

# Easy Planning

**Novo Modelo de Planejamento e Gestão Estratégica  
Em Construção Neves and Gray (2020)**

**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

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Criador da Markestrat ([www.markestrat.com.br](http://www.markestrat.com.br)) em 2004

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[www.doutoragro.com](http://www.doutoragro.com)

**1. WHERE ARE WE NOW?**



**2. WHERE WE WANT TO GO?**



**3. HOW TO GET THERE?**

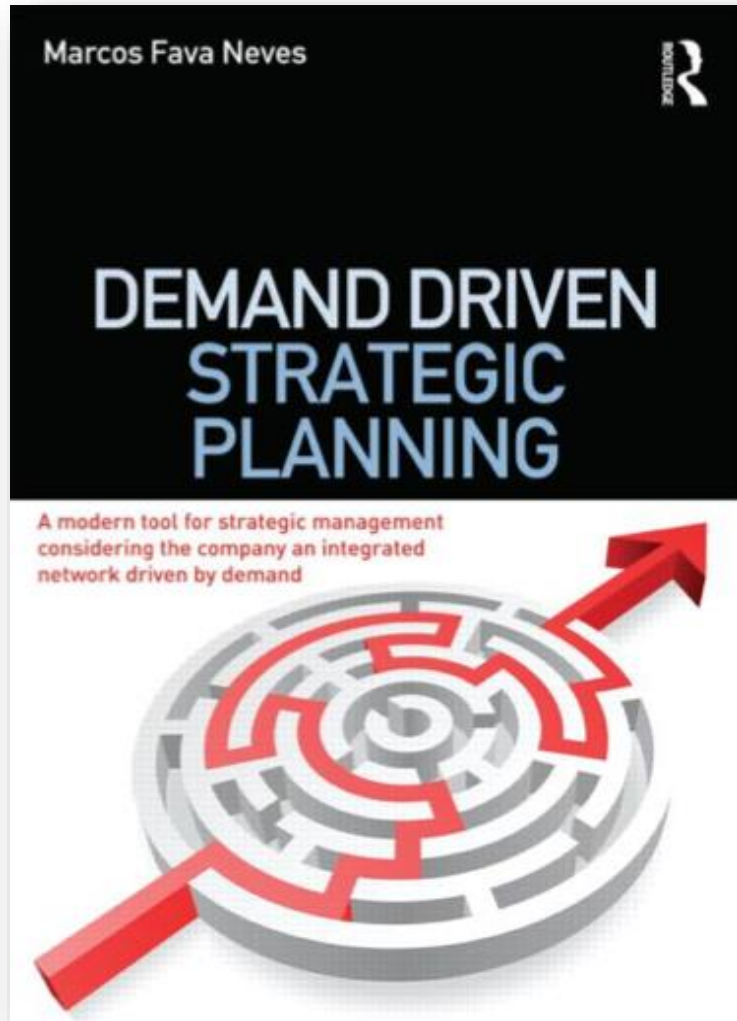


**4. PROJECTS NEEDED  
(ACTIONS AND DETAIL)**



**5. TALENTS AND STRUCTURE  
TO MAKE IT HAPPEN**

# Strategic Planning Books



# “Planning to Enjoy” – Fava Neves & Gray

## 1- WHERE ARE WE NOW?

### BASICS

- ✓ Company Network, History and Other Topics

### EXTERNAL ANALYSIS

- ✓ Market Evolution and Economic Trends
- ✓ Consumer Behaviour and Trends
- ✓ Competitors and Rivalry Analysis
- ✓ Suppliers and Buyers Markets Analysis
- ✓ Political/Legal Environment
- ✓ Technological Environment and Substitutes
- ✓ Natural Environment and Risks

### INTERNAL ANALYSIS

- ✓ Physical Assets and Financial Resources
- ✓ Technology
- ✓ Management, Organizational Culture and Human Resources
- ✓ Cost/Price Structure
- ✓ Supply Chain and Channels
- ✓ Alliances and R&D
- ✓ Target segments
- ✓ Current Value Proposition
- ✓ Portfolio and Services
- ✓ Reputation, Brands, Packaging
- ✓ Communications and Sales Force
- ✓ Marketing Orientation and Relationships
- ✓ Government Relations

## 2- WHERE WE WANT TO GO?

- ✓ Setting Quantitative Goals and Objectives
- ✓ Defining the New Guiding Philosophy
- ✓ Defining the New Value Proposition

## 3- HOW TO GET THERE?

- ✓ Basic Strategy Definitions
- ✓ Choosing Market Segments
- ✓ New Markets (Channels) for Current Solutions
- ✓ Market Share Growth
- ✓ New Solutions (Products or Services)
- ✓ Business Diversifications
- ✓ Vertical (Supply Chain and Channels) Coordination and Integration
- ✓ Acquisitions or Mergers
- ✓ Selling or Renting the Business (Units or Others)
- ✓ Financial Strategies: New Partners, IPO...
- ✓ Value Creation, Capture and Sharing (Relationship & Marketing)
- ✓ Collective Actions

