

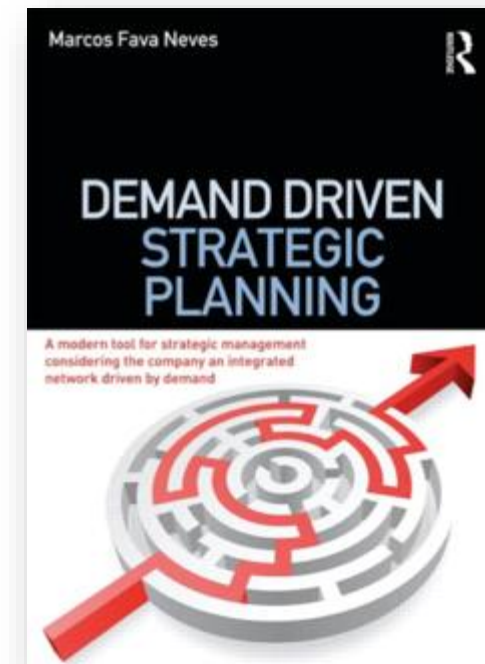
Analyzing the Company and its Competition (Internal Analysis)

Demand Driven Strategic Planning Chapter 03

Prof. Dr. Marcos Fava Neves

Faculdade de Administração (FEA/RP) – Universidade de São Paulo, desde 1995
Escola de Administração de Empresas (EAESP/FGV), desde 2018
Center for Agricultural Business - Purdue University (Indiana/USA), desde 2013
PAA – FAUBA – Universidade de Buenos Aires, desde 2006
Criador da Markestrat (www.markestrat.com.br) em 2004
Especialista em planejamento estratégico no agronegócio

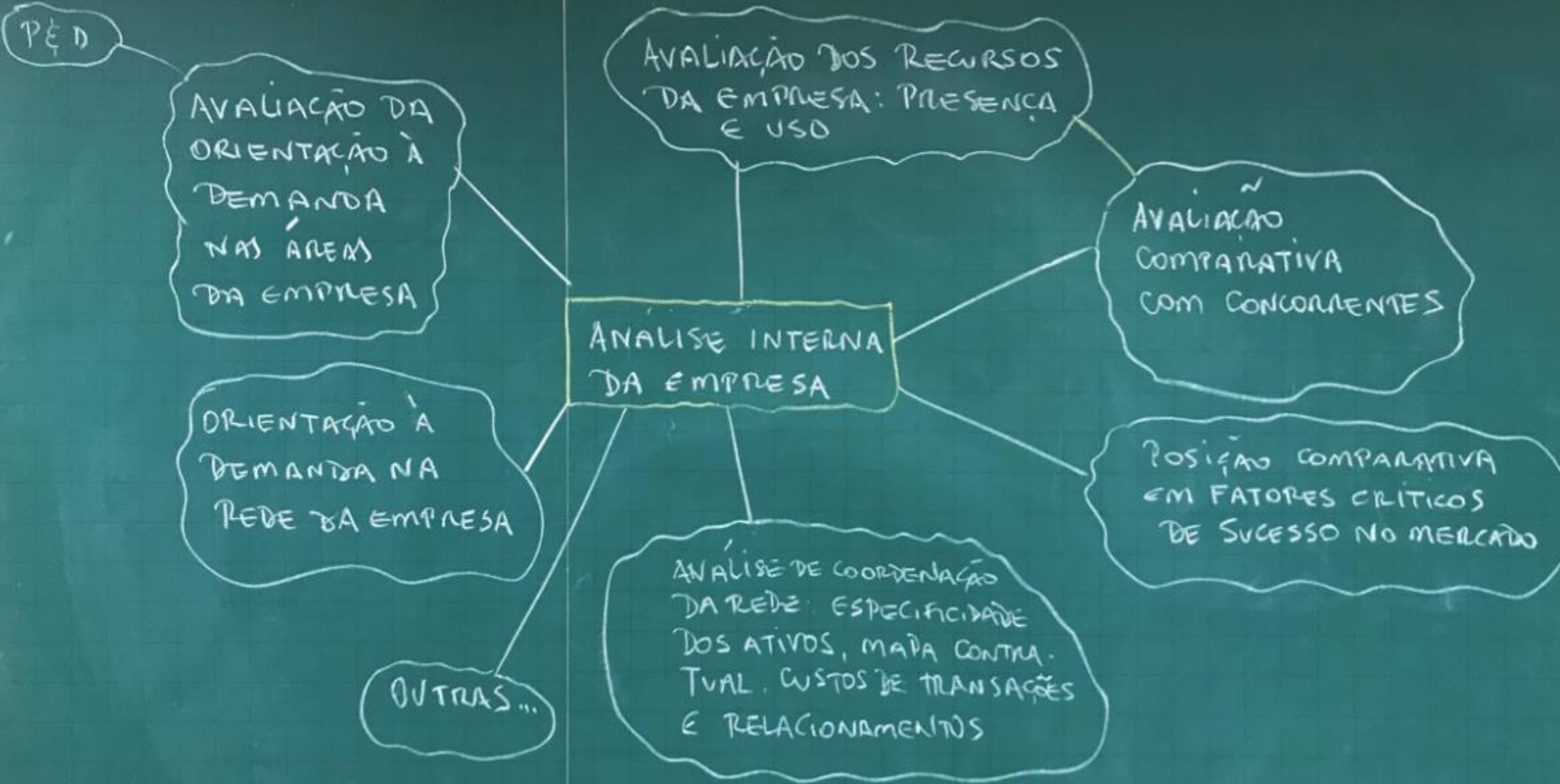
www.doutoragro.com



Question for Debate

We were invited to do an internal analysis for a certain company. Let's build a figure of what we would (which types of analysis could be done) do and a method (sequence of steps of our work).

Prepare a proposal!



Agenda – Tools for Internal Analysis (Chapter 03)

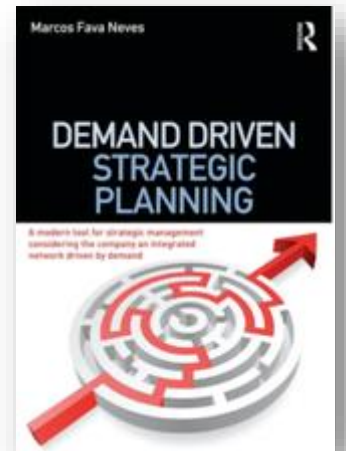


➤ The Company's Customer Orientation and Resources **3.1**

➤ Evaluating The Company's Current Business Model - Canvas **3.2**

➤ Analyzing the Competition **3.3**

➤ Identifying the Critical Success Factors **3.4**



3.1 - Evaluation of the Company's Customer Orientation

ARE THESE ACTIVITIES CARRIED OUT?

RESEARCH AND DEVELOPMENT	GRADE 0 TO 10
Is alert to global innovations, via web and others.	
Dedicates time to meet clients and listen to their problems.	
Accepts involvement of marketing and sales areas, among others, in each new project.	
Tests and evaluates the competition's products.	
Seeks to know the customer's reactions and asks for suggestions.	
Continually improves the product, based on the market feedback.	

Table 3.1 Evaluation of the company's customer orientation.

Sources: Author, adapting from Cooper and Lane (1997), Las Casas (1999), Jain (2000), McDonald (2002) and Lambin (2000).



3.1 - Evaluation of the Company's Customer Orientation

ARE THESE ACTIVITIES CARRIED OUT?

PURCHASING AND PRODUCTION	GRADE 0 TO 10
Stimulates suppliers' continuous innovation, not allowing them to grow complacent.	
Pro actively seeks the best suppliers, instead of choosing only from those that approach the company.	
Reduces transaction costs seeking long term relationships with a smaller number of reliable and high quality suppliers.	
Does not make concessions to quality in order to save on price.	
Invites customers to visit and get to know the facilities.	
Visits the customer's facilities and verifies how they use the company's products.	
Continuously seeks to manufacture goods faster and/or at a lower cost.	
Continuously improves product quality, trying to reach the zero defects measure.	
Satisfies the customer's demands for "customization", when this can be made in a profitable way.	

Table 3.1 Evaluation of the company's customer orientation.

Source: Prof. Dr. Marcos Fava Neves

archer farms

Entertaining Tray

BREADSTICKS, HARD SALAMI,
PROVOLONE CHEESE, PEPPERONI

NET WT 15 OZ (425g)

KEEP REFRIGERATED

SMOKE
FLAVORING
ADDED



3.1 - Evaluation of the Company's Customer Orientation

ARE THESE ACTIVITIES CARRIED OUT?

