrated Network (Chapter 01)



➤ What is Marketing

1.1

➤ Every Company Builds a Network

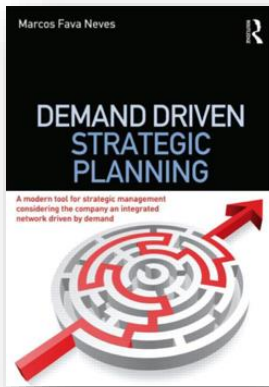
1.2

➤ Why should we think about Joint Strategic Actions

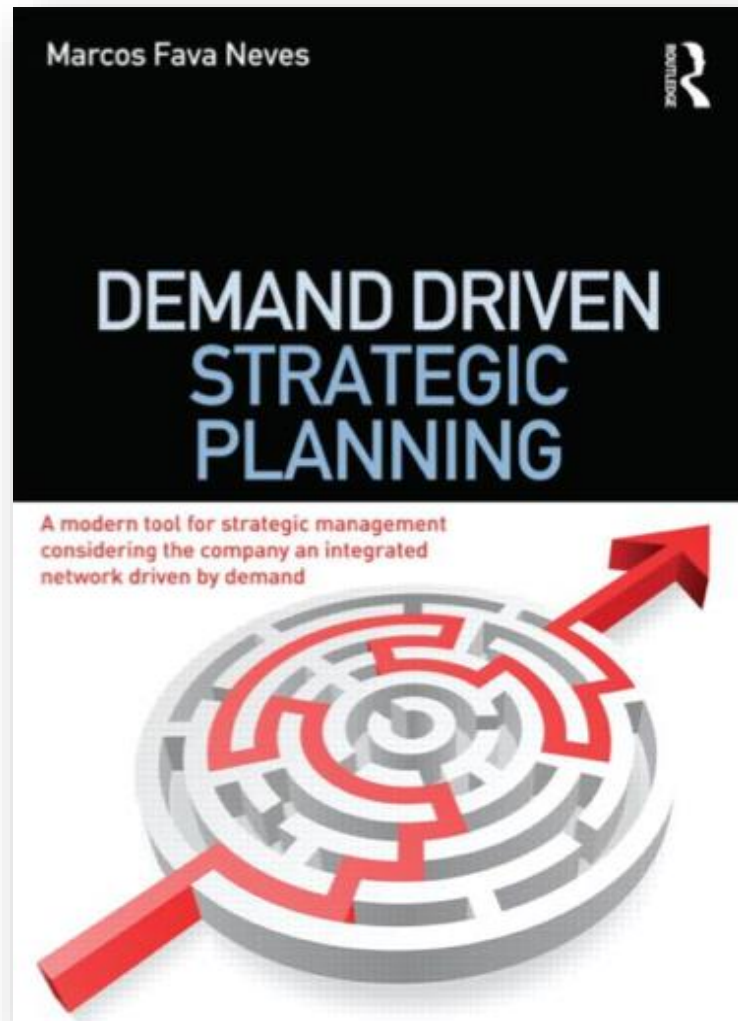
1.3

➤ Demand Driven Strategic Planning and Management: What ´s the purpose?

1.4



Strategic Planning Books:



Agenda - The Company as a Integrated Network (Chapter 01)



