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MULTITRACES

MULTIDISCIPLINARY TRAINING IN CIRCULAR ECONOMY AND SMART VALORISATION OF THE RURAL AREA FOR NEW BUSINESS MODELS

Co-funded by the Erasmus+ Programme of the European Union

Universitat d'Alacant
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MODULE 4

Business Management
in the framework of circular economy

Index

1. ENTREPRENEURSHIP IN THE FRAMEWORK OF CIRCULAR ECONOMY

1.1. Introduction

Entrepreneurship is not a new phenomenon anymore. In fact, it has been around in one form or another since the earliest civilizations including the Mayans, Ancient Greeks and Romans up to relatively more recent times of the Renaissance (15th and 17th centuries), Industrial Revolution (18th and 19th centuries) throughout the 20th century up to the present day.

From a theoretical perspective, entrepreneurship, as a function, entails the discovery, assessment and exploitation of opportunities (Cuervo et al., 2007). It might involve the development of new products, services or production processes, new strategies and organizational forms and new markets for products and inputs that did not previously exist (Shane and Venkataraman, 2000).

The entrepreneurial opportunity is an unexpected and as yet unvalued economic opportunity. Entrepreneurial opportunities exist because different agents have differing ideas on the relative value of resources or when resources are turned from inputs into outputs. The theory of the entrepreneur focuses on the heterogeneity of beliefs about the value of resources (Álvarez and Busenitz, 2001). Entrepreneurship – the entrepreneurial function, can be conceptualized as the discovery of opportunities and the subsequent creation of new economic activity, often via the creation of a new organization (Reynolds, 2005). Due to the fact that there is no market for “opportunities” where the entrepreneur could sell the opportunity to others who will develop it, the entrepreneur must exploit them, meaning that he or she must develop his or her capabilities to obtain resources, as well as organize and exploit opportunities. The downside to the market of “ideas” or “opportunities” lies in the difficulty involved in protecting ownership rights of ideas that are not associated with patents or copyrights. There is no legal protection of the different expectations held by entrepreneurs and investors on the economic value of ideas and business opportunities, and of the entrepreneur’s need to withhold information that may affect the value of the project.

Entrepreneurship is an essential element for economic progress as it manifests its fundamental importance in different ways: a) by identifying, assessing and exploiting business opportunities; b) by creating new firms and/or renewing existing ones by making them more dynamic; and c) by driving the economy forward – through innovation, competence, job creation and by generally improving the wellbeing of society.

Entrepreneurship affects all organizations regardless of size, or age, whether they are considered a private or public body, and independently of their objectives. Its importance for the economy is reflected in its visible growth as a subject of interest for the economic press and in academic literature. It is a matter of interest to academics, businessmen and governments the world over.

The number of entrepreneurs and establishment of small firms has dramatically and uniformly increased globally over the most recent 10 years. This is mainly due to globalization, liberalization of labour markets and enactment of entrepreneur-friendly government policies such as removal of barriers to competition and other trade restrictions.