MARKETING	GRADE 0 TO 10
Listens and studies the customer's needs and desires in well defined market segments.	
Allocates marketing efforts according to the potential of long term profit of the target segments.	
Creates winning offers for the target segment.	
Continually evaluates the company's image and customer's satisfaction.	
Continually collects and evaluates ideas of new products and how to improve existing products and services in order to satisfy the customer's needs.	
Has specialized knowledge of the customer's sector of activity.	
Endeavors to offer the customer "the best solution".	
Only makes promises that it can keep.	

Table 3.1 Evaluation of the company's customer orientation.

Source: Prof. Dr. Marcos Fava Neves



Low price!
3.99



**"You can
discover
local
every day!"**



Wiers Farms
1896
Willard, Ohio

Rutishes, Greens, Lettuces, Green Onions
Summer Squash, Fall Squash, Pumpkins,
Sweet Corn, Cucumbers, and Peppers

LOCALLY GROWN

MAV-CERT-MDPA *
Vegetables

certified
organic
Grown by Certified Organic Farmers



certified
organic
Grown by Certified Organic Farmers



3.1 - Evaluation of the Company's Customer Orientation

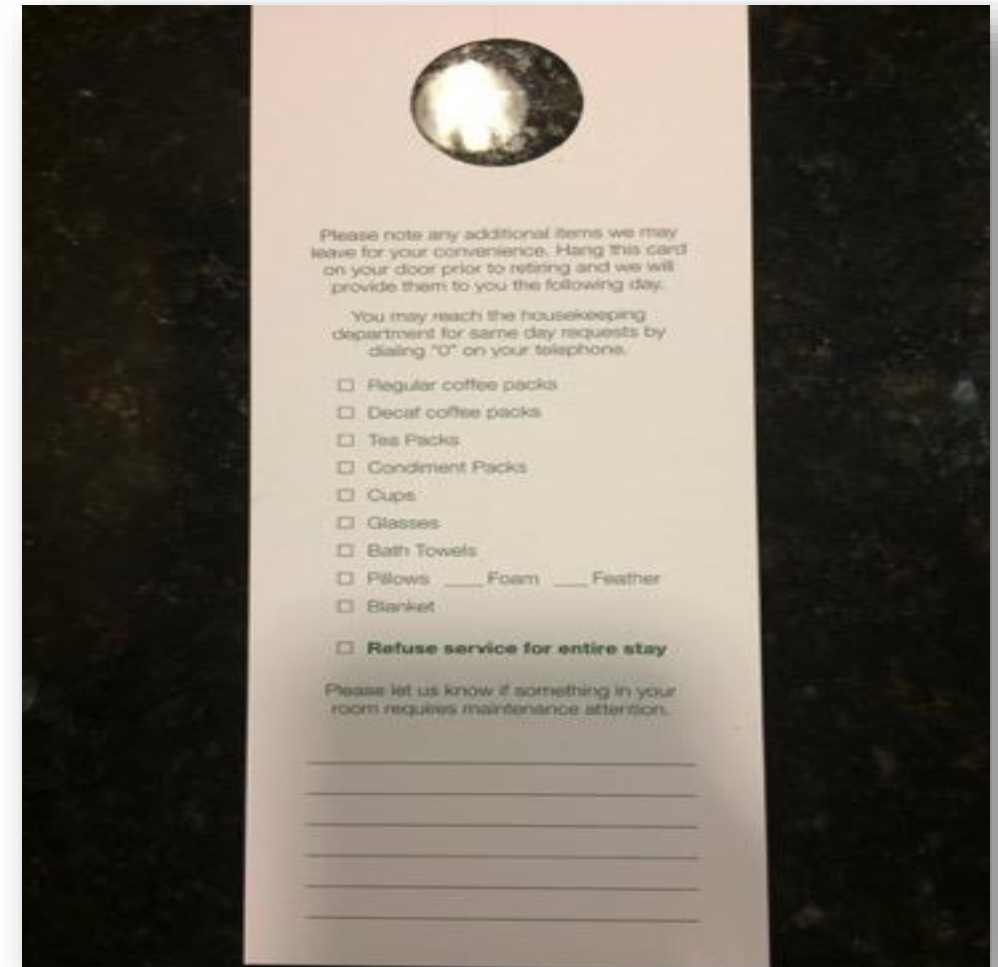
ARE THESE ACTIVITIES CARRIED OUT?

MARKETING	GRADE 0 TO 10
Influences all company departments and employees so that they consider the customer in all they think and do.	
Transmits the customers' needs and ideas to the people responsible for product development.	
Serves the same customers for a long period of time.	
Establishes a high standard for the customer servicing, capable of answering their questions, answering their complaints and solving their problems in a quick and satisfactory way.	
Establishes a high standard for the customer servicing, capable of answering their questions, answering their complaints and solving their problems in a quick and satisfactory way.	
Publishes favorable news about the company and "controls the damage" of the unfavorable news.	
Acts as an internal customer and an advocate of the public with the intention of improving the company's policies and practices.	

Table 3.1 Evaluation of the company's customer orientation.

Source: Prof. Dr. Marcos Fava Neves

Hilton Experience (California)



3.1 - Evaluation of the company's customer orientation

ARE THESE ACTIVITIES CARRIED OUT?

ACCOUNTING AND FINANCE	GRADE 0 TO 10
Periodically prepares "profitability" reports by product, market segment, geographical areas (regions, sales territories), order size and individual customers.	
Prepares invoices suitable to the customer's requirements and answers their inquiries quickly and with courtesy.	
Understands and supports marketing investments (i.e. institutional advertising) that yield the customer's preference and loyalty in the long term.	
Makes financial packages that are adequate to the customer's financial needs.	
Makes quick decisions regarding the customer's capacity of honoring their financial obligations.	
OTHER EMPLOYEES THAT HAVE CONTACT WITH CLIENTS	
Are competent, attentive, pleasant, reliable and receptive.	

Table 3.1 Evaluation of the company's customer orientation.

Source: Prof. Dr. Marcos Fava Neves

A Framework For a Demand Driven Behavior in a Network Approach

1 - FINAL CONSUMER	2 - DISTRIBUTION CHANNELS	3 - GOVERNMENT
- How to deliver great value and built loyalty?	- How to improve the performance of channels in terms of profit and traffic generation?	- How to contribute more with the government (helping international agreements, improving regulation systems and controls)?
- How to understand the segments of consumer?	- How to offer complete solutions?	- How to better use the available public resources (financing, research development institutes and others)?
- How to anticipate trends?	- How to build channel incentive programs?	
- How to offer solutions?	- How to reduce transactional costs with distributors?	
- How to monitor the feedback?	- How to participate in private label strategies?	
- How to build consumers laboratories, places for interactions?	- How to improve the flows from the organization to the channel?	
- How to improve the linkage and connectivity with consumer?		

A Framework For a Demand Driven Behavior in a Network Approach

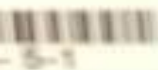
4 - COMPETITORS	5 - NON COMPETITORS	6 - INPUT SUPPLIERS	7 - SERVICE PROVIDERS
- How to make the organization open to strategic alliances, joint ventures, collective actions in a proactive approach?	- How to make the organization open to alliances, joint ventures and other collective actions in a proactive approach?	- How to monitor and stimulate supplier's sustainability and security procedures?	- How to have the best value service providers linked to the organization?
- How to better participate in horizontal associations?	- Is it structured for this?	- How to improve cost and efficiency (value) of inputs?	- how services need to be provided for the best functioning of the contractual networks?
- How to improve ethics and Standards of the industry?	- How to stimulate benchmarking?	- How to lower transaction costs with suppliers?	- How services are sensitive or affected to the final consumer buying decision process?
		- How to innovate towards sustainable and renewable inputs?	- How to reduce transaction costs?
			- How to monitor and stimulate the service provider's sustainability and security procedures?

Classification of the Company's Resources

TANGIBLE RESOURCES		RELEVANT CHARACTERISTICS	KEY-INDICATORS	Company versus Competition
Financial Resources	<ul style="list-style-type: none"> ✓ Company's capacity for funding. ✓ Equity capital. ✓ Investment capacity. 	<ul style="list-style-type: none"> ✓ Net equity. ✓ Cash flow. ✓ Credit rate. 	✓ Qualitative opinions.	
Physical Resources	<ul style="list-style-type: none"> ✓ Group of production possibilities and the impact in the company's cost position. ✓ Size, location, technique, plant sophistication and flexibility and equipment. ✓ Raw-material reserves. 	<ul style="list-style-type: none"> ✓ Market value of the fixed assets. ✓ Equipment depreciation. ✓ Production scale of the factories. ✓ Flexibility of the fixed assets. ✓ Use of strategic alliances in production. 		
INTANGIBLE RESOURCES		RELEVANT CHARACTERISTICS	KEY-INDICATORS	Company versus Competition
Technological Resources	<ul style="list-style-type: none"> ✓ Intellectual propriety, patent portfolio, copyrights, commercial secrets. ✓ Innovation resources: research, technicians and scientists. 	<ul style="list-style-type: none"> ✓ Number and importance of patents. ✓ Income from patent licensing and copyrights. ✓ R&D teams. ✓ Number and location of the research resources. 		