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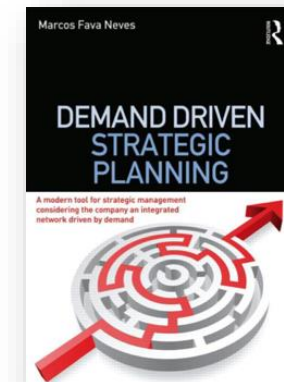
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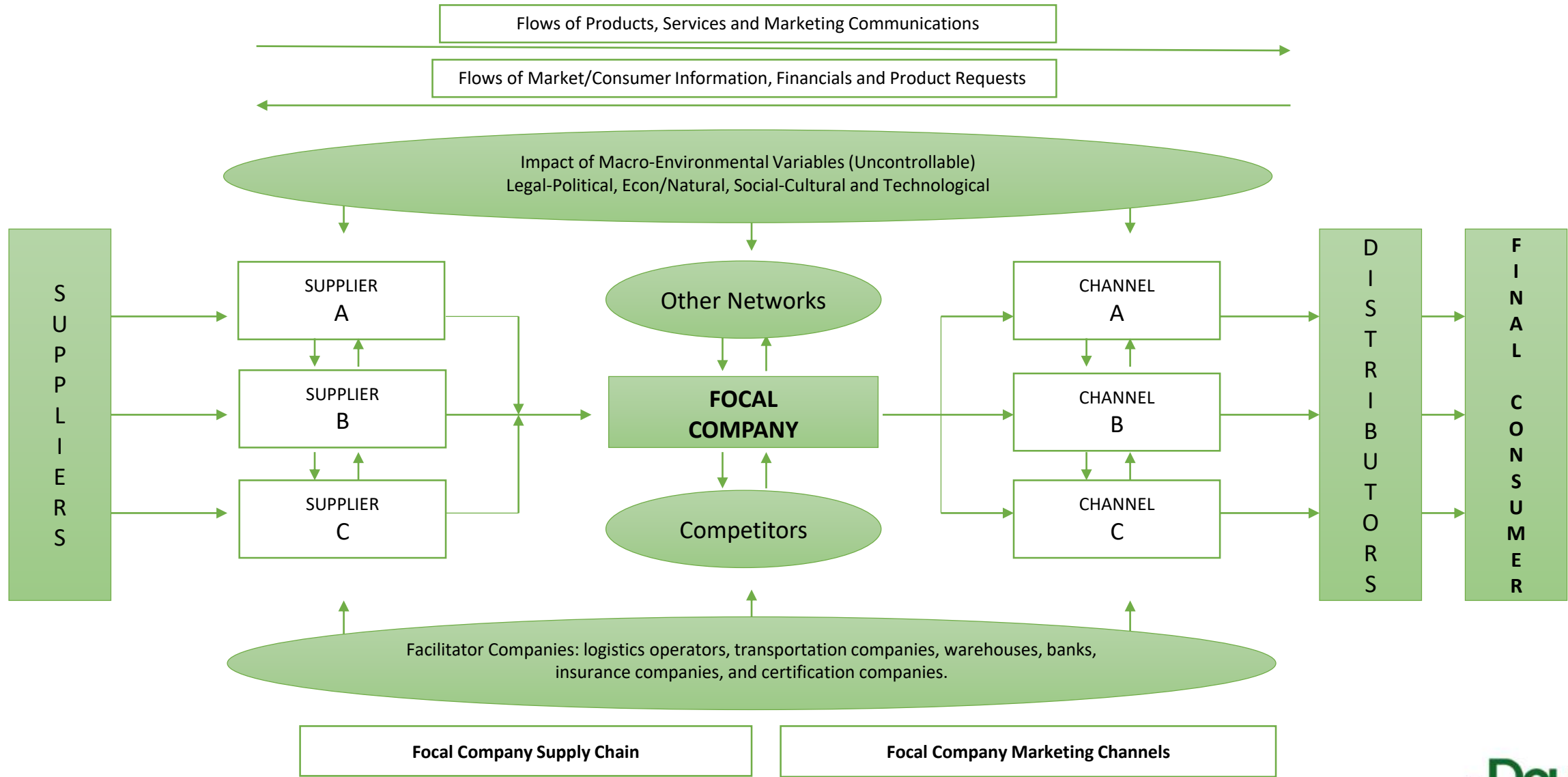
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➤ Demand Driven Strategic Planning and Management: What ´s the purpose?