## 4- PROJECTS NEEDED (ACTIONS AND DETAILS)

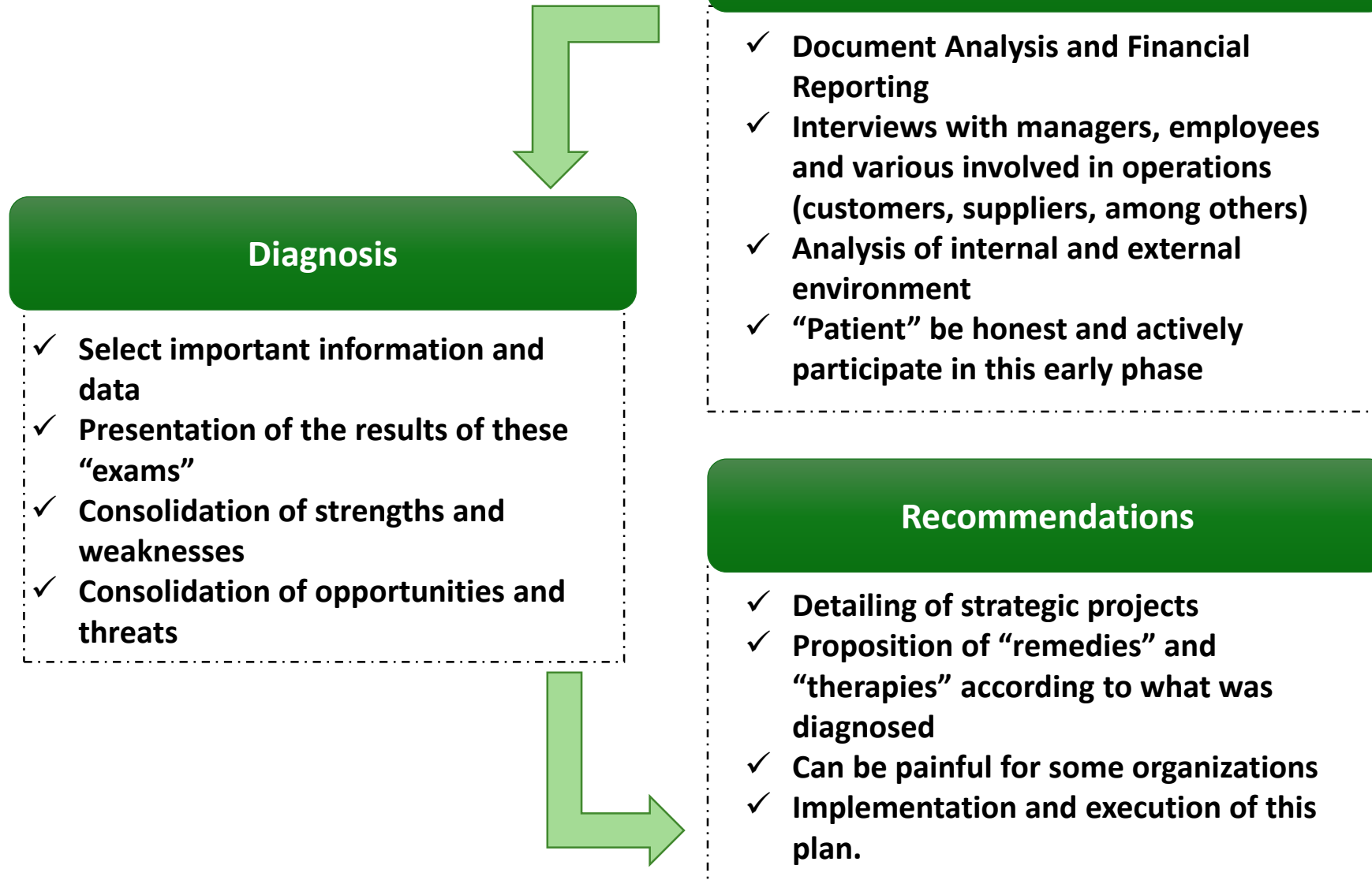
- ✓ Project Descriptions
- ✓ Project Selection
- ✓ Project Management
- ✓ Measurement and Controls.

## 5- TALENTS/ STRUCTURE TO MAKE IT HAPPEN

- ✓ Structure
- ✓ Engagement
- ✓ Structure
- ✓ Leadership
- ✓ Discipline
- ✓ Increasing Strategic Flexibility.



# Doctors & Managers



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## First, the Basics...

After we have seen... ***Where are we now?*** – diagnosis

After we have seen... ***Where do we want to go?*** – objectives

It is time to define.... **How!**

**Do we have the basics of the HOW well discussed?**

# How - What is Strategy? What is Strategic Thinking?

Strategic thinking is all about change:

- Exercising and anticipating the future (facts and impacts)
- Prepare to try to shape the future (acts)
- Having results with the future (create, capture and share)

What are the elements of a good strategy:

- A clear and unique value proposition with consistency to win
- Well defined target (where in the market place)
- Unique asset and skills, capabilities we must conquer
- A different and tailored network/ecosystem
- Clear tradeoffs, and choosing what to do and what not to do
- Sustaining and improving the strategy
- Making it happen discipline (united team and management processes)



Which is the first company that comes to your mind as an example of this?  
Write it down and explain the reasons!



# Examples of Companies with Well Defined Strategy



# What Does Good Strategy Look Like?

## IKEA

### Product

- Low-priced, modular, ready-to-assemble
- No customization
- Design driven by cost, simplicity and style

### Value Chain

- Centralized, in-house design
- All styles displayed in stores
- Large on-site inventory
- Limited sales help but lots of customer info
- Long hours of operation

## Typical Furniture Retailer

### Product

- Higher priced, fully assembled
- Customization of fabrics, colors, finishes, etc
- Design driven by image, materials, varieties

### Value Chain

- Outsourcing of some products
- Mid-sized showrooms with limited displays
- Limited inventories
- Extensive sales assistance
- Traditional retail hours

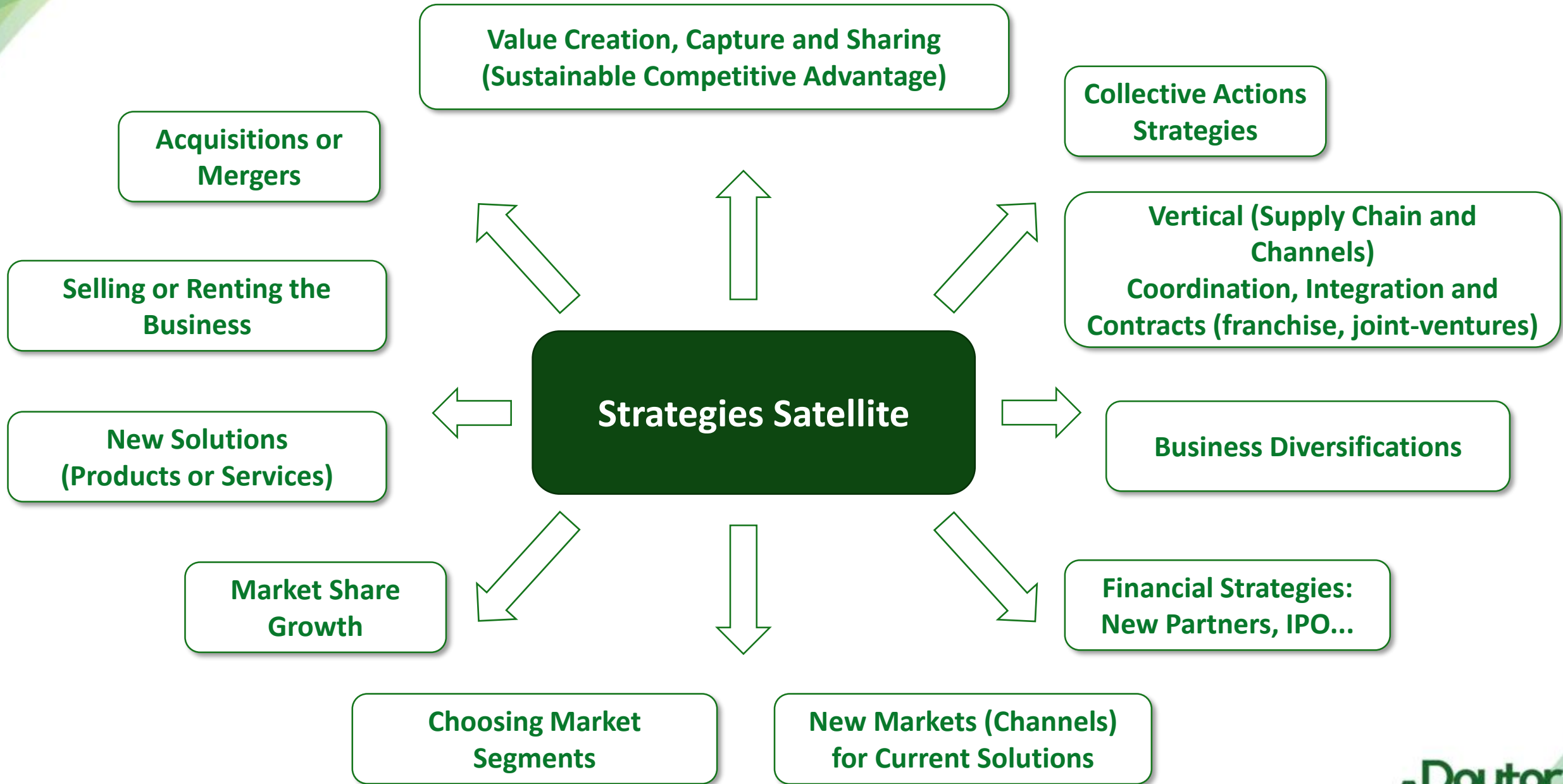
# Now it is Time to Play the Game!