Table 3.5 Classification of the company resources.
Source: Prof. Dr. Marcos Fava Neves

um Selects Chicken Tenders 20oz



7/16
22

ABLE FOR FRESHNESS



100%
ALL NATURAL
INGREDIENTS

FULLY COOKED
CRISPY
CHICKEN STRIPS

CHICKEN BREAST STRIP FRITTERS
WITH WHITE MEAT CHICKEN

CHICKEN RAISED WITH
**NO ANTIBIOTICS
EVER!**
NO PRESERVATIVES
NO ADDED HORMONES
OR STEROIDS



100%
ALL NATURAL
INGREDIENTS

CHICKEN STRIPS

FULLY COOKED
CRISPY
CHICKEN STRIPS
CHICKEN BREAST STRIP FRITTERS

1.56 LB 7oz

Classification of the Company's Resources

INTANGIBLE RESOURCES		RELEVANT CHARACTERISTICS	KEY-INDICATORS	Company versus Competition	
Reputation	✓	Brand reputation with consumers.	✓	Brand recognition.	
	✓	Reputation of the company in relation to quality and reliability of its products and services.	✓	Brand value.	
Culture	✓	Reputation with the suppliers, governmental agencies, banks and community.	✓	Percentage of repeat purchases.	
	✓	Values, traditions and social norms.	✓	Objective measures of performance of comparative products.	
				Research the organization's reputation.	
HUMAN RESOURCES		RELEVANT CHARACTERISTICS	KEY-INDICATORS	Company versus Competition	
HR	✓	Education, training and employee experience.	✓	Educational, technical and professional qualifications of the employees.	
	✓	Abilities available to the company.	✓	Wages in relation to the industry.	
Creativity	✓	Employee adaptability and contribution for the flexibility of the organizational strategy.	✓	Percentage of days lost with work suspension or industrial disputes.	
	✓	Collaborative and social abilities of the employees.	✓	Absenteeism rates.	
				Employee turnover rate.	
				Way they speak of, admire and have affection for the company.	
Creativity	✓	Product innovation, processes and ways of working.	✓	R&D advances.	
	✓		✓	Number of innovations and product launches.	



Agenda – Tools for Internal Analysis (Chapter 03)

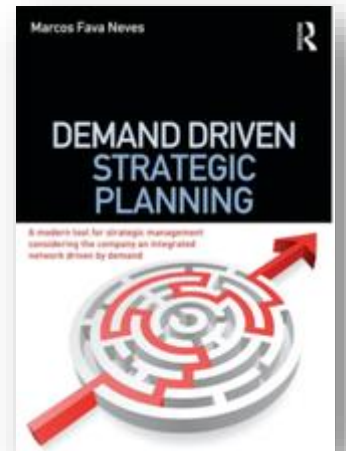


› The Company's Customer Orientation and Resources 3.1

› Evaluating The Company's Current Business Model - Canvas 3.2

› Analyzing the Competition 3.3

› Identifying the Critical Success Factors 3.4

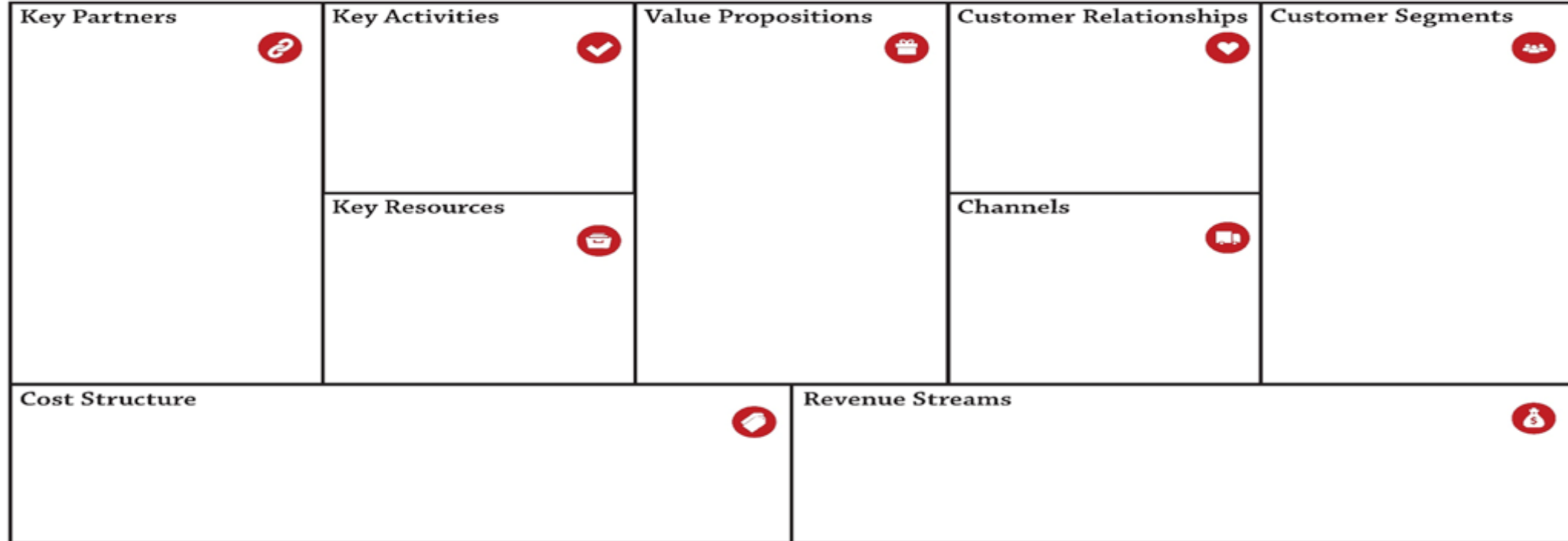


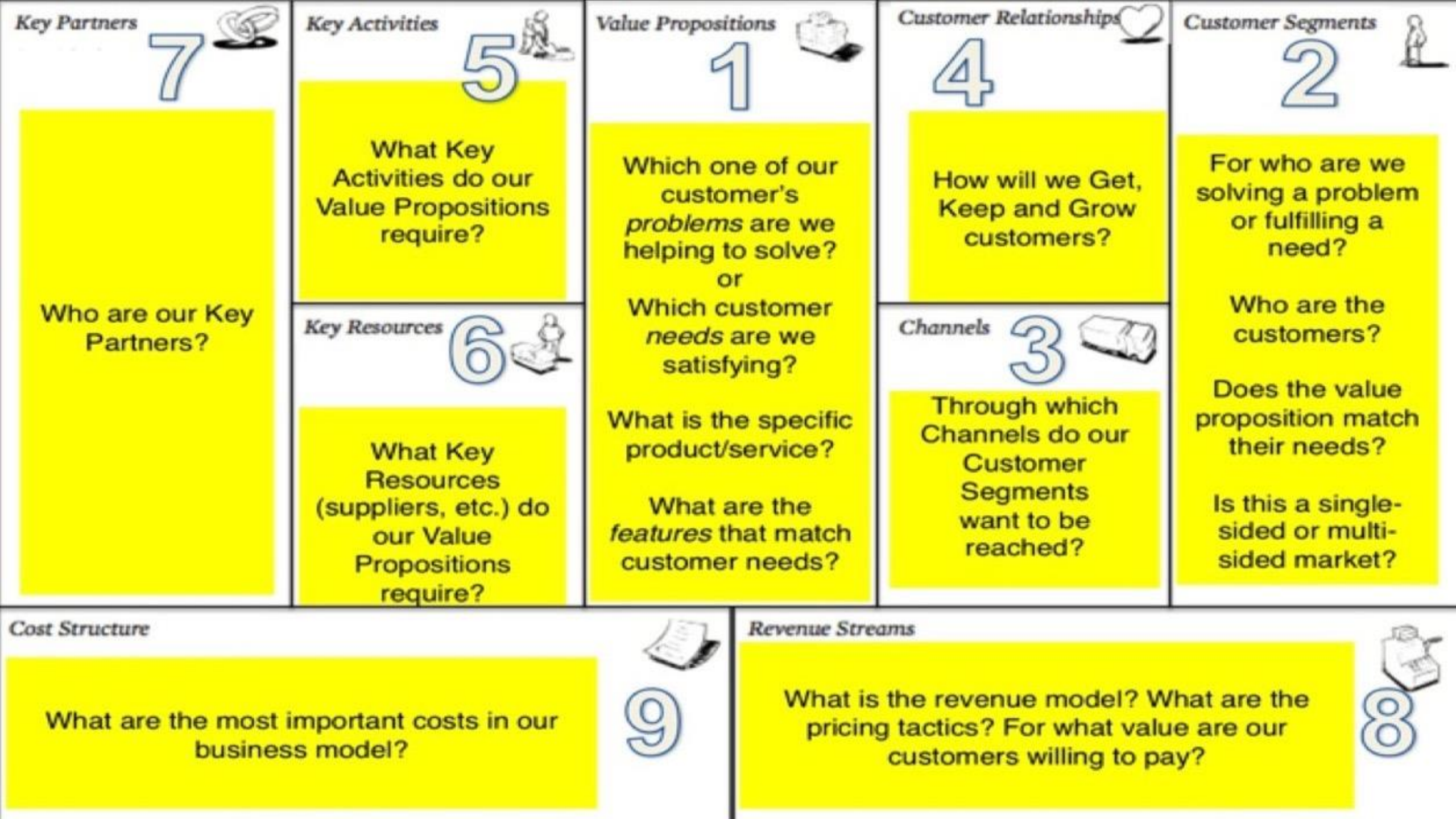
What is a Business Model?