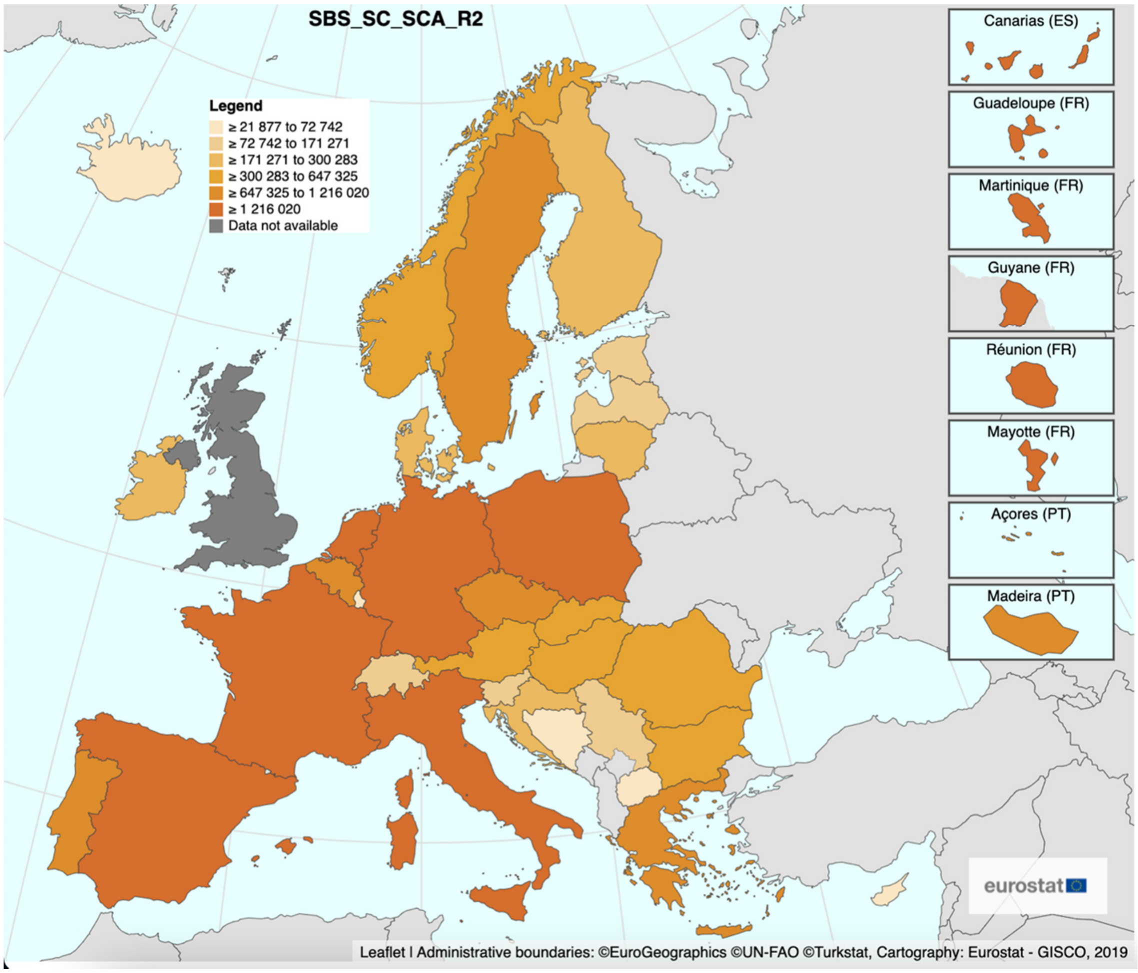
Unlike some years ago, today starting one's own business is not as scary as it used to be. It is a lot easier to find free advice and start-up grants from a variety of sources including government agencies and non-profit organizations. As such, it helped booming small to medium-sized sector and create more wealth than firms at any other time.

However, environmental enablers of entrepreneurship are only one side of the story and this is where the more academically oriented perspective of the phenomenon begins.

It is argued that entrepreneurs have certain characteristics and which predispose them to behave in a particular way. 'Risk-taking' and a 'desire for achievement' are often quoted as being key necessary traits. In reality, the picture is rather more complicated, for example, some individuals may have been 'pushed' into self-employment by virtue of redundancy. Many of them could hardly be described as being risk-takers yet there are many examples of resounding business success. Equally, there are those spectacular failures who not only possess the appropriate internal characteristics of entrepreneurs but have been 'pulled' into the field because of its perceived intrinsic benefits.

There was a total of over 22 million enterprises in 2018 in the European Union (27, without UK) counting with over 1 million in the largest countries as depicted in the map below.

While the EU 27 (without the UK) has a 5.09% rate of entrepreneurship Greece, Spain and Italy exceeds this rate reaching values between 5.7% to 6.6% in 2018 or even higher in 2019 (based on Eurostat database). Romania is at a lower level, around 2.6% in the last years.



1.2. Entrepreneurs

Defining an entrepreneur is difficult because they are a composite of variables (lee-Ross & Lashley, 2009). In fact, Hèbert & Link (1982) managed to synthesize previous definitions and functions of entrepreneurs in the following points:

- The entrepreneur is the person who assumes the risk associated with uncertainty.
- The entrepreneur is a supplier of financial capital.
- The entrepreneur is an innovator.
- The entrepreneur is a decision maker.
- The entrepreneur is an industrial leader.
- The entrepreneur is a manager or superintendent.
- The entrepreneur is an organizer or coordinator of economic resources.
- The entrepreneur is a proprietor of an enterprise.
- The entrepreneur is an employer of factors of production.
- The entrepreneur is a contractor.
- The entrepreneur is an arbitrageur.
- The entrepreneur is the person who allocates resources to alternative uses.