1.4



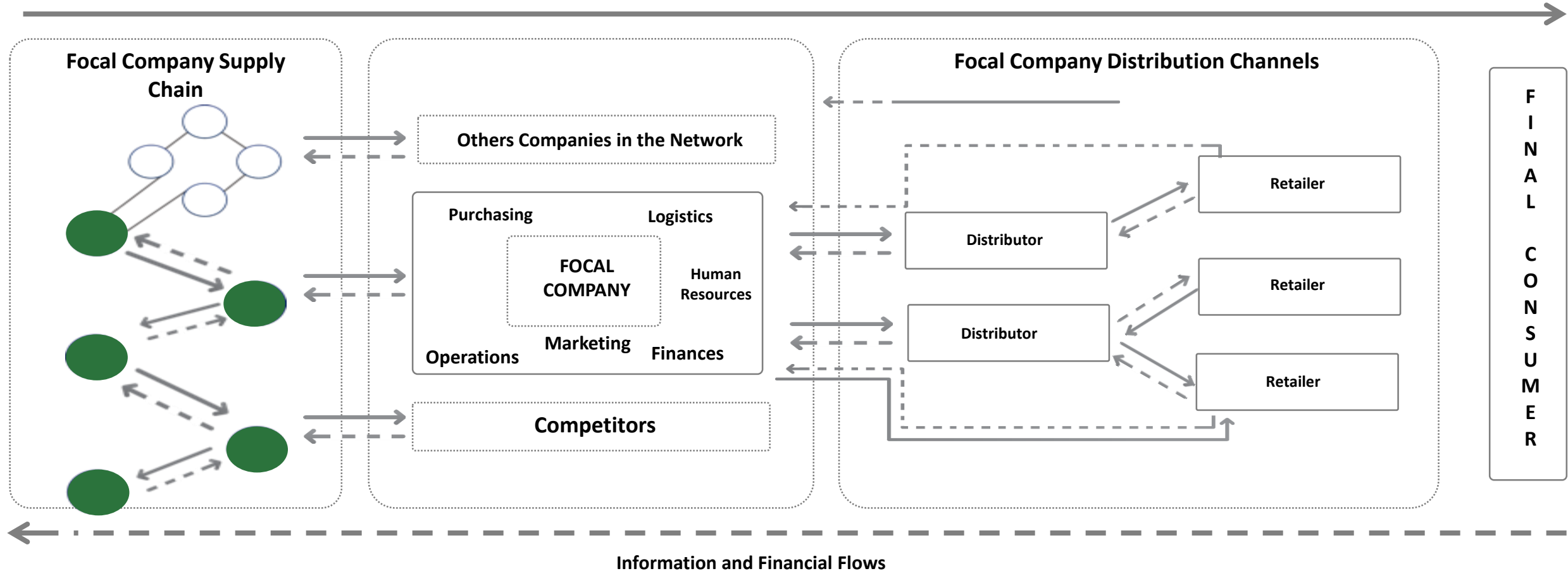
The Focal Company Network



The Company as an Integrated Network – Conceptual Model

Environmental Variables Shaking the Network (PEST)

Flow of Products, Services and Marketing Communications



Service Providers: financial, insurance, certification, transport, storage...

Agenda - The Company as a Integrated Network (Chapter 01)



➤ What is Marketing

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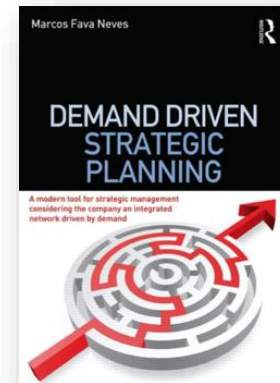
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➤ **Why should we think about Joint Strategic Actions**

1.3

➤ Demand Driven Strategic Planning and Management: What ´s the purpose?