- A business model describes the rationale of how an organization creates, delivers and captures value

The Business Model Canvas

STRATEGIC
PLANNING PROGRAM





Key Partners

7



Who are our Key Partners?

Key Activities

5



What Key Activities do our Value Propositions require?

Value Propositions

1



Which one of our customer's *problems* are we helping to solve?
or
Which customer *needs* are we satisfying?

What is the specific product/service?

What are the *features* that match customer needs?

Customer Relationships

4



How will we Get, Keep and Grow customers?

Customer Segments

2



For who are we solving a problem or fulfilling a need?

Who are the customers?

Does the value proposition match their needs?

Is this a single-sided or multi-sided market?

Key Resources

6



What Key Resources (suppliers, etc.) do our Value Propositions require?

Channels

3



Through which Channels do our Customer Segments want to be reached?

Cost Structure

What are the most important costs in our business model?

9



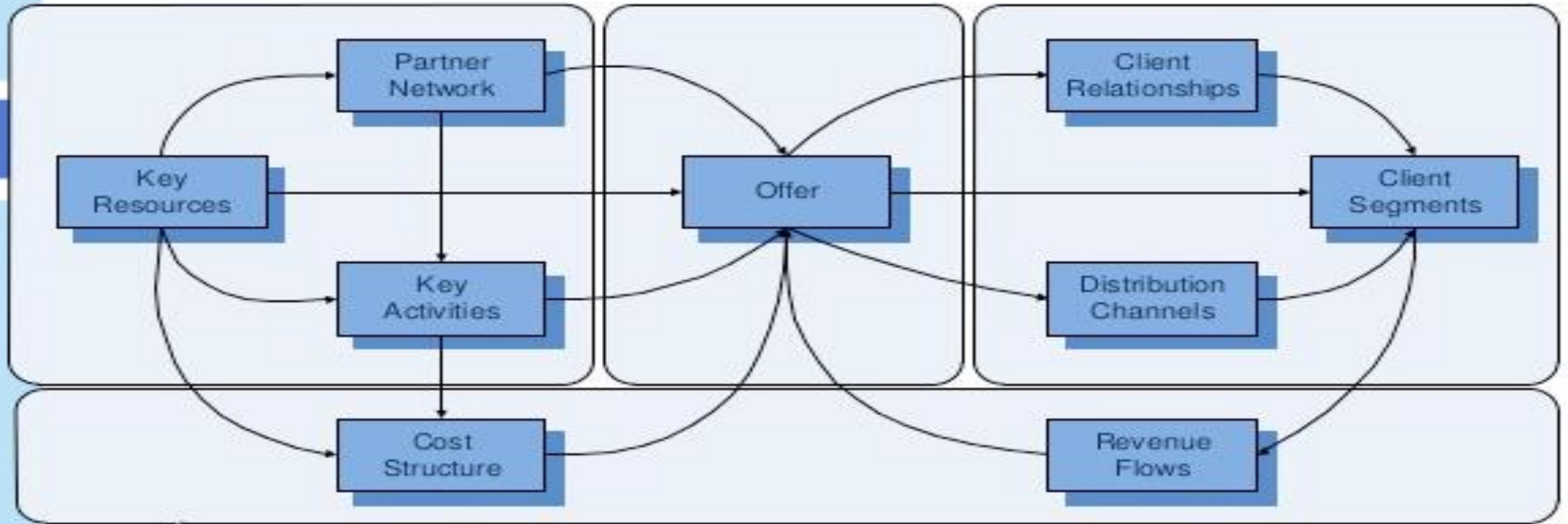
Revenue Streams

What is the revenue model? What are the pricing tactics? For what value are our customers willing to pay?

8

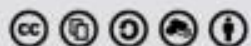
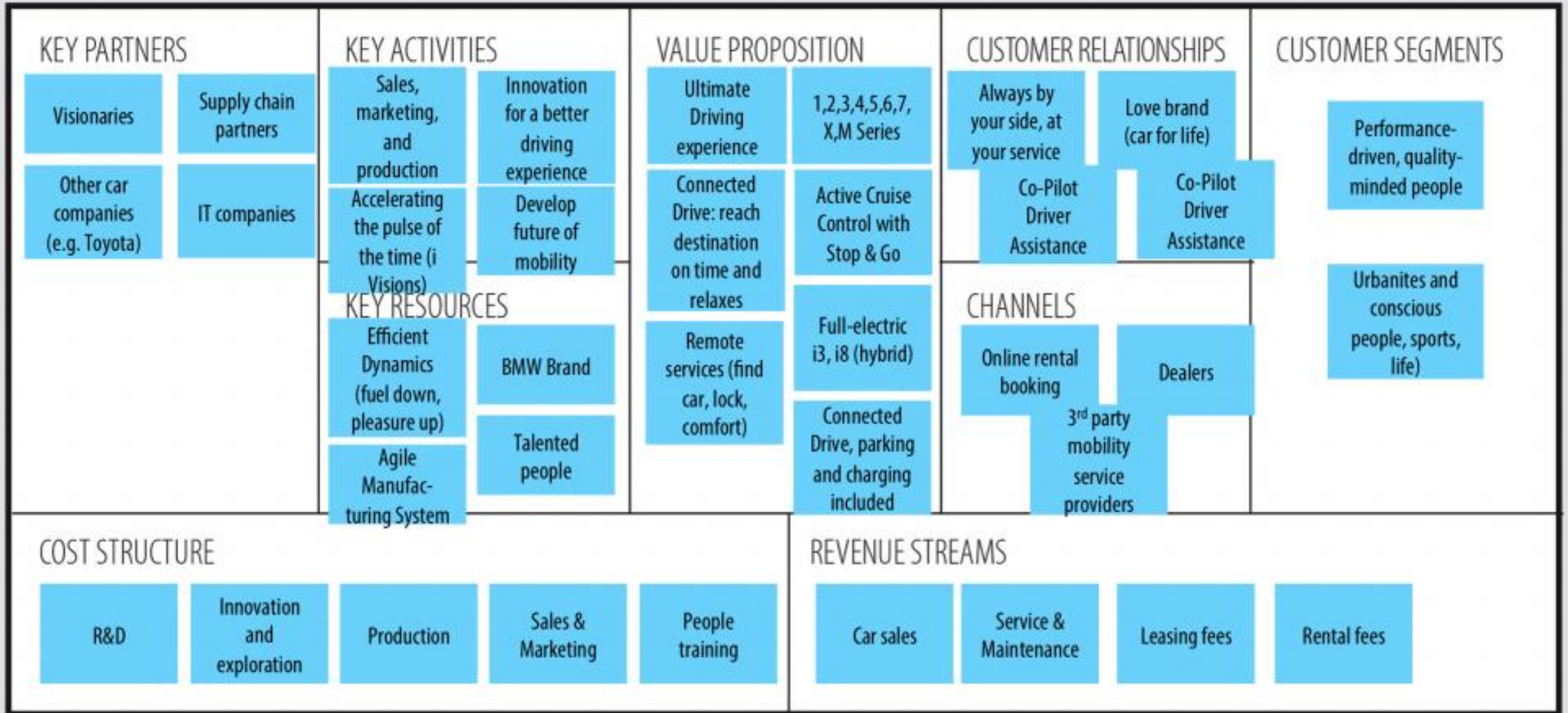


How the Nine Elements Relate?