After we have seen... ***Where are we now?*** – diagnosis

After we have seen... ***Where do we want to go?*** – objectives

What do we have as possibilities for this company to reach the objectives?

**Lets see the strategies satellite!**



Source: Prof. Marcos Fava Neves

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# Choosing Market Segments

- 1 – Understanding the different segments in the general market (consumer or industrial markets)
- 2 – Choosing the ones where we can focus and win with good strategies

Segmentation Variables for Consumer Markets ("B2C")	Segmentation Variables for the Industrial Markets ("B2B")
<p><b>Geographical:</b></p> <ul style="list-style-type: none"> <li>Region; Size of the municipality; Size of the city or metropolitan area; Concentration; Climate.</li> </ul> <p><b>Demographics:</b></p> <ul style="list-style-type: none"> <li>Age; Gender; Family size; Family life cycle; Income; Occupation; Religion; Race; Nationality.</li> </ul> <p><b>Psychographics:</b></p> <ul style="list-style-type: none"> <li>Social class; Life style; Personality.</li> </ul> <p><b>Behavioral:</b></p> <ul style="list-style-type: none"> <li>Occasions; Benefits; User condition; rates of usage; Degree of loyalty; Aptitude stage; Attitude in relation to product.</li> </ul>	<p><b>Demographics:</b></p> <ul style="list-style-type: none"> <li>Industrial sector; Company size; Location.</li> </ul> <p><b>Operational:</b></p> <ul style="list-style-type: none"> <li>Technology; User status; Customer capacity.</li> </ul> <p><b>Purchase approaches:</b></p> <ul style="list-style-type: none"> <li>Organization of the purchasing function in the company; Power structure; Nature of existing relationships; General purchasing policy; Purchasing criteria.</li> </ul> <p><b>Situational factors:</b></p> <ul style="list-style-type: none"> <li>Urgency; Order size; Specific application.</li> </ul> <p><b>Personal characteristics:</b></p> <ul style="list-style-type: none"> <li>Similarities between buyers and sellers; Attitude in relation to risk; Loyalty.</li> </ul>

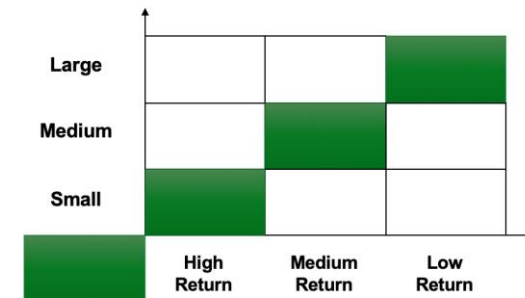


Figure 5.2 Segmentation matrix.

**Which is the first example of company that comes to your mind?**



# Examples of Companies with Well Defined Segments



marisa

Gillette®



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# New Markets for Current Solutions

The possibility here is to reach new markets for your existing products, whether in new groups of potential customers in its area, or in other distribution channels in current markets or even expanding its operational area to other regions not yet explored.

- New channels
- New partners
- E-commerce
- Delivery systems
- New regions and exports
- Others...

Which is the first example of company that comes to your mind?

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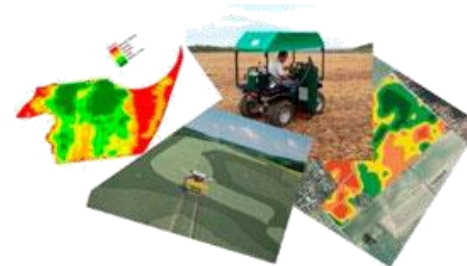
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# Market Share Growth

The possibility here is to stimulate current consumers to buy larger quantities of the product, communicate and publicize the product's benefits, attract the competition's consumers, stimulate consumer to change brands and converting non-users into users.

- Communication
- Relationship programs
- Others

Which is the first example of company that comes to your mind?



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# New Solutions (Products and Services)

The possibility here is to offer new products for markets in which the company already operates, creating different models, differentiated level of quality, new versions or innovations.

Which is the first example of company that comes to your mind?



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# Diversification Strategies and Its Alternatives

## What to do?

Based on our understanding of the opportunities existing when we answered the first question...

Now we have to list the possibilities and rank them!

1 – Investing in...