1.4



Demand Driven Organizations – 10 Points

List Ideas and Projects

- 1 – Listen and pay attention
- 2 – Don't fear to be evaluated
- 3 – Dedicate a formal time to think
- 4 – Exercise macro-environmental changes
- 5 – Simulate future changes anticipating reactions
- 6 – Possess the high stakeholders touch
- 7 – Share a sense that they are owned by the consumer
- 8 – Don't fear change
- 9 – Entrepreneurial and innovation behavior
- 10 - Share discipline to make things happen

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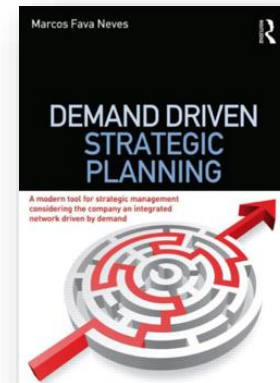
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Strategic Planning 15 P's



Source: Developed by the autor. Figure 1.3: Strategic Planning 15 Ps

DDSP (Demand Driven Strategic Plan) Structure

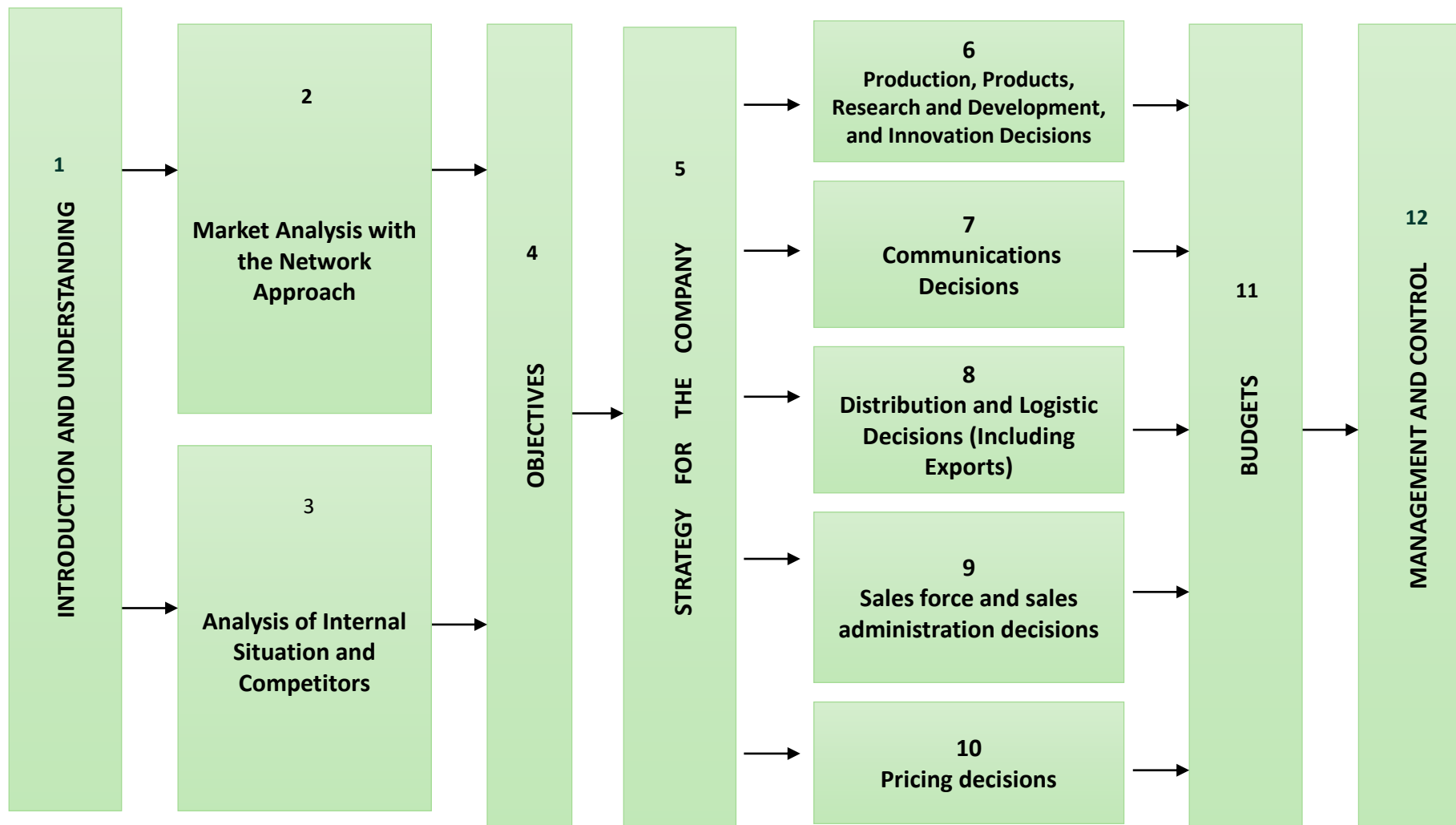


Figure 1.4 DDSP (Demand Driven Strategic Plan) Structure

Differences Between Strategic Planning and Marketing Planning

Strategic Planning	Marketing Planning
✓ General concern with the organization's long term direction	✓ Concerned with performance and day to day results
✓ Provides a long term structure for the organization	✓ Represents only a stage of the organization's development
✓ General orientation necessary to match the organization and its development	✓ Functional and professional orientation tends to be predominant
✓ Objectives and strategies are evaluated through a general perspective	✓ Objectives are subdivided into specific goals
✓ The relevance of the objectives and strategies is evident only in the long term	✓ The relevance of the objectives and strategies is evident immediately

Source: Greenley (1986). Table 1.2. Differences between strategic planning and marketing planning.

Demand Driven Strategic Planning and Management with a Network Approach – Detailed Sequence of the Proposed Steps

STEP	WHAT MUST BE DONE Phase 1 – Introduction