BUSINESS MODEL CANVAS

BMW



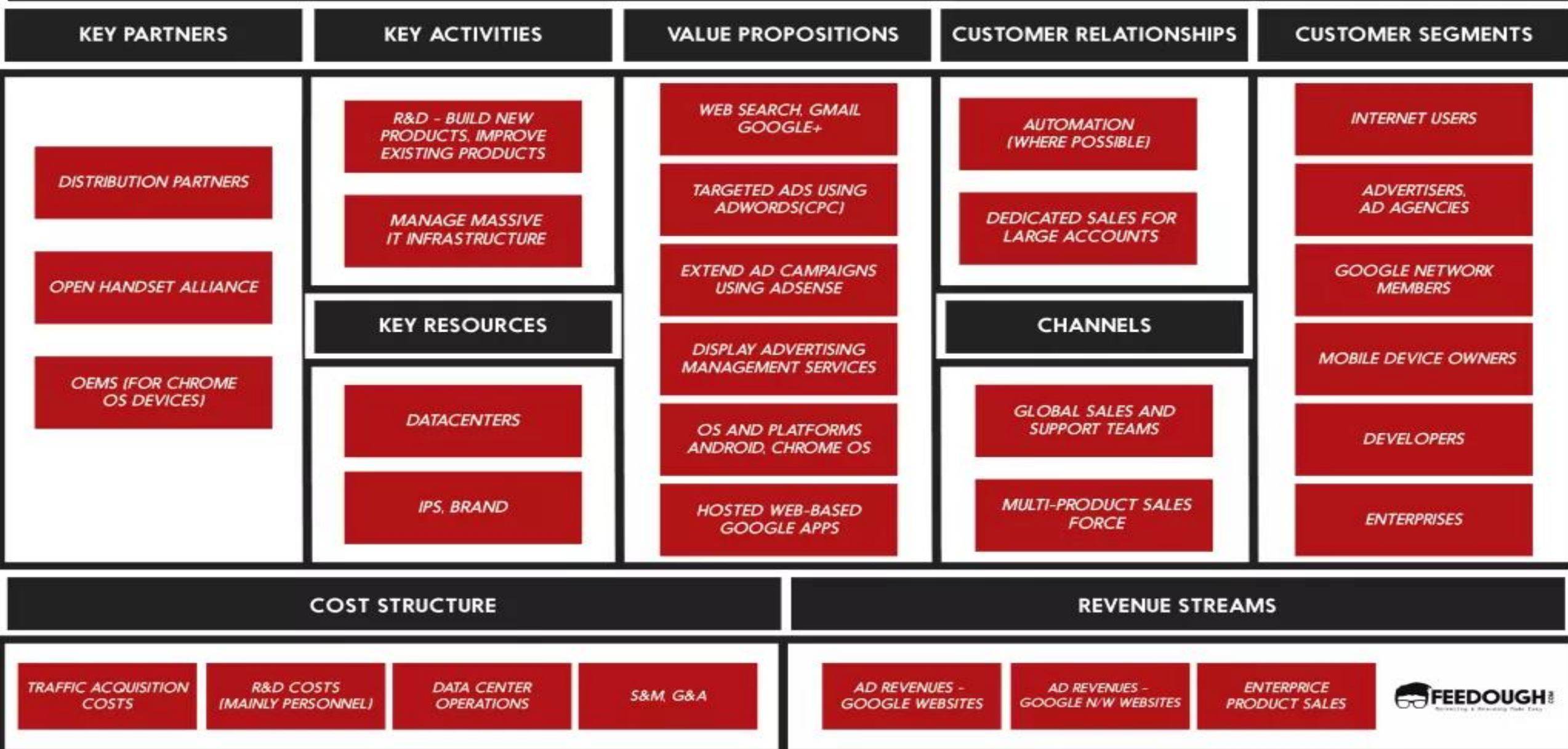
DESIGNED BY BUSINESS MODEL FOUNDRY AG

This work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.
<http://creativecommons.org/licenses/by-sa/4.0/> or send a letter to Creative Commons,
171 Second Street, Suite 300, San Francisco, California, 94105, USA.



strategyzer.com

GOOGLE BUSINESS MODEL CANVAS



Business Model Canvas airbnb

Key Partners

- Hosts (People who rent their space)
- Guests (People who book spaces)
- Photographers (Freelance)
- Investors
- Payment Processors

Key Activities

- Product Development & Management
- Building Host network and Managing hosts
- Building travelers network and managing guests

Key Resources

- Local Hosts
- Skilled Employees
- Technology

Value Propositions

- Hosts**
- Hosts can earn money by renting their space.
 - Airbnb offers insurance to house owners.
 - Free photo shoots for property listings through photographers.
- Guests**
- Guests can book a homestay instead of hotel.
 - Prices are often less as compared to hotels.

Customer Relationships

- Customer Service
- Social Media
- Promotional Offers
- Home Insurance

Channels

- Website
- Mobile App for Android
- Mobile App for iOS

Customer Segments

- Hosts**
- People who own a house and want to earn extra money.
 - People who want to meet new people.
- Guests**
- People who love to travel.
 - People who want to stay comfortably at a cheap price.

Cost Structure










- Technological Set up & running costs
- Salaries to permanent employees
- Payments to freelance photographers

Revenue Streams

- Commission from Hosts upon every booking
- Commission from Guests upon every booking

The Business Model Canvas

STRATEGIC
PLANNING PROGRAM

Key Partners 	Key Activities 	Value Propositions 	Customer Relationships 	Customer Segments 
	Key Resources 		Channels 	
Cost Structure 			Revenue Streams 	

A View with the End in Mind

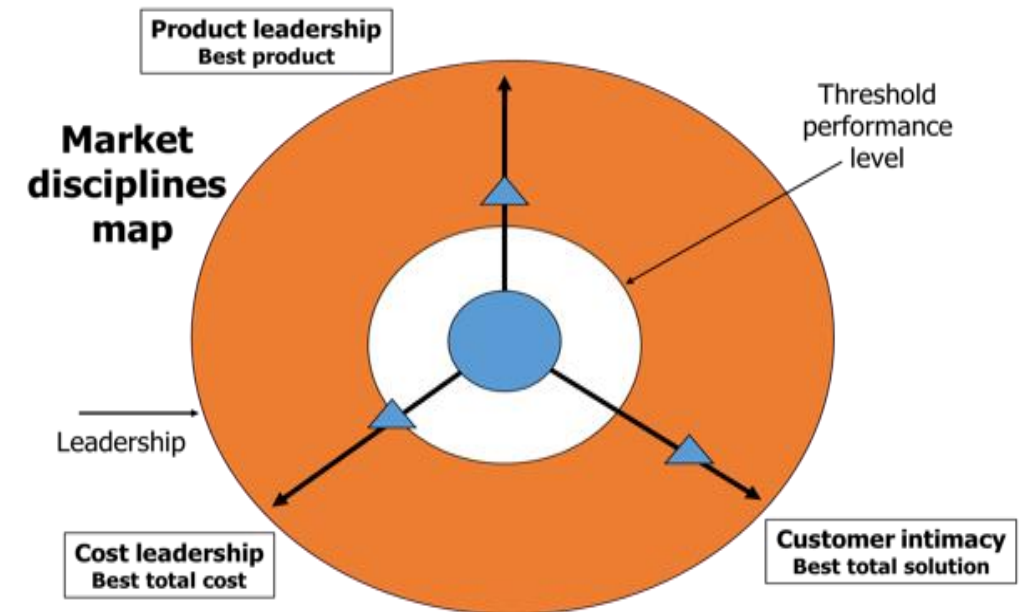
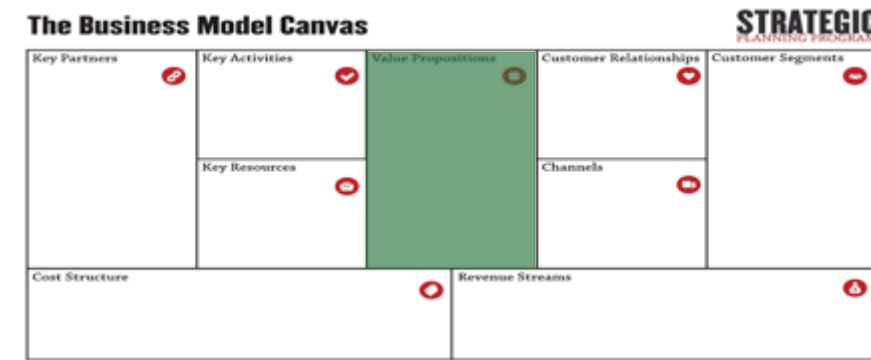
From idea to business model -- <https://youtube.com/watch?v=wwShFsSFb-Y>