2 –

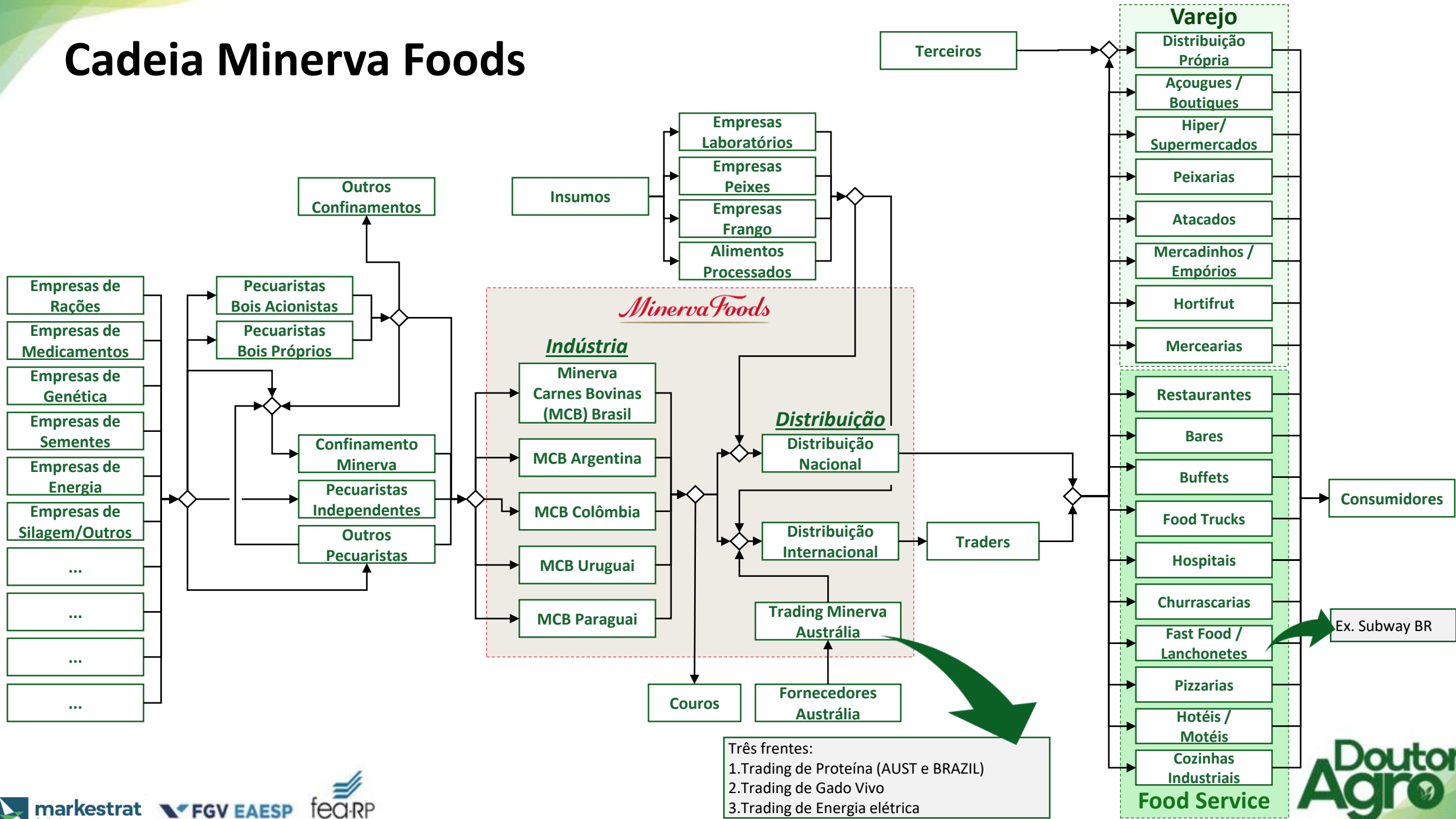
3 –

4 –

5 –

How can we further analyze and rank them? Lets use the following table!

# Cadeia Minerva Foods



Três frentes:  
 1.Trading de Proteína (AUST e BRAZIL)  
 2.Trading de Gado Vivo  
 3.Trading de Energia elétrica

# GRANDE DESAFIO OPERACIONAL .....





14/02/2019 - 05:00

## Nestlé terá no Brasil parte da produção de Starbucks

Por **Assis Moreira**

A Nestlé, maior fabricante de alimentos do mundo, vai vender, a partir das próximas semanas, café da marca Starbucks a em supermercados e plataformas online em 14 países. O Brasil faz parte desse grupo e, como um mercado-chave para a companhia, também vai produzir, em até dois anos, as cápsulas Starbucks que serão usadas nas máquinas de Nescafé Dolce Gusto e de Nespresso, informou ao **Valor** o vice-presidente de Nestlé e presidente da Nespresso, Patrice Bula.

O grupo suíço pagou em agosto de 2018 a soma de US\$ 7,15 bilhões pelos direitos perpétuos de comercializar café e chá da Starbucks, a maior rede de cafeterias do mundo, para permitir um avanço rápido no mercado global de café premium.

Seis meses depois, as duas empresas lançaram ontem 24 novos produtos com a marca Starbucks, sendo 16 de cápsulas compatíveis com as máquinas Nespresso e Nescafé Dolce Gusto, incluindo bebidas clássicas como Caramel Macchiato e Cappuccino, além de café em grãos e moído.

As cápsulas Starbucks compatíveis com o sistema Nespresso estão sendo produzidas na Suíça; as que servem para a máquina Nescafé Dolce Gusto, no Reino Unido, e o café torrado na cidade do Porto, Portugal.



*Patrice Bula, presidente mundial da Nespresso fala da parceria com a Starbucks: "O objetivo é conquistar novos mercados, o resto do mundo"*



# Diversification Strategies and Its Alternatives

Motives for diversification	Means or incentives	Alternatives to diversification
<b>1 - Managerial Factors</b>	✓ Executives' search for status/prestige and increase in salaries through the organization's growth	✓ Focus on obtaining status and higher salary level through the pursuit of market leadership or innovation
<b>2 - Risk reduction</b>	✓ The company seeks to reduce its risks through diversification. This can happen when companies have cash flows coming from different sources, and can transfer resources to avoid insolvency	✓ Shareholders diversify their stock portfolio in other companies ✓ Resources can be cheaper from other sources
<b>3 - Profitability</b>	✓ Diversification because of attractiveness of a new business with high rates of return	✓ By reaching economies of scale it will be possible to have higher levels of profit
<b>4 - Market power</b>	✓ Diversification can bring predatory prices, dumping, crossed subsidies ✓ Reciprocal purchases between companies ✓ Arrangements between company conglomerates, with one buying from another	✓ Other forms of vertical coordination, such as contracts, joint ventures, licensing, strategic alliances, franchises ✓ Other forms of horizontal coordination, such as collective actions as well as initiatives through participation in associations
<b>5 - Economies of Scope</b>	✓ Increase savings producing different products or in different businesses ✓ Tangibles: share information systems, distribution channels, sales force, research laboratories, centralization of administrative services, R&D ✓ Intangibles: share the brand, corporate image, technology, organizational competencies at the corporate level	✓ Other forms of vertical coordination, such as contracts, joint ventures, licensing, strategic alliances, franchises ✓ Other forms of horizontal coordination, such as collective actions as well as initiatives through participation in associations
<b>6 - Synergies between business units</b>	✓ In supply chain purchasing ✓ Joint administration ✓ Create a service market ✓ Information sharing ✓ Learning – experience curve ✓ Share legal, human resources, accountancy services ✓ Fiscal planning	✓ Outsourcing can be more efficient than maintaining internal activities

Table 5.8 Motives for diversification and alternatives to diversification.

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# Vertical (Supply Chain and Channels) Coordination and Integration

What to do?