Yet, it could be considered an ***entrepreneur "one who creates a new business in the face of risk and uncertainty for the purpose of achieving profit and growth by identifying significant opportunities and assembling necessary resources to capitalize on them"*** (Zimmerer and Scarborough, 2005).

The first studies on entrepreneurs, previous to 1990, revealed a large set of characteristics, such as: risk-bearing, risk taking, risk measurement, source of formal authority, innovation, initiative, desire for responsibility, need for achievement, ambition, desire for independence, self-confidence, communication ability, positive reaction to set-backs, etc. More recently, Lee-Ross & Lashley (2009), based on Minniti et al. (2006), underlined that among the main characteristics an entrepreneur is likely to have the following:

- Be based in a middle-income country;
- Survive in high-income countries;
- Be opportunity-driven as success if necessity-driven is less likely;
- Not offer new products or services;
- Own businesses likely to have limited or no growth potential;
- Be between 25 and 34 years (early-stage entrepreneurs);
- Be a man;
- Have post school or graduate qualifications; and
- Be more likely to have confidence in own skills, know other entrepreneurs, be more alert to unexploited opportunities and less likely to let fear of failure prevent them from starting new business.

Pros	Cons
• Independence and relative freedom from constraints including decision-making • Able to use many skills, abilities and talents • Accountability to onself and control over own destiny • Status, achievement and chance to reach one´s full potential • Potential for greater financial rewards	• Change, risk, uncertainty of income and the requirement to make many decisions in new "unknown" areas • Many skills and abilities required, compete responsibility • Lower quality of life in early stages with notable potential or failure • Long hours and "hard work"

Source: adapted from Zimmerer & Scarborough (1996) and Coulter (2001)

1.3. Circular entrepreneurs

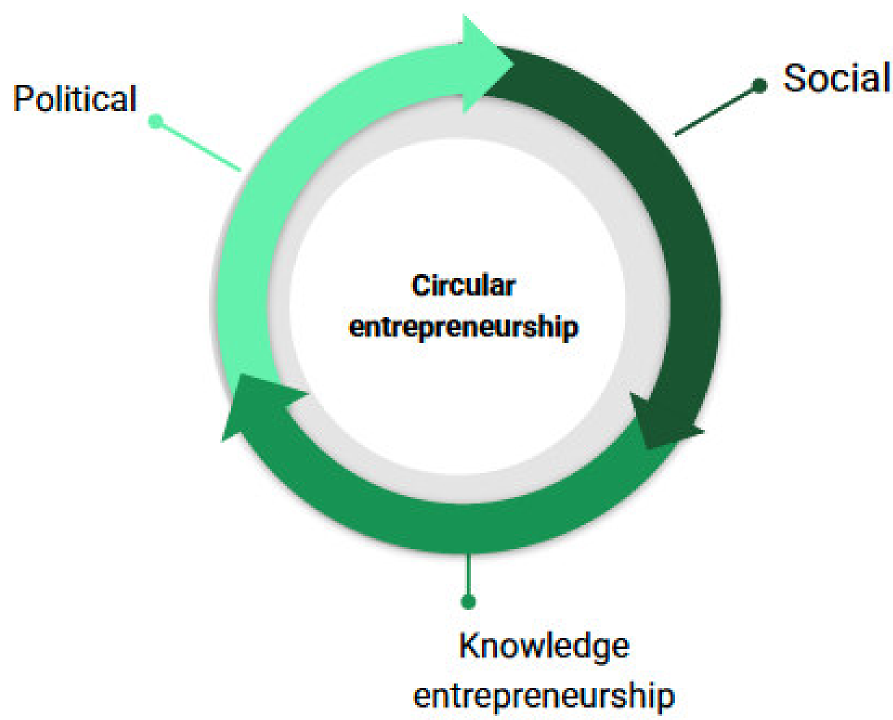
The circular economy proposes the shift towards a more resource-efficient industrial model wherein economic growth is decoupled from the consumption of finite natural resources (EMF and McKinsey, 2012; EMF et al., 2015). It´s potential to address ecological and social sustainability concerns and unlock sources of economic and business opportunities (Ranta et al., 2018; Türkeli et al., 2018) made it even more attractive for both policy makers and business leaders alike.