Visualizing your business model -- <https://youtube.com/watch?v=wIKP-BaC0jA>

Prototyping business models -- <https://youtube.com/watch?v=iA5MVUNkSkM>

1 - Value Proposition

- Creates value for a customer segment through a distinct mix of elements catering to that segments needs.
- Some examples:
 - New offering meets previously unknown need
 - Improving product/service performance
 - Tailoring products/services to specific needs
 - “Getting the Job Done”
 - Design
 - Brand/Status
 - Price
 - Cost Reduction
 - Risk Reduction
 - Accessibility
 - Convenience/Usability



2 - Customer Segments

- For whom are we creating value?
- Who are our most important customers?
- Different types of customer segments:
 - Mass market
 - Niche market
 - Segmented
 - Diversified
 - Multi-sided platforms (or multi-sided markets)
 - Upstream and downstream
 - Internal and external

The Business Model Canvas



3 - Channels

- How the company communicates with and reaches its customer segments to deliver a value proposition

- **Channel Types:**

- **Own**

- Direct – Sales Force and Web Sales
 - Indirect – Own stores

- **Partner**

- Indirect – Partner Stores and Wholesaler

The Business Model Canvas



- **Channel Phases:**

- Awareness
 - Evaluation
 - Purchase
 - Delivery
 - After Sales

4 - Customer Relationships

- Type of relationship with each customer segment driven by: customer acquisition, retention, and upselling.
- Potential types of relationships:
 - Personal assistance
 - Dedicated personal assistant
 - Self-service
 - Automated services
 - Communities
 - Co-creation

The Business Model Canvas



5 - Key Resources

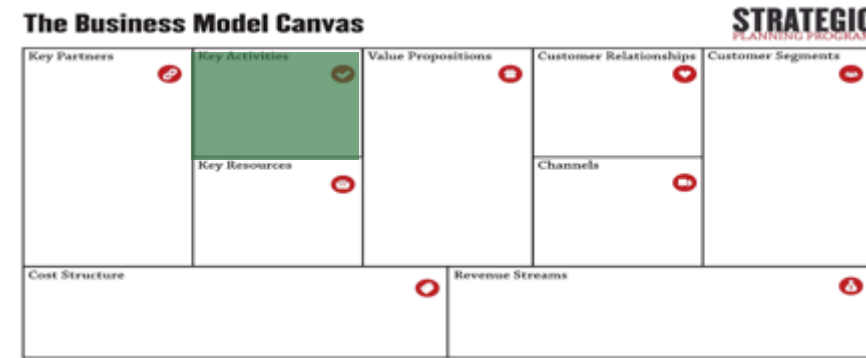
- What key resources do our value propositions require?
- Our distribution channels? Customer relationships? Revenue streams?
- Resources include:
 - Physical
 - Intellectual
 - Human
 - Financial
- There General Business Types:
 - Product Driven – relies most often on intellectual and human resources.
 - Scope Driven – relies on intellectual resources about target customers, an established set of process and in some cases infrastructure.
 - Infrastructure Driven – leverage infrastructure and financial resources as key differentiators
- Watchout – make sure your list of resources is strategic – that is, are they truly essential to the businesses success and do you have to own them for them to be essential?

The Business Model Canvas

STRATEGIC
PLANNING PROGRAM



6- Key Activities



- **The most important things we must do to make our business model work:**
 - R&D – New product research, New product development, Existing product updates, Quality Checks, Innovation
 - Production – Selection of product and design, Selection of production process, Selecting production capacity, production planning, production control, Quality and cost control, Inventory control, Maintenance and replacement of machines.
 - Marketing – strategy, market research, product development, communications, sales support, events.
 - Sales & Customer Service – Developing relationships, Handling problems, Acquiring new customers, assisting in sales, tracking orders, follow-up services

- **An Example of a Consumer Product Producer that manufactures and sells the product on-line.**
 - Value Propositions – product lasts longer saving customer money; provides performance improvement over competitors; easier to use because it is machine washable; easy to store packaging
 - Activities– control of production and manufacturing, managing website, online orders, and distribution of the product; creating a brand strategy, marketing and promotion of the product, product and package design.

7 - Key Partnerships

- The network of suppliers and partners that make the business model work
 - Strategic Alliances
 - Co-opetition
 - Joint Ventures
 - Buyer/Supplier
- Motivations for partnerships:
 - Optimization and economy of scale
 - Reduction of risk and uncertainty
 - Acquisition of particular resources and activities
- Key Questions:
 - Which partnerships are critical to our business?
 - Who are our critical suppliers?
 - Which of our suppliers/partners are sourcing our key resources?
 - What type of partnerships would suit our needs?
 - What is the best cluster/supply chain where we should be located?

The Business Model Canvas



8 - Revenue Streams

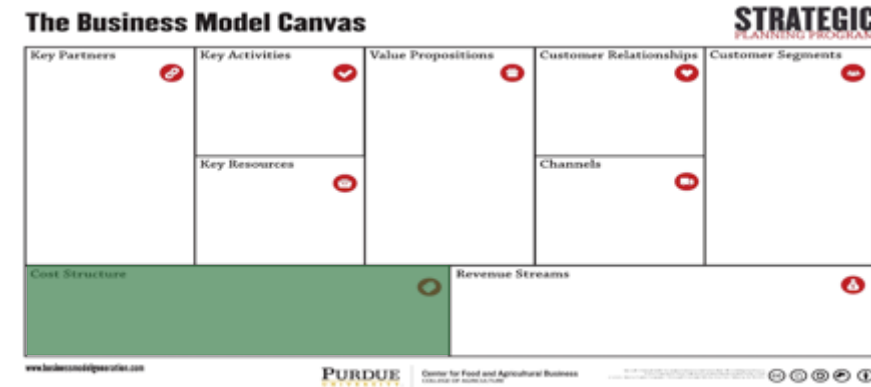
- The cash generated from each customer revenue and/or recurring revenue.
 - Asset sale
 - Usage fee
 - Subscription fee
 - Lending/Renting/Leasing
 - Licensing
 - Brokerage fees
 - Advertising
- Pricing Mechanisms
 - Fixed Menu – List price, product feature dependent, customer segment dependent, volume dependent
 - Dynamic Pricing – Negotiation, yield management, real-time-market, auctions
- Key Questions
 - What benefits are customers currently paying for?
 - How are they paying for these benefits?
 - What mode of payment would be preferable to them?
 - What percentage of the total revenue does each revenue stream represent?
 - What benefits will encourage customer to pay more?

The Business Model Canvas



9 - Cost Structure

- All costs incurred to operate our business model
- Two basic types of business models
 - Cost-driven -- Value-driven
- Cost structure characteristics
 - Fixed -- Variable
 - Economies of scale -- Economies of scope
- Key Questions to Ask:
 - What are the fundamental costs derived from the business model?
 - Which key resources represent a significant expense to the business?
 - What key activities represent a significant expense to the business?
 - How do your key activities drive costs?
 - Are the activities you have identified matched to value propositions?
 - Is the business more values driven or cost driven?
 - If you explore different changes in the business model to costs switch from fixed to variable?



Evaluating the Business Model: Strengths and Weaknesses



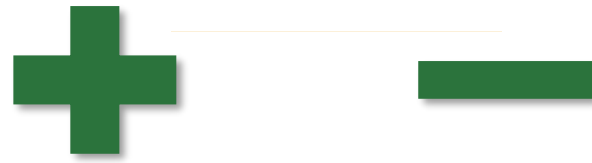
Value Proposition Assessment



IMPORTANCE TO MY B.M. 1-10

Our Value Propositions are well aligned with customer needs	5 4 3 2 1	1 2 3 4 5	Our Value Propositions and customer needs are misaligned
Our Value Propositions have strong network effects	5 4 3 2 1	1 2 3 4 5	Our Value Propositions have no network effects
There are strong synergies between our products and services	5 4 3 2 1	1 2 3 4 5	There are no synergies between our products and services
Our customers are very satisfied	5 4 3 2 1	1 2 3 4 5	We have frequent complaints