Based on our understanding of the opportunities existing when we answered the first question...

Now we have to list the possibilities of moving upstream or downstream in our network/chain and rank them!

- a) Vertical Integration?
- b) Franchise?
- c) Joint Ventures?
- d) How to improve our contracts with channels?
- e) How to improve our supply chain?

What can we do?

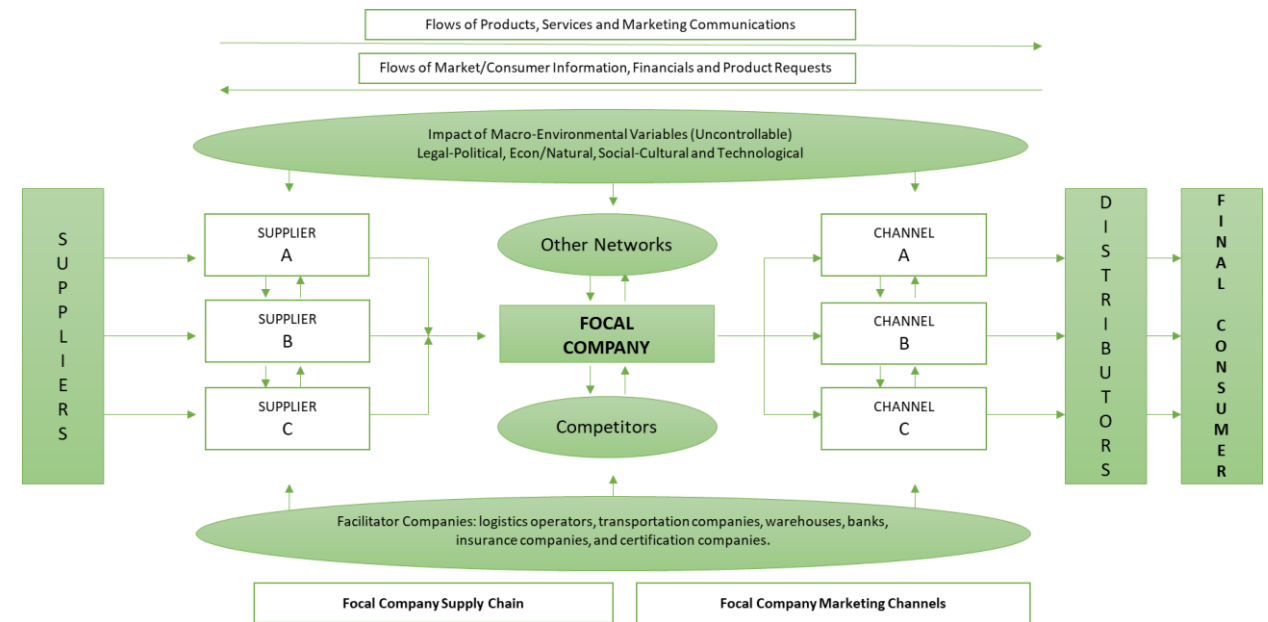
1 - Investing in...

2 -

3 -

4 -

5 -



How can we further analyze and rank them? Lets use the following table!





# a) Factors to Consider and Risks in the Vertical Integration Strategies

## Factors to Consider in Vertical Integration

- Complete control of the channels or supply chain;
- Access to market information;
- Protection against market oscillations;
- “Agency” costs as a result of different interests in the organization;
- Integrated tax planning in the chain;
- Differentiation opportunity;
- Increased negotiation power with other distributors or suppliers;
- Creation of scale and entry barriers to new competitors;
- Units working as consumer laboratories

## Risks in Vertical Integration

- The cost to change becomes too high;
- Costs and expenses associated with the integration can be higher than other alternatives;
- Possible lack of flexibility;
- Larger investments and exit barriers;
- May reduce and limit the innovation rate;
- Clients may become competitors;
- Differences in optimum production scale;
- Possible lack of administrative synergy;
- Problems in one production stage threaten production and profitability of all other stages;
- The activities may be very different.

## b) Advantages and Risks in Strategic Alliances (Joint Ventures)

### Advantages of Strategic Alliances / Joint Ventures

- Can increase access to critical resources;
- Avoid legal and economical entry barriers;
- Gain more market force and coverage (scale);
- Spread risks;
- Acquire experience and contact network;
- Avoid supplier and/or distributor power;
- Access to distribution channels;
- Decrease in stocks, better logistic coordination
- Idle capacity utilization;
- Adaptation capacity in local markets;
- Lower cultural risks to enter new markets;
- Increase R&D;
- Unite efforts to reach common objectives;

### Risks of Strategic Alliances / Joint Ventures

- Conflicts between companies (cultural differences);
- Delicate construction of the administrative team;
- Creating its own identity is critical;
- Risk of technology transfer without any compensation;
- Risks of unbalanced power;
- Hold-up risk (contract break) when only one of the parts makes investments in specific assets;
- Partners can disagree about the division of the investments, marketing or other policies;
- A dynamic partner in a joint venture can become a strong competitor;
- Risk of choosing the wrong partner.



# c) Advantages and Risks in Franchising

## Advantages in franchises

### *For the franchiser (the owner of the concept):*

- Long-term strategic relationship;
- Business expansion without demanding high levels of investment.
- Brand management and control;
- More flexibility than vertical integration;
- Scale for marketing and technology (advertisement, new product development, administrative procedures);
- Capture local knowledge of the franchisee;
- Capture entrepreneurial spirit of the franchisee and incentives (it is his business)
- Network integration process and participation of the franchisees in strategies and new developments;
- Receive marketing support;
- Location for the venture;
- Efficiency in the supply chain;
- Market research;
- Project and layout;
- Financial counseling;
- Operational manuals;
- Administrative training;
- Employee training;
- Knowledge already acquired from the franchiser's experience;
- Access to consolidated brands in the market.

## Risks in franchises

### *For the franchiser (the owner of the concept):*

- “Franchise brokers” and “franchisee cooperatives” (where franchisees meet to increase their bargain power with the franchiser) can threaten the system;
- Concentration in the hands of few franchisees can make the negotiation process unequal between the parts;
- Labor aspects on the franchisee's behalf that could result in law suits for the franchiser;
- Brand value loss due to the offering of lower quality products;
- Other activities done by the franchisee
- Ex-franchisees copying the business.
- Unknown expenses in the system;
- Geographical concentration of franchisees in the same area generating competition within the franchise system;
- Lack of investments from the franchiser in marketing and innovation;
- Can limit creativity and innovation of entrepreneurs or franchisees;
- The payment system can be discouraging with the initial fixed fee plus part of the economic result (royalties) and contributions for communication;
- Mandatory purchase of inputs from the franchiser that can be overpriced;
- New units in the area competing;
- Lack of openness to discuss environmental changes.