It must be underlined that “circular principles need entrepreneurial innovative spirit to become reality” (Zucchella and Urban, 2019) and the development of the innovative business models is a core step to enable the exploration and exploitation of circular opportunities. While circular entrepreneurship is the “processes of exploration and exploitation of opportunities in the circular economy domain” (Zucchella and Urban, 2019), circular entrepreneur might be defined as "... an agent who promotes change and exploits opportunities for the purpose of doing business in accordance with the principles of the Circular Economy" (Daalderop, 2016). In other words, a circular entrepreneur is an agent that fosters the creation of a circular economy through innovative products, services and/or business models, who take risks and take advantage of new opportunities to create positive changes. He or she might be a pioneer and inspires other entrepreneurs, organizations and even governments to make the transition to a circular economy, showing that the circular economy is possible. The solutions created by the circular entrepreneur are intentionally regenerative and impact positively the planet and humanity.

It is stated that the actions of the circular entrepreneur are intentional since they begin to create a solution; they have the intention to provide positive impacts not only to the environment, but also to the economy and society. In addition, a circular entrepreneur innovates not only in products, but also in services and/or business models. The circular entrepreneur is a change agent that inspires actions towards a circular economy.

Entrepreneurship is the process of starting a business, a startup company or an organization. In the process, an entrepreneur develops a business plan and acquires required resources and is fully responsible for the outcomes.

• Multiple dimensions



• Small businesses and entrepreneurships are major drivers of economic growth, breakthrough innovations and job creation.
• Options to support entrepreneurship & to promote risk-taking →governments fund different agencies and invest in establishing business incubators and science parks to support entrepreneurial-related activities and potential entrepreneurs and their successful innovations.

Barriers in the process of developing a circular business: from an entrepreneurial perspective

- The development process - dimensions: management, social, political, knowledge, technology, legal, financial, manpower and economics.
    - Each of these can be a challenge;
- Entrepreneurs also face many barriers

Dimension	Barrier	Mittigating plan/potential solution
Management		
Social		
Political		
Knowledge		
Technological		
.....		

- A number of public measures like establishing business incubators and science parks are aimed at supporting entrepreneurship and their operations, survival and success.

1.1. Entrepreneur vs manager

Often the term "entrepreneur" is compared to the "manager" as they represent the two main figures in a company involved in the organization, management, control, administration, etc. However, an entrepreneur is a person with an idea, skills, and courage to take any risk to pursue that idea, to turn it into reality, while the manager is the person in charge of managing the operations and functions of the organisation.

Entrepreneur

The term entrepreneur comes from the word entrepreneur which in turn originates from the French entreprendre which means to be in charge of making an organisation work with essential skills to be able to develop the growth and success of the growth and success of the organisation in any sector: private, public and social.

Hence, it is expected that an entrepreneur creates a new enterprise by assembling inputs (i.e., production factors – land, labour and capital) for production purposes. He or she assumes all risk and uncertainty, aiming at achieving profit and growth of the business venture by identifying new opportunities and combining resources for the purpose of capitalising them. This process in general innovates new ideas and business processes.

What are entrepreneurs like?
An entrepreneur is a human being with positive attitudes to make decisions, creative, persevering and with the need to make the most out of their ideas by taking action to turn them into reality for the benefit of their organisation.. They are those individuals with the will or the ability to deal with uncertainty. They also possess three basic psychological needs:

- need for achievement,
- need for affiliation,
- need for power.

It is the need for achievement that determines their attitudes and aptitudes. There are particular characteristics that distinguish them from other people.

Characteristics of Entrepreneurs

Motivational factors	• Need for achievement • Need for recognition • Need for personal development • Perceived economic benefit • Low need for power and status • Need for independence • Need for affiliation with or help from others x Need for escape, refuge or subsistence • Need for escape, refuge or subsistence x Need to escape, refuge or subsistence
Personal characteristics	• Personal initiative • Decision-making ability • Moderate risk-taking • Opportunity orientation • Emotional stability/self-control • Goal-oriented • Internal locus of control (attributing successes or failures to him/herself). • successes or failures) • Tolerance of ambiguity/uncertainty • Responsive in social relationships • Possesses a sense of urgency/valuable time • Honesty/integrity and trustworthiness • Perseverance/constancy • Personal responsibility • Individualistic • Optimistic
Physical characteristics	• Energy • Working hard
Intellectual characteristics	• Versatility/flexibility

	• Creativity/imagination/innovation • Search for truth and information • Systematic planning and monitoring of • results • Ability to analyse the environment • (reflection) • Comprehensive view of problems • Ability to solve problems • Time-bound planning
General competencies	• Leadership • Customer orientation • Ability to secure resources • Resource manager/administrator • Factor pattern of production • Demands efficiency and quality • Company direction and management • Networking • Communication

Source: Rodríguez (2011).