Cost Revenue Assessment



IMPORTANCE TO MY B.M. 1-10

We benefit from strong margins	(5) (4) (3) (2) (1)	(1) (2) (3) (4) (5)	Our margins are poor
Our revenues are predictable	(5) (4) (3) (2) (1)	(1) (2) (3) (4) (5)	Our revenues are unpredictable
We have recurring Revenue Streams and frequent repeat purchases	(5) (4) (3) (2) (1)	(1) (2) (3) (4) (5)	Our revenues are transactional with few repeat purchases
Our Revenue Streams are diversified	(5) (4) (3) (2) (1)	(1) (2) (3) (4) (5)	We depend on a single Revenue Stream
Our Revenue Streams are sustainable	(5) (4) (3) (2) (1)	(1) (2) (3) (4) (5)	Our revenue sustainability is questionable
We collect revenues before we incur expenses	(5) (4) (3) (2) (1)	(1) (2) (3) (4) (5)	We incur high costs before we collect revenues
We charge for what customers are really willing to pay for	(5) (4) (3) (2) (1)	(1) (2) (3) (4) (5)	We fail to charge for things customers are willing to pay for
Our pricing mechanisms capture full willingness to pay	(5) (4) (3) (2) (1)	(1) (2) (3) (4) (5)	Our pricing mechanisms leave money on the table
Our costs are predictable	(5) (4) (3) (2) (1)	(1) (2) (3) (4) (5)	Our costs are unpredictable
Our Cost Structure is correctly matched to our business model	(5) (4) (3) (2) (1)	(1) (2) (3) (4) (5)	Our Cost Structure and business model are poorly matched
Our operations are cost-efficient	(5) (4) (3) (2) (1)	(1) (2) (3) (4) (5)	Our operations are cost-inefficient
We benefit from economies of scale	(5) (4) (3) (2) (1)	(1) (2) (3) (4) (5)	We enjoy no economies of scale



Infrastructure Assessment



	IMPORTANCE TO MY B.M. 1-10	Our Key Resources are difficult for competitors to replicate	(5) (4) (3) (2) (1)	(1) (2) (3) (4) (5)	Our Key Resources are easily replicated
		Resource needs are predictable	(5) (4) (3) (2) (1)	(1) (2) (3) (4) (5)	Resource needs are unpredictable
		We deploy Key Resources in the right amount at the right time	(5) (4) (3) (2) (1)	(1) (2) (3) (4) (5)	We have trouble deploying the right resources at the right time
		We efficiently execute Key Activities	(5) (4) (3) (2) (1)	(1) (2) (3) (4) (5)	Key Activity execution is inefficient
		Our Key Activities are difficult to copy	(5) (4) (3) (2) (1)	(1) (2) (3) (4) (5)	Our Key Activities are easily copied
		Execution quality is high	(5) (4) (3) (2) (1)	(1) (2) (3) (4) (5)	Execution quality is low
		Balance of in-house versus outsourced execution is ideal	(5) (4) (3) (2) (1)	(1) (2) (3) (4) (5)	We execute too many or too few activities ourselves
		We are focused and work with partners when necessary	(5) (4) (3) (2) (1)	(1) (2) (3) (4) (5)	We are unfocused and fail to work sufficiently with partners
		We enjoy good working relationships with Key Partners	(5) (4) (3) (2) (1)	(1) (2) (3) (4) (5)	Working relationships with Key Partners are conflict-ridden

Customer Interface Assessment



  <small>IMPORTANCE TO MY B.M. 1=10</small>	Customer churn rates are low	5 4 3 2 1	1 2 3 4 5	Customer churn rates are high
	Customer base is well segmented	5 4 3 2 1	1 2 3 4 5	Customer base is unsegmented
	We are continuously acquiring new customers	5 4 3 2 1	1 2 3 4 5	We are failing to acquire new customers
	Our Channels are very efficient	5 4 3 2 1	1 2 3 4 5	Our Channels are inefficient
	Our Channels are very effective	5 4 3 2 1	1 2 3 4 5	Our Channels are ineffective
	Channel reach is strong among customers	5 4 3 2 1	1 2 3 4 5	Channel reach among prospects is weak
	Customers can easily see our Channels	5 4 3 2 1	1 2 3 4 5	Prospects fail to notice our Channels
	Channels are strongly integrated	5 4 3 2 1	1 2 3 4 5	Channels are poorly integrated
	Channels provide economies of scope	5 4 3 2 1	1 2 3 4 5	Channels provide no economies of scope
	Channels are well matched to Customer Segments	5 4 3 2 1	1 2 3 4 5	Channels are poorly matched to Customer Segments
	Strong Customer Relationships	5 4 3 2 1	1 2 3 4 5	Weak Customer Relationships
	Relationship quality correctly matches Customer Segments	5 4 3 2 1	1 2 3 4 5	Relationship quality is poorly matched to Customer Segments
	Relationships bind customers through high switching costs	5 4 3 2 1	1 2 3 4 5	Customers switching costs are low
	Our brand is strong	5 4 3 2 1	1 2 3 4 5	Our brand is weak

Agenda – Tools for Internal Analysis (Chapter 03)

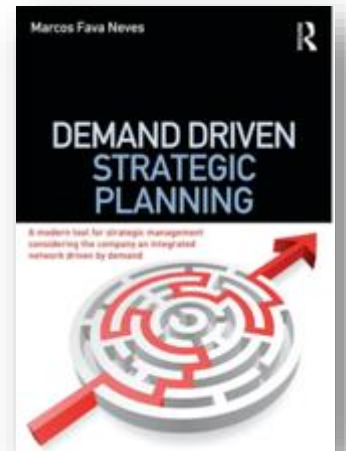


➤ The Company's Customer Orientation and Resources 3.1

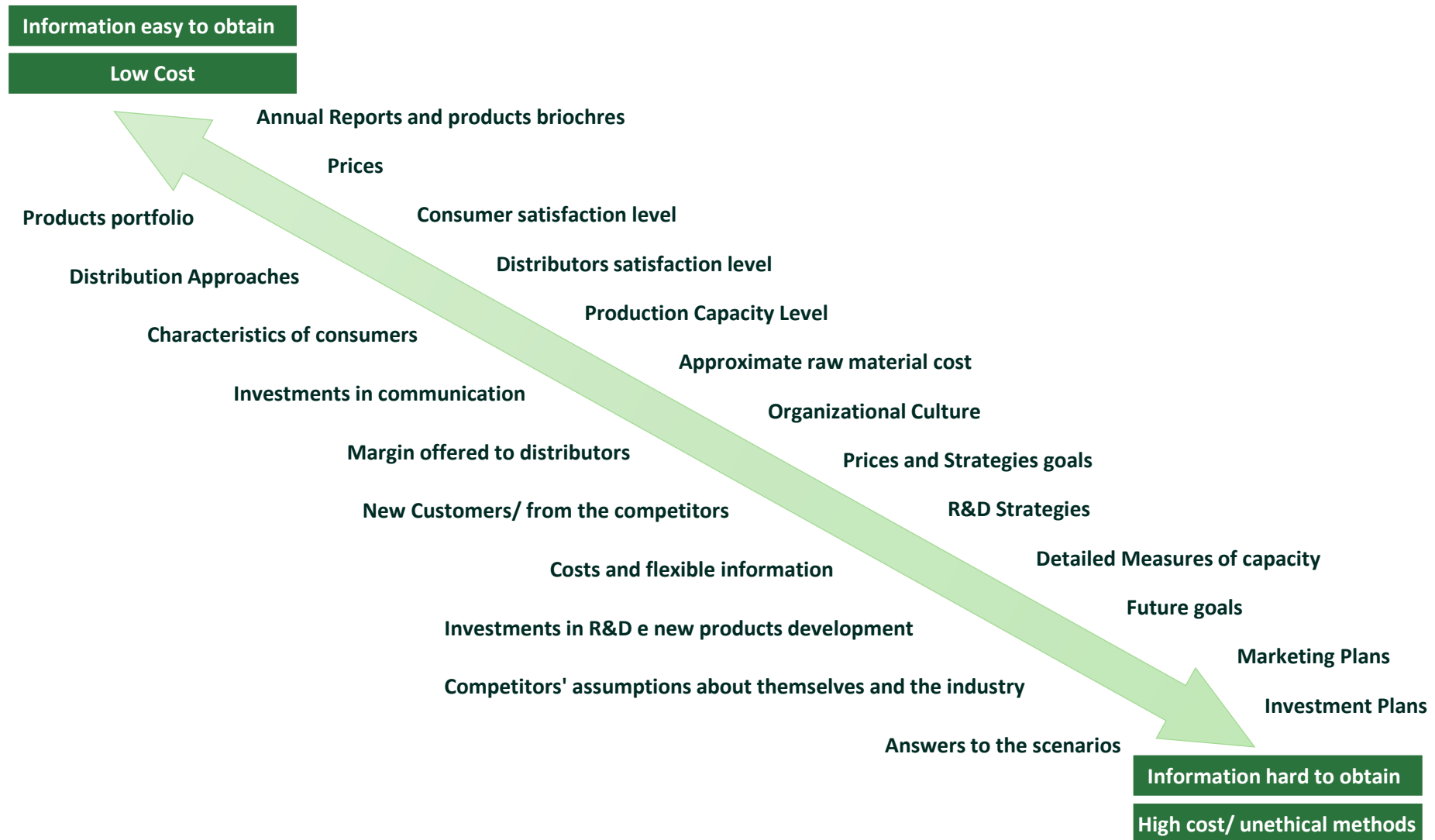
➤ Evaluating The Company's Current Business Model - Canvas 3.2

➤ Analyzing the Competition 3.3

➤ Identifying the Critical Success Factors 3.4



Management Needs of Information for Competitive Intelligence



Source: Gillian and Wilson (2003)

Figure 3.2 Management needs of information for competitive intelligence.