# Products and Services in Contracts

Function	Responsibility Analysis (who does it and how)	Possible improvement (proposals)
<b>Products and services functions</b>		
Inventory management and its levels		
Product delivery		
Product modification		
Product lines and variety		
New product evaluation		
Sales volume (performance) forecast		
User help/installation technical service		
After sales service and Sales service supply (team)		
Training: range and costs		
Product maintenance		
Package/specifications issues		
Exclusivity and Territorial rights		
Market coverage expected		
Exports aspects expected		
Time frame (period to carry out the flows)		
Adaptation for specific legislations		
Exclusivity and Territorial rights		
Market coverage expected		
Exports aspects expected		
Time frame (period to carry out the flows)		
Adaptation for specific legislations		

# Communications in Contracts

Function	Responsibility Analysis (who does it and how)	Possible improvement (proposals)
<b>Communication Functions</b>		
Advertisement (all forms)		
Sales promotion (all)		
Public relations actions (all)		
Direct marketing actions		
Information about the products		
Participation in the communication budget		
New media forms of communication		
Package information		
Others...		

# Information in Contracts

Function	Responsibility Analysis (who does it and how)	Possible improvement (proposals)
<b>Information Functions</b>		
Share info. about the consumer market		
Share info. about the competition		
Share info. about the changes in the environment		
Participation in the planning process		
Frequency and quality of the information		
Share information about complaints		
Electronic orders		
Others (fill in)		

# Payments and Requests in Contracts

Function	Responsibility Analysis (who does it and how)	Possible improvement (proposals)
<b>Variables of Payments and Requests</b>		
Frequency of product orders		
Policies for prices and payments		
Margin analysis		
Commissions (volume and frequency)		
Grant credit to the final consumer		
Billing consumers		
Search for sources of finance		
Price guarantees		
Others (fill in)		

# In What Should We “Think About” When Developing Our *Supply Chain*?

COST	RELATIONSHIPS	OTHER DIFFERENTIALS
<ul style="list-style-type: none"> <li>✓ Knowledge/technology</li> <li>✓ Global sourcing</li> <li>✓ Scale in buying</li> <li>✓ Efficiency of suppliers</li> <li>✓ Innovation</li> <li>✓ Competition of suppliers</li> <li>✓ Avoid supplier concentration dependence</li> <li>✓ Quality/security</li> <li>✓ Inbound logistics</li> </ul>	<ul style="list-style-type: none"> <li>✓ Collaboration and Coordination (flexibility and responsiveness)</li> <li>✓ Transaction costs</li> <li>✓ Information Flow</li> <li>✓ Simplicity, control/predictability</li> <li>✓ Year round supply</li> <li>✓ Look at the best (brands of suppliers)</li> <li>✓ Fairness</li> <li>✓ Ethics and behavior of suppliers (supplier code of conduct)</li> <li>✓ Stimulate benchmarking</li> <li>✓ Building committees and trust</li> </ul>	<ul style="list-style-type: none"> <li>✓ Stimulating inclusion</li> <li>✓ Certifications</li> <li>✓ Direct connection</li> <li>✓ Buying local</li> <li>✓ Environmental issues (energy, water, carbon, waist)</li> <li>✓ Social issues of suppliers (treating employees, community, etc.)</li> </ul>

Source: Marcos Fava Neves: The Future of Food Business, World Scientific, 2014



# Method to Plan and Develop the Supply Chain of the Company

## 1 Understand the Company's Integrated Supply Chain Structure

- ✓ Major inputs (products or services) purchased or internally produced;
- ✓ Costs involved (procurement costs, handling, transaction costs, stocks);
- ✓ Way that the transactions are done (governance forms, like contracts, markets and other forms).

## 2 Market Analysis of Major Inputs

- ✓ Number of suppliers, products, brands, channels, prices;
- ✓ Concentration of suppliers;
- ✓ Selling behavior of suppliers (transactions);
- ✓ Services offered by suppliers;
- ✓ Locations;
- ✓ Major macro-environmental risks.

## 3 Diagnosis of Each Input of Company's Integrated Supply Chain

- ✓ Company acquires x market characteristics;
- ✓ Resources given x benefits;
- ✓ Single supplier x multiple suppliers
- ✓ Degree of sophistication of the relationships;
- ✓ Vulnerabilities and risks;
- ✓ Degree of dependence on specific suppliers;
- ✓ Priority list for interventions;
- ✓ Long term goals of the Company and traditions;
- ✓ Internal resistance to change (cultural aspects and barriers).

## 4 Proposal of a Governance Structure for Each Input

- ✓ Analyze economics and margins and value capture possibilities;
- ✓ Specialization gains;
- ✓ Reversibility if needed (technology switch) and adaptability;
- ✓ Building entry barriers for competitors;
- ✓ Promote development and inclusions and with this accessing public credit lines

## 5 Building the Contract (Relationship)

- ✓ Negotiation and how to consider macro-environmental changes;
- ✓ Regulation of products, services, communications, payment and information flows;
- ✓ Analysis of specific investments needed and the risks associated to these investments
- ✓ How to promote incentives and share results of competitiveness gains.

## 6 Management of the Relationship

- ✓ Governance forms, with boards and external evaluation committees;
- ✓ Search for continuous transactions costs reductions;
- ✓ Sharing benefits of experience curve and innovation gains and sharing;
- ✓ Continuous benchmark process and evaluation of alternatives;
- ✓ Bringing motivation and avoiding the risk of accommodation;
- ✓ Sharing open communication platforms;
- ✓ Flexibility and responsiveness improving services and support;
- ✓ Promoting networking and cooperation for learning and benchmarking;
- ✓ Permanently increasing trust.

# Agenda - How to Get There? (Chapter 03)

- 3.1 – Basic Strategy Definitions
- 3.2 - Choosing Market Segments
- 3.3 - New Markets (Channels) for Current Solutions
- 3.4 - Market Share Growth
- 3.5 - New Solutions (Products or Services)
- 3.6 - Business Diversifications
- 3.7 - Vertical (Supply Chain and Channels) Coordination and Integration
- 3.8 - Acquisitions or Mergers**
- 3.9 - Selling or Renting the Business (Units or Others)
- 3.10 - Financial Strategies: New Partners, IPO...
- 3.11 - Value Creation, Capture and Sharing (Relationship & Marketing)
- 3.12 - Collective Actions