Types of Entrepreneurs

1. Idealist: one of the most common types of entrepreneurs. He is generally innovative and creative by nature. The idealistic nature usually guides an innovative spirit to pursue entrepreneurship dreams. And such idealist entrepreneurs are also optimistic by nature.

2. Optimizer: see the glass as half full. They have a very positive outlook on life and this optimistic nature of their reflects in their business as well. They are also usually content with owning a business, they derive personal satisfaction from it.

3. Hard Workers: this is a special kind of hard worker. As the name suggests, these are the entrepreneurs that put maximum effort to ensure their business succeeds.They do not mind the long hours and the toil involved with building a business. They constantly challenge themselves and work endlessly to ensure the growth of their business.

4. Improver: have a noble cause to start their business – to improve or better the world in some way. They wish to run a moral and ethical business. Such entrepreneurs are very ethical. They will not adopt means that harm the cause in the search for higher profits.

5. Visionary: are the founding members of the business. It was their vision and objectives that were followed to build the business. These people have the ability to accurately gauge the future and are also generally curious by nature. They are the original thinkers of the business.

6. Analyst: these are the problem solvers. They analyze the problems and complications and find the most suitable and cheap solutions. They are critical thinkers and logical people by nature. Also, complicated businesses suit them since they are not bothered by too many complications.

7. Jugglers: is an entrepreneur that likes to handle everything by himself. They are energetic and enthusiastic entrepreneurs who do not believe in having too many employees or help. So they handle everything from ensuring project finance to paying the daily bills.

Steps recommended for a successful start-up

1. Answer the following questions to identify your tastes and preferences.
and preferences.
* What do I like to do?
* What do I know how to do?
* What is my education or training?
* What skills do I have?
* What experiences do I have?
* What are my plans for the future?
2. Clearly identify what you want to do and the goals you want to achieve?
you want to achieve
3. Identify economic, psychological, cultural, or other barriers to entrepreneurship.
other barriers to entrepreneurship
4. Make a SWOT diagnosis of your personal life.
5. Brainstorm ideas for your product or service that you think the customer needs and that
that you think the customer needs and that justifies the
formulation of a project
6. Evaluate the above ideas using a score from 1 to 5. Where 5 is very satisfactory and 1 is not satisfactory.
7. Description of the selected idea. In the following, describe as explicitly as possible
a) Why am I interested in the business idea?
b) What are the barriers or problems that prevent the
idea/business?
c) What experience, knowledge or strengths do I have?
d) Do we have contacts that allow us to crystallise the idea/business?
e) What motivates you to undertake this product/service?
f) Justify the business idea or project. What need does it
does it satisfy? What problem does it solve? Who will be the direct or indirect beneficiaries?

Manager

Is a person who gets the things done through his subordinates, with the aim of accomplishing business objectives efficiently and effectively. The five primary functions of a manager are planning, organising, directing and motivating, coordination and control.

The manager is in charge of the particular division, unit or department of the company. He may directly command to workers, or he may direct the supervisors, who will command workers. Therefore, he is the one under whose supervision, his subordinates work and report to him. Managers can be top level managers, middle-level managers, low-level managers.

A comparison between entrepreneur and manager

While there are different aspects as a basis of comparison between these two figures (as shown in the table below), there are also some key differences that should be considered.

	ENTREPRENEUR	MANAGER
Meaning	Entrepreneur refers to a person who creates an enterprise, by taking financial risk in order to get profit.	Manager is an individual who takes the responsibility of controlling and administering the organization.
Focus	Business startup	Ongoing operations
Primary motivation	Achievement	Power
Approach to task	Informal	Formal
Status	Owner	Employee
Reward	Profit	Salary
Decision making	Intuitive	Calculative
Driving force	Creativity and Innovation	Preserving status quo
Risk orientation	Risk taker	Risk averse

Thus, among the main key differences the following should be underlines:

1. A person who creates an enterprise, by taking a financial risk in order to get profit, is called an entrepreneur. An individual who takes the responsibility of controlling and administering the organisation is known as a manager.
2. An entrepreneur focuses on business startup whereas the main focus of a manager is to manage ongoing operations.
3. Achievements work as a motivation for entrepreneurs. On the other hand, the primary motivation is the power.
4. The manager's approach to the task is formal which is just opposite of an entrepreneur.
5. An entrepreneur is the owner of the enterprise while a manager is just an employee of the company.
6. A manager gets salary as remuneration for the work performed by him. Conversely, profit is the reward for the entrepreneur.
7. An entrepreneur's decisions are driven by inductive logic, courage, and determination; that is why the decision making is intuitive. On the contrary, the decision making of a manager is calculative, as they are driven by deductive logic, the collection of information and advice.
8. The major driving force of an entrepreneur is creativity and innovation. As against this, a manager maintains the existing state of affairs.
9. While an entrepreneur is a risk taker, the manager is risk-averse.

1.2. The environment in which businesses operate, conditions of the business in a circular economy frame

Circular economy business models

Circular business models represent fundamentally different ways of producing and consuming goods and services. They have the potential to drive the transition towards a more resource efficient and circular economy and, in doing so, significantly reduce the environmental pressure resulting from economic activity.

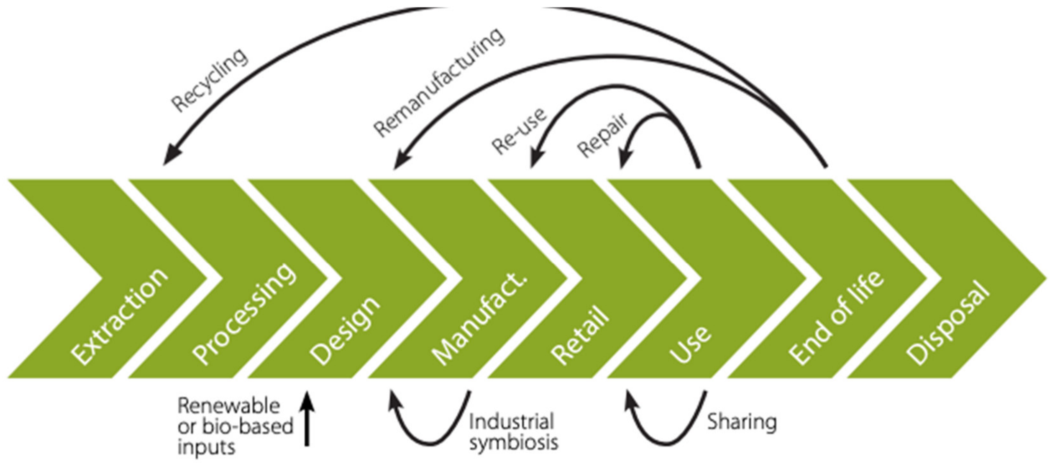
Key characteristics of circular business models

Circular business models modify the pattern of product and material flows through the economy. By doing so, they can reduce the adverse environmental side-effects resulting from the extraction, use, and eventual disposal of natural resources and materials. This results not only from facility level improvements in material productivity, but also from more fundamental changes in production and consumption patterns. For example, instead of using natural resource inputs more efficiently, renewable energy generation and the production of raw materials from scrap do not use them at all. 1

Five headline business models for a more circular economy: l Circular supply models, by replacing traditional material inputs derived from virgin resources with bio-based, renewable, or recovered materials, reduce demand for virgin resource extraction in the long run l Resource recovery models recycle waste into secondary raw materials, thereby diverting waste from final disposal while also displacing the extraction and processing of virgin natural resources l Product life extension models extend the use period of existing products, slow the flow of constituent materials through the economy, and reduce the rate of resource extraction and waste generation l Sharing models facilitate the sharing of under-utilised products, and can therefore reduce demand for new products and their embedded raw materials l Product service system models, where services rather than products are marketed, improve incentives for green product design and more efficient product use, thereby promoting a more sparing use of natural resources.