<p>1</p> <p>Introduction and Understanding</p>	<ul style="list-style-type: none"> ✓ Understand the company's history. ✓ Determine if the organization has exisisting plans and study them. ✓ Determine how the planning process is carried out in the company. ✓ Determine which teams will participate in the DDSP. ✓ Chose a person within the team who can promote relationships with other companies. ✓ Determine cultural aspects. ✓ Determine why the process is beginning at this point time (normally change of management, company professionalization, or, in the case of multinationals, requirements from the head office). ✓ Finally, in cases of companies with sophisticated planning processes, verify how DDSP may help the existing model and gradually adapt the company to it, without any unnecessary disruptions.

Table 1.3 Demand Driven Strategic Planning and management with a network approach – detailed sequence of the proposed steps.

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STEP	WHAT MUST BE DONE Phase 1 – Introduction
<p>2</p> <p>Environmental Analysis with a Company Network Approach</p>	<ul style="list-style-type: none"> ✓ Map out and understand the company's network in detail as in Figure 1.1. ✓ Identify all possible market data in which the company operates (size, growth rates, market participation, life cycle, among others). ✓ Identify the threats and opportunities that come from uncontrollable variables (possible changes in the political and legal, economic and natural, social and cultural and technological environments) in domestics and international markets. ✓ Understand existing barriers (tariff and non-tariff) and determine any collective actions to reduce them. ✓ Analyze final and intermediary (distributors) consumer's behavior and their purchase decision process. ✓ Set up a Marketing Information System so the company can always be informed and make structured and well founded decisions. ✓ Determine main domestic and international. ✓ Make a proactive list of collective actions that can be carried out jointly with competitors or other companies for all steps listed here (for example, joint market research).