1. WHERE ARE WE NOW?



2. WHERE WE WANT TO GO?



3. HOW TO GET THERE?



4. PROJECTS NEEDED  
(ACTIONS AND DETAIL)

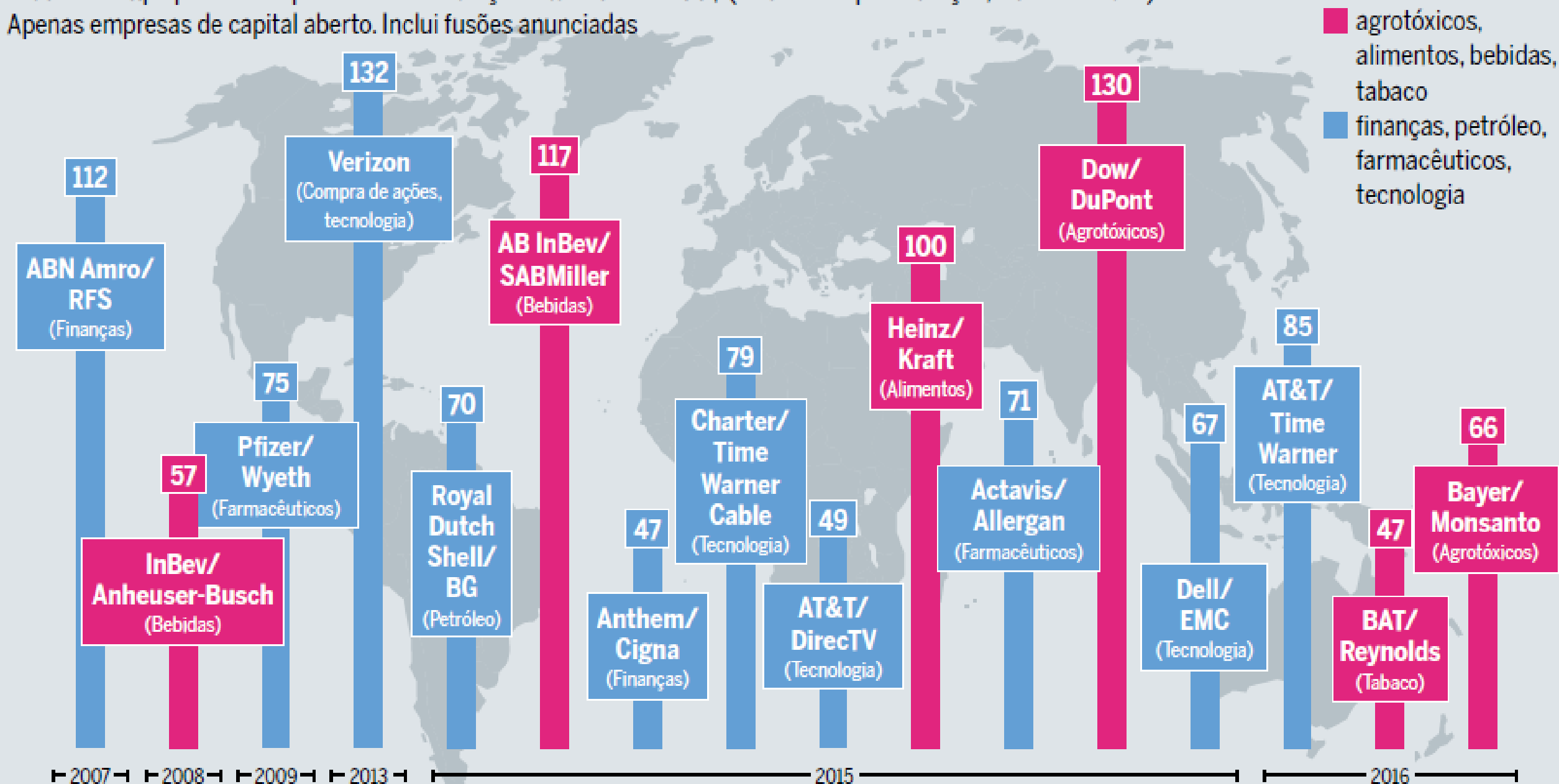


5. TALENTS AND STRUCTURE  
TO MAKE IT HAPPEN

# MAIORES FUSÕES DA ÚLTIMA DÉCADA

Linha do tempo por setor e por valor da transação em bilhões de US\$ (controlado pela inflação, ano base 2016).

Apenas empresas de capital aberto. Inclui fusões anunciadas



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## InfoMoney

# IPO da XP é o 9º maior do mundo em 2019; veja o ranking

Empresa brasileira captou US\$ 2,25 bilhões na bolsa americana Nasdaq. A petrolífera Saudi Aramco foi a responsável pela maior oferta do ano



Por **Leticia Toledo**

30 dez 2019 11h31 - Atualizado 4 meses atrás



Guilherme Benchimol, durante IPO XP Inc (Foto: Matheus Detoni/Divulgação)

RANKING	EMPRESA	DATA	BOLSA	VOLUME EM US\$ BILHÕES
1	Saudi Aramco	05/12/2019	Tadawul	25.599
2	Alibaba	18/09/2014	NYSE	21.767
3	Softbank Corp	10/12/2019	Tóquio	21.345
4	NTT Mobile	22/10/1998	Tóquio	18.099
5	Visa	18/03/2008	NYSE	17.864
6	AIA	21/10/2010	Hong Kong	17.783
7	ENEL	01/11/1999	NYSE	16.452
8	Facebook	17/05/2012	NASDAQ	16.007
9	General Motors	17/11/2010	NYSE	15.774
10	ICBC	20/10/2006	Hong Kong	13.958

Fonte: <https://www.investidorinternacional.com/>



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## DIFFERENTIATION STRATEGIES

- ✓ Can isolate the company from the competition, reducing the consumer's price sensitivity.
- ✓ Creates an entry barrier.
- ✓ Can result in better margins.
- ✓ Buyers are less sensitive to price, for they diminish alternatives of comparison
- ✓ With the customers' loyalty, the company is better positioned than its competitors and substitute products.
- ✓ Integrated relationship approach
- ✓ Innovation
- ✓ Lock-in strategies
- ✓ Products and "solutions"
- ✓ Brand and Image
- ✓ Packaging
- ✓ Sustainability and certifications;
- ✓ Intimacy and convenience;
- ✓ Channels
- ✓ Sales force
- ✓ Services
- ✓ Performance to buyer
- ✓ Create network externalities
- ✓ Create superior access
- ✓ Create legal restrictions

## COST STRATEGIES

- ✓ Uses the buyer's capacity of reducing prices;
- ✓ Increases entry barriers, given economies of scale or the nature of the cost advantage;
- ✓ Positions the company favorably in relation to its competitors and substitute products;
- ✓ Economies of scale;
- ✓ Economies of scope;
- ✓ Capacity utilization;
- ✓ Experience curve;
- ✓ Raw-material and component prices;
- ✓ Location;
- ✓ Process efficiency;
- ✓ Purchase process;
- ✓ Lean logistics;
- ✓ Organization/coordination of the vertical chain;
- ✓ Better use of resources and assets;
- ✓ Strategy-scale production;
- ✓ Quality and material costs;
- ✓ Efficiency in labor;
- ✓ Continuous redesign of operations and methods;
- ✓ Technology for cost reduction;
- ✓ Financial architecture (better financing sources);
- ✓ Advantage of experience effect;
- ✓ Outsourcing (make or buy decisions);
- ✓ Better operational performance;
- ✓ Overhead costs reduction;
- ✓ Contracts governance;
- ✓ reduction of transaction costs;
- ✓ Reduce bargaining power of sellers;
- ✓ Increase importance to suppliers.