Circular business models do not operate in isolation The distinction between different circular business models is clear in theory, but may be less so in reality. In some cases, firms adopt combinations of business models. For example, the adoption of product service system model – and the retention of a product ownership that goes with it – may serve to incentivise the parallel adoption of product repair or remanufacturing. In other cases, the decision to adopt a particular circular business model by a firm or group of firms can facilitate the adoption of a related business model by others. Not all circular business models are necessarily new Recycling, reuse, and repair have existed for millennia. The sharing of under-utilised household possessions also has a long history, and the provision of access to products, rather than ownership of them, is not so different from traditional product leasing. What is new is the growing diversity and sophistication of these business models, as well as the range of sectors they are adopted in. In the context of personal transport, vehicles containing a significant proportion of recycled materials or remanufactured parts are now available. Alternatively, where access to mobility is preferred to ownership, ride sharing, car sharing, or short-term car rental have become potential solutions

Circular business models operate in different parts of the value chain



Source: Adapted from Accenture (2015)

The current scale, and potential scalability, of circular business models

The market share held by circular business models is limited. Some circular business models have achieved significant market share, but typically only in restricted economic niches. Examples of such niche market penetration include product service systems in automative coatings and resource recovery in the steel sector. Elsewhere, the market penetration of circular business models remains limited. Reuse and remanufacturing, the sharing of under-utilised capacity, and the provision of services rather than products accounts for only a small fraction of output in most sectors (generally no more than 5 to 10% in economic terms). As such, there remains considerable potential for the scale up of circular economy business models in many sectors.

2. GENERAL MANAGEMENT

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2 .1 THE CONCEPT OF MANAGEMENT. THE EVOLUTION OF THE MANAGEMENT THEORY

Concept of 'Management'

The word ***management*** has its origin in the Latin word ***manus*** = *hand*, which also has the meaning of manoeuvring or piloting, but also in other words (from Italian or French) such as (Turcu, 2008):

- maneggiare (from Italian) = to train a horse;
- maneggio (from Italian) = manej (place specially arranged for horse training);
- manèger (from French) = to train horses;
- manège (in French) = manej;
- ménage (from French) = household;
- ménager (from French) = to manage, manage, etc.

The English took from the French the terms ***ménage and*** **ménager** and introduced in the vocabulary the verb ***to manage*** = *to administer, to manage, to complete, to succeed, to govern, to lead, etc.*

The term *management* was not well known in the economy from the beginning. This term was introduced and used, initially, in administration, police, politics, army and, only at the beginning of the 20th century, the term *management* was used in the economic field, in the USA, where it means running a business.

The final acknowledgement in the economic field of the term management is due to the contribution especially of two great personalities, who introduced, for the first time, in economics specific principles and rules of management:

- Frederick W. Taylor;
- Henri Fayol.

Management: Science or art?

In terms of its historical evolution, management began as an art, and as it gained experience, formulated principles and laws, developed specific management methods and techniques, it has increasingly acquired the characteristics of a science.

Management is an *art* because it is based on certain personal qualities: talent, intuition, judgment, adaptability to changing situations, etc.

Management is a *science* because it is based on certain legalities and rules like other sciences.

The relationship between the character of science and that of art, which is attributed to management, is still a topic debated by specialists.

Some management specialists are reluctant to use the term “art” as an attribute of management considering that management is pure science.

Most specialists in the field consider that management is both a science and an art. In fact, the two interpretations of management (science or art) are in a relationship of complementarity.

One of the best-known contemporary specialists in management, the Canadian academician Henry Mintzberg, argues that the formula for success in management and business is as follows (Mintzberg, 2010):

“Lots of experience + a dose of art + some science”

Peter Drucker, another great specialist in the field, also has an interesting vision of management. He considers that management is a practice and not a science, it does not mean knowledge, but performance. Companies can also be run by ordinary people, capable of unusual performance (Drucker, 2006).

Definitions of the concept of ‘management’

In the literature, management has been defined differently over time.

The British Institute of Management defines management as: “the art and science of leading and managing the work of another in order to achieve precise goals, namely, the art of making decisions.”

According to the French dictionary, management is “a set of principles, methods and rational techniques for organising, managing and leading the enterprise.”

In the Explanatory Dictionary of the Romanian Language, the notion of management is assigned the following meanings:

- management activity;
- the joint organisation and management activities, in the sense of adopting the optimal decisions in providing and regulating the microeconomic processes;
- management as a science.

According to A. Mackenzie, management is “the process in which the manager operates with three fundamental elements - ideas, things and people - achieving through others the proposed objectives” (Mackenzie, 1969).

A much broader definition of management considers that it is the science studying the processes and management relationships within organisations, and the environment in which they operate, in order to discover the laws and principles governing them and to design methods, techniques and management methods contributing to an increase of the efficiency and competitiveness of the enterprise.