3.3 - What Should Companies Try to Know About Their Competitors?

GATHERING INFORMATION ON COMPETITORS		
1. Market <ul style="list-style-type: none"> ✓ Number of units sold; ✓ Sales by product line; ✓ Tendency of sales; ✓ Market share; ✓ Trends in market share. 	2. Buyers <ul style="list-style-type: none"> ✓ Customer Profile; ✓ Purchase Motives; ✓ Standard Product Use; ✓ New Customers; ✓ Lost Customers; ✓ Proportion Of Repeat Purchases; ✓ Loyalty To The Brand; ✓ Identity And Image Among The Customers; ✓ Level Of Product Satisfaction, Performance, Quality And Reliability; ✓ Existence Of Special Relationships. 	3. Products, Services, Brands and packages <ul style="list-style-type: none"> ✓ Amplitude and depth of the product lines; ✓ Level of product performance; ✓ New products policy ; ✓ Investments in R&D; ✓ Modification and introduction of new products; ✓ Quality level; ✓ Style, design; ✓ Name, brands and packaging; ✓ Warranty and support services; ✓ Lead-times; ✓ Patents.

3.3 - What Should Companies Try to Know About Their Competitors?

GATHERING INFORMATION ON COMPETITORS		
<p>4. Communication</p> <ul style="list-style-type: none"> ✓ Level of investments and standards; ✓ Effectiveness of the promotional actions; ✓ Fliers and product catalogs; ✓ Sales promotions; ✓ Publicity and advertising; ✓ Media plans and schedules; ✓ Public relations. 	<p>5. Distribution channels</p> <ul style="list-style-type: none"> ✓ Programs for customer return or loyalty; ✓ Types of distribution channels used; ✓ Relationships and power balance; ✓ Shipping structure; ✓ Costs structure; ✓ Flexibility; ✓ Existence of contracts; ✓ Dealer objectives; ✓ Level of distributor performance; ✓ Capacity and level of dealer support; ✓ Inventory level; ✓ Shelf space; ✓ Warehouse location; ✓ Profit margins of intermediaries. 	<p>6. Sales force/RH</p> <ul style="list-style-type: none"> ✓ Size, capacity and experience; ✓ Geographical and customer coverage; ✓ Level of assistance available; ✓ Salaries and commissions ✓ Post sales service; ✓ Customer support philosophy; ✓ Sales territory; ✓ Competency, courtesy, presentation, friendliness and knowledge; ✓ Governance form.

Table 3.2 What should companies try to know about their competitors?

Source: Prof. Dr. Marcos Fava Neves

3.3 - What Should Companies Try to Know About Their Competitors?

GATHERING INFORMATION ON COMPETITORS		
<p>7. Prices</p> <ul style="list-style-type: none"> ✓ Cost level; ✓ Cost structure; ✓ Price list and discount table; ✓ Credit and payment conditions; ✓ Special terms; ✓ Product return operations. <p>8. Finance</p> <ul style="list-style-type: none"> ✓ Performance level, margins and profitability; ✓ Availability of financial resources and flexibility; ✓ Structure of capital; ✓ Financial flexibility. 	<p>9. Administration</p> <ul style="list-style-type: none"> ✓ Main executives; ✓ Objectives (short and long term); ✓ Philosophy and culture; ✓ Expectations; ✓ Attitudes towards risk; ✓ Special abilities; ✓ Competitive strategies; ✓ Strategic commitment; ✓ Organizational structure; ✓ Investment plans; ✓ Critical success factors. 	<p>10. Others (production, environment, etc.)</p> <ul style="list-style-type: none"> ✓ Actions related to the environment; ✓ ISO norms; ✓ Certifications; ✓ Labeling; ✓ Sales per employee; ✓ Capacity utilization; ✓ Types of equipment used; ✓ Methods of acquisition of raw-material; ✓ Main suppliers; ✓ Degree of vertical/ horizontal integration; ✓ Commitment to market sectors; ✓ Efficiency/quickness; ✓ Work environment; ✓ Developing technological innovations.

Table 3.2 What should companies try to know about their competitors?

Source: Prof. Dr. Marcos Fava Neves

Description of the Company's Most Relevant Competitors

	Competitor 1	Competitor 2	Competitor 3	Competitor Number...
Main Characteristics				
Main Suppliers				
Main Segments				
Infra-structure				
Revenues				
Sales Force and compensation				
Strategic Movements				
Others				

Table 3.3 Description of the company's main competitors.

Source: Gilligan and Wilson (2003).

Internal Analysis Versus Competition

FACTORS OF EVALUATION	Company	Competitor 1	Competitor 2	Competitor n
PRODUCT	Grade 0 to 10	Grade 0 to 10	Grade 0 to 10	Grade 0 to 10
Quality				
Style				
Brands, packages				
Warranty and support services				
Cost				
Lead time				
PRICE	Grade 0 to 10	Grade 0 to 10	Grade 0 to 10	Grade 0 to 10
Price level				
Discount policy				
Credit conditions				
Payment conditions				
Special payment terms				
COMUNICATIONS	Grade 0 to 10	Grade 0 to 10	Grade 0 to 10	Grade 0 to 10
Publicity				
Personal sales				
Promotion				
Advertising				

Table 3.4 Internal analysis versus competition.

Source: Prof. Dr. Marcos Fava Neves

Internal Analysis Versus Competition

FACTORS OF EVALUATION	Company	Competitor 1	Competitor 2	Competitor n
DISTRIBUTION	Grade 0 to 10	Grade 0 to 10	Grade 0 to 10	Grade 0 to 10
Distribution channels				
Channel coverage				
Location				
Transport system				
.....				
HUMAN RESOURCES	Grade 0 to 10	Grade 0 to 10	Grade 0 to 10	Grade 0 to 10
.....				
PRODUCTION PROCESS	Grade 0 to 10	Grade 0 to 10	Grade 0 to 10	Grade 0 to 10
Quickness				
Efficiency				
Capacity utilization				
.....				
OTHERS	Grade 0 to 10	Grade 0 to 10	Grade 0 to 10	Grade 0 to 10
....				
TOTAL				

Table 3.4 Internal analysis versus competition.

Sources: Developed based on Gilligan and Wilson (2003), Neves (2003), McDonald (2002), Grant (2002), Lambin (2000), Las Casas (1999), Cooper and Lane (1997) and Kotler (1997).

Agenda – Tools for Internal Analysis (Chapter 03)

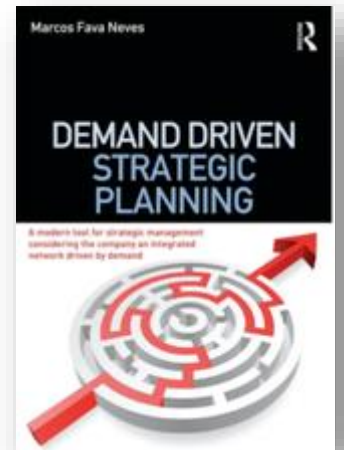


> The Company's Customer Orientation and Resources 3.1

> Evaluating The Company's Current Business Model - Canvas 3.2

> Analyzing the Competition 3.3

> Identifying the Critical Success Factors 3.4



Comparison and Weighting of the Critical Success Factors

CRITICAL SUCCESS FACTORS		FOCUS COMPANY		COMPETITOR 1		COMPETITOR 2	
CSF description	Weight	Grade	W X G	Grade	W X G	Grade	W X G
Ex.: access to the channels	50	6	300	7	350	6	300
Ex.: production scale	30	8	240	7	210	9	270
.....
Ex.: qualified team	20	9	180	6	120	8	160
Total (P x N)	100	–	720	–	680	–	730

Table 3.6 Comparison and weighting of the critical success factors.
Source: Developed by the author from Grant (2002) and McDonald (2002).

Prof. Marcos Fava Neves

favaneves@gmail.com | www.favaneves.org



- ❑ 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.