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# Matrix of Collective Actions of the Members of a Network

Ideas for Collective Actions with Suppliers	Ideas for Collective Actions with its Channels	Ideas for Collective Actions with Facilitator Companies (freight carriers, banks, logistics operators, etc.)	Ideas for Collective Actions with its Competitors
Action 1	Action 5	Action 7	Action 9
Action 2	Action 6	Action 8	Action 10
...	...	...	...

Table 2.8 Matrix of collective actions between the members of a network.

## Collective Actions Opportunities in Products, Services, Brands and Packages

Actions	Description	Ideas for the Company
<b>Companies complement their product lines</b>	Companies begin to complement each other's product portfolio with the other company's products. Thus, the offer can be seen as being more complete, adding convenience to the consumer's purchase process. They can be manufactured with the company's brand or a third-party brand.	
<b>Companies develop new products and innovation projects jointly</b>	Companies can create projects for the development of new products and create new technologies in conjunction, substantially reducing individual investment.	
<b>Market development and definition of dominant standards</b>	Companies can invest jointly in the development of markets for new technologies, facilitating their process of adoption and defining a dominant standard that is of the company's interest.	
<b>Companies license other company's brands in non-competing lines</b>	Companies use other companies brands, through payment based on sales or time periods, so that through these brands they can enter markets easily.	
<b>Companies share infrastructure services</b>	Companies can have the same structure to offer services to their customers, for example, related to the maintenance of products, and thereby share costs.	
<b>Same structure of package development</b>	Companies can use the same packaging infra-structure, or use the same outsourced company. They can still work with the same type of input material for packages (for example, plastics, cardboard), in ways to reduce the product cost.	
<b>Share and coordinate quality systems</b>	Companies can invest in a common project for issues related to quality, product traceability and information systems.	
<b>Share product recall projects</b>	Companies can divide return structures and product recalls, mainly in an outsourced form.	

## Collective Actions Opportunities in Communication

Actions	Description	Opportunities (ideas) for the company
<b>Joint advertising</b>	Companies conduct joint advertising. This happens a lot between retailers and industries, but there are cases between companies of the same industry, or between companies that have the same target market.	
<b>Collective advertising for market growth as a whole</b>	Companies allocate part of the amount, such an amount to be spent in increasing the consumption of the industry's generic product, so that all participant companies benefit.	
<b>Promotion of combined sales</b>	In the purchase of a product, another one is added, from another company, or from a group of companies.	
<b>Public relations</b>	Companies share public relations infra-structure and stimulate the development of the market as a whole.	
<b>Development of a lobby</b>	Companies work jointly to create knowledge and form a favorable public opinion of the product.	
<b>Joint participation in fairs and events</b>	Sharing of stands, common exposition areas.	
<b>Share sales force</b>	Non-competing companies can share sales force for publicizing complementary products and services.	
<b>Others</b>		





# The Brazilian Cotton Consumption Campaign “Sou de Algodão” Case



# Sou de Algodão | Partners Brands



## artesanato



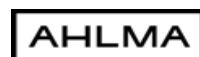
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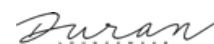
AMORA



## confeção

CECILIA PRADO

Isaac Silva



FOFIS

endless



HELOISA FARIA



mensageiro dos sonhos

milon



nanai BY KYLY

## Collective Actions Opportunities in Distribution Channel Network

Actions	Description and examples	Ideas for the company
<b>Access to different market segments with complementary offers.</b>	Two companies that have complementary interests in relation to market segments can share channels and both can increase sales with a lot less effort rather than if each one had to develop its own channel independently for the new market segment.	
<b>Strengthening of the channels of an individual company.</b>	Two companies can make their channels much more attractive to the consumer when combining complementary offers.	
<b>Combined efforts of competing companies to operate in little known markets.</b>	Two competing companies that do not have scale and experience in international markets can combine efforts to open international markets, with well planned joint ventures.	
<b>Blocking of distribution channels to competing companies.</b>	Company distributions can act jointly in order to make the new entrant's access more difficult.	
<b>Economy of scale gains by competitors by better exploring assets of the distribution function.</b>	Two competing companies can decide they gain more by combining distribution efforts but will compete over other marketing variables, such as product or communication.	
<b>Joint events</b>	Companies can group channels for joint events.	



## Collective Actions Opportunities in Sales Force

Actions	Description	Ideas (Actions) for your Company
<b>Companies with complementary offers sharing sales teams</b>	Two salespeople from different companies complement their product portfolio with products from another company. Thus, the offer can be seen in a more complete form, adding convenience to the consumer's purchase process. However it is crucial to manage commissions in a careful way, distributing well the results between the two involved companies.	
<b>Competing companies share commercial representatives in markets that are still unexplored</b>	In international markets that have still not been worked on, two competing companies can jointly decide to contract international representatives for certain product lines to increase success chances abroad and dilute risks.	
<b>Non-competing companies (with the same target market) sharing training</b>	Training about client characteristics (knowledge about client specificities) can have costs divided by two or more companies, as well as motivation training, prizes and so forth. Besides this it could be a form of increasing the trade of information among salespeople of different companies participating in the training, possibly opening sales opportunities for salespeople for all companies involved.	
<b>Non-competing companies share databases for visits</b>	Companies can share sales and potential sales databases about their market, within legal and ethical limits, to increase knowledge of territories.	
<b>Service rendering companies (such as banks, insurance companies or transporters) and manufacturers share information and form a true business network</b>	Several service renderers also have access to clients and can also share their knowledge about clients. The collective action also goes in the direction of increasing the partnership with these facilitators, straightening ties and forming a true network, as proposed in this book.	
<b>Non-competing companies trade information regarding market potentials</b>	The study of potential markets of certain regions can be conducted jointly to make several decisions of the sales organization easier, such as the definition of the number of salespeople, alignment of territories and determination of quotas.	
<b>Non-competing companies form a package offer for the salesperson, making him/her truly into a business consultant</b>	Companies can form true business consultants with a complete offer by training jointly their salespeople and creating partnerships in sales force, between complementary products and services, which will in fact represent the network which is supporting the sales team.	

# 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.