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STEP	WHAT MUST BE DONE Phase 1 – Introduction
3 Internal Situation Analysis and Competition	<ul style="list-style-type: none"> ✓ Determine the strengths and weaknesses of the company. ✓ Do the same analysis for the main competitors. ✓ Analyze the internal environment and marketing structure. ✓ Analyze company value creation, resources and competencies. ✓ Analyze the critical success factors. ✓ Select companies with the best evaluation (they may be competitors or not) which to be benchmarks (sources of good ideas), and in what particular areas.
4 Objectives	<ul style="list-style-type: none"> ✓ The main objectives must be defined and quantified (in terms of sales, market participation and market presence, entry in new markets). ✓ The level of detail must be high, so the objectives can be monitored throughout the period of the plan. ✓ The objectives of network partnerships and alliances must also be included.
5 Strategies to Reach the Objectives	<ul style="list-style-type: none"> ✓ List the main strategies (actions) that will be used to reach the objectives proposed in item 4. ✓ Perform market segmentation, selection of target markets, differentiation strategies and positioning, among others. ✓ Make a broad summary of the actions foreseen in Phase 2 (this summary must be made after the plan is complete, steps 6 through 10).

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STEP	WHAT MUST BE DONE Phase 1 – Introduction
<p>6</p> <p>Product Decisions</p>	<ul style="list-style-type: none"> ✓ Analyze products and product lines, as well as complementary product lines to enable decisions about expansion. ✓ Use the concept of networks to verify product opportunities (joint product packages with competitors, complementary product lines with other companies and other actions). ✓ Find opportunities for launching new products. ✓ Detail all services that are (and will be) offered. ✓ Make brand decisions (individual branding, family branding, distributor private branding). ✓ Make decisions in relation to packages (label, material, design). ✓ Prepare a budget for products, new products and other actions that are not in this step.
<p>7</p> <p>Communication Decisions</p>	<ul style="list-style-type: none"> ✓ Identify the target audience which will be the object of the communications (company messages). ✓ Develop the objectives for these communications (brand knowledge, brand memory, persuasion, among others). ✓ Define the communication mix that will be used; in other words, define plans for advertising, for public relations and publicity, for sales promotion, as well as direct marketing actions. ✓ Identify actions that can be made jointly with other companies. ✓ Prepare the budget for the communications actions. ✓ Indicate how the communication results will be measured, so the company can continuously learn how to use the best tools according to its experience.

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STEP	Phase 2 – Plans for Controllable Marketing Variables
<p>8</p> <p>Distribution and Logistic Decisions</p>	<ul style="list-style-type: none"> ✓ Analyze the company's product distribution channels and seek new ones, defining the distribution objectives, such as: presence in markets, type and number of points of sale, services offered, market information, product promotion and incentives. ✓ Define opportunities and threats of the current distribution system. ✓ Identify possible distributor's and consumer's desires to adjust the services offered. ✓ Define the way of entering markets, whether it is through franchises, joint ventures or other contracts, or even via vertical integration; creating domestic or international contracts with the distribution channels. ✓ Determine an annual distribution budget. ✓ Verify how distribution actions may be made jointly with other companies of the network.

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STEP	Phase 2 – Plans for Controllable Marketing Variables
<p>9</p> <p>Sales Force and Sales Administration Decisions</p>	<ul style="list-style-type: none"> ✓ Produce an analysis of the current sales force situation, in other words, map territories, sales potential, coverage indexes, participations and define objectives for the next period, based on performance indicators. ✓ Define the sales force approach to customers (strategy). ✓ Set boundaries for the sales force's actions, directing their efforts, establishing (or not) a support team in the company. ✓ Define the ideal size of sales force for the company, and finally, establish how it will be paid. ✓ Recruit, select, supervise, motivate and train the sales team; these are necessary steps to guarantee the continuity of the work. ✓ Evaluate and monitor the reaching of goals, this is part of leading the team to issues raised in earlier steps. ✓ Also, list network actions, including cooperating with competitors and other companies that are in the same target market. ✓ Create a budget for the sales force.

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STEP	Phase 2 – Plans for Controllable Marketing Variables
<p>10</p> <p>Pricing Decisions</p>	<ul style="list-style-type: none"> ✓ Define the company's objectives in relation to pricing. ✓ Analyze domestic and international demand. ✓ Analyze and control production costs. ✓ Analyze costs, prices and offers of the competition. ✓ Chose a method to be used in price setting and decide which types of prices and variations (regional, conjuncture, etc.) will be used. ✓ Develop procedures for how the company reacts to changes in competitor's pricing.
<p>11</p> <p>Budget</p>	<ul style="list-style-type: none"> ✓ Budgets for all marketing variables, such as activity related to market and consumer analysis (02), products (06), communication (07), distribution (08) and sales force (09), must be defined, giving a complete budget for the DDSP, with the aim of reaching the planned goals

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STEP	Phase 3 – Monitoring, Follow-up and Plan Management
12 Execution, Control, Follow-up and Correction	<p>✓ This phase begins after the Plan is finished. It refers to the follow-up, the teams involved and corrective actions. In other words, Plan management. The Plan (i.e. the document) must be a living document, in constant discussion and constantly updated in the company. It can be divided in several projects.</p>

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Prof. Marcos Fava Neves

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- ❑ Marcos Fava Neves is an *international expert* on global agribusiness issues and a part-time professor of planning and strategy at the School of Business (FEARP) of the University of São Paulo (USP) and FGV Business School, both in Brazil. He graduated as an agronomic engineer from ESALQ/USP - Piracicaba in 1991. He earned his master's degree in 1995 and his doctorate in management in 1999 from the FEA/USP School of Economics and Business – São Paulo. Marcos completed postgraduate studies in European agribusiness at ESSEC-IGIA in France in 1995 and in chains/networks at Wageningen University, in the Netherlands (1998-1999). In 2013 he spent the year as a visiting international professor at Purdue University (Indiana, USA) where he maintains the linkage as a permanent International Adjunct Professor. Since 2006 he is an international professor at the University of Buenos Aires, Argentina.
- ❑ He has *specialized in strategic-planning* processes for companies and food chains and works as a board member of both public and private organizations, being member of more than 10 international boards since 2004. Also in 2004, he created the Markestrat think tank with other partners, today employing around 60 people and doing international projects, studies and research in strategic planning and management for more than 250 agri-food business organizations. Some of these projects were very important in suggesting public policies for food chains that were implemented in Brazil with economic and social impacts.
- ❑ Also as an experience in the private sector, from 1992 to 1993 he worked in citrus juice exporter and from 1994 to 1995 in a veterinarian company. In 2008, he became CEO of Brazil's second-largest biofuel holding company, a position he occupied until 2009, when he returned to the University of São Paulo (USP) and Markestrat.
- ❑ At the academic side, since 1995 (when he was hired by USP), Marcos has advised more than 30 doctorate dissertations and master's theses and helped to form around 1200 Bachelors in Business Administration in Brazil with around 120 courses taught to undergraduates at USP.
- ❑ His writings are strongly focused on supplying simple and effective methods for business. He has published more than 100 articles in international journals and has been author and editor of 63 books by 10 different publishers in Brazil, Uruguay, Argentina, South Africa, Singapore, Netherlands, China, the United Kingdom and the United States. He is also a regular contributor for China Daily Newspaper and has written two case studies for Harvard Business School (2009/2010), one for Purdue (2013) and five for Pensa/USP in the nineties. Recognized as the Brazilian academic with the largest number of international publications about orange juice and sugar cane chain and one of the top 3 most cited Brazilian authors in the area of food and agribusiness. He has reached more than 4000 citations in Google Scholar index.
- ❑ Marcos is one of the most active Brazilian speakers, having done more than 1050 lectures and presentations in 25 countries. He received around 150 recognitions from Brazilian and international organizations, and is considered a "Fellow" of the IFAMA (International Food and Agribusiness Management Association), title received in Minneapolis - 2015.
- ❑ Coming from a family of farmers, he is a worldwide defender of agriculture and farmer's role in the development of the society. In the social side, together with his parents, Marcos is one of the creators and maintainers of Mucapp, a NGO that in 20 years has built more than 450 houses for families in Brazil that face very unfavorable conditions.