Specifically, the object of study of the management science is the analysis of management processes and relationships within organisations and research of the economic, social and cultural environment in which these organisations operate.

Another rigorous and comprehensive definition of management is one which believes that management is a set of activities, including planning and decision making, organising, directing and controlling targeted for organising human, financial, physical and information with which the goals of the organisation are achieved in an efficient and effective manner.

The management theory has a general character that can be applied in different fields, but the management practice is specific to a certain field (industrial, strategic, financial management, etc.).

Given the applied nature of this science, a major role is played by the design of new management methods and techniques that can be used in the management of the organisation.

A characteristic of the management science is the location in the centre of its investigations of man, in all its complexity, as a subject and object of management, in terms of its objectives, in close interdependence with the objectives, resources and means available to the organisation.

Evolution of the management theory

The literature specialised in management proposes several classifications of school management. The authentic specialised literature considered as the most representative management schools, the following:

- classical school, which is based on three important trends (sub-schools):
    - school of scientific management;
    - school of administrative management;
    - school of bureaucratic management;
- school of human relations (sociological);
- quantitative school (mathematics);
- systemic school (social systems);
- school of contextual (situational) management.

Classical school - the school of scientific management

The main founders of the school of scientific management were: Frederick Taylor, Frank and Lilian Gilbert and Henry Gantt.

Frederick Taylor, considered the founder of scientific management, defined management as "the art of knowing exactly what needs to be done better and cheaper" (Drob, 2010). As a chief engineer in a company, he tried to find an answer to a problem the company was facing, namely: why do workers tend to work less than they normally could? Taylor identified several reasons behind the partial use of work capacity by workers:

- on the one hand, workers may consider that an increase in the use of their work capacity will lead to an increase in labour productivity and, implicitly, to redundancies within the company;

- on the other hand, the salary system did not encourage a high work rate (there were no salary bonuses for those who exceeded the work norm;
- last but not least, the working methods and techniques were outdated and inefficient.

In order to solve this problem, Taylor proposed the use of scientific management in companies.

In 1911, Frederick Taylor published a reference paper, "The principles of scientific management", which set the basis of the theory of scientific management. In this paper, Taylor postulated the following principles of scientific management (Drob, 2010):

- replacing traditional methods, based on experience, with scientific working methods;
- scientific selection of staff and training;
- good cooperation with employees;
- scientific division of labour into skilled and unskilled labour and its proper assignment between managers and workers.
- strict record of working time and work regulation, etc.

Among other things, Taylor proposed to increase wages with a percentage between 30% and 100% of the workers using the method of scientific work and exceeding the daily production.

Frank and Lillian Gilbreth contributed to the development of the theory of scientific management, mainly by studying body movement in the work process and the time required to perform various activities. The Gilbreths tried to identify, by various professions, "the best way to do work". For example, they studied how the work of a bricklayer can be made more efficient by identifying an optimal sequence of brick-laying operations; based on this study, unnecessary movements were reduced by 70% and productivity was increased 3 times.

Lillian Gilbreth is considered the first industrial psychologist (she is also an industrial engineer).

Henry Gantt remained in the history of managerial theory, especially through the planning and control technique he proposed and which bears his name, namely, the *Gantt* chart.

Classical school - the school of administrative management

The School of Administrative Management was founded by Henri Fayol. In his headline "Administration Industrielle et Generale", H. Fayol considers that the basic principles of management must take into account (Drob, 2010):

- division of labour, which involves the decomposition of complex works into simpler and more homogeneous works and their assignment to specialised workers;
- authority, which is seen as the legitimate right to give orders;
- discipline, which translates into compliance with internal rules;
- unit of discipline, which assumes that the entire organisation has the same vision and direction, to pursue the achievement of common objectives using a single plan;
- subordination of individual interests to those of the organisation;
- remuneration, which must be established according to achievements;

- centralisation, which translates into the fact that power and authority are concentrated at the higher levels of the organisation;
- hierarchy, which implies the establishment of an adequate number of hierarchical levels, which would allow the efficient circulation of information both from the top of the organisation to its base and vice versa;
- order, which must be established in the organisation so that each employee and material object has its place and is in that place;
- equity and fairness established in the relations between managers and subordinate staff;
- ensuring staff stability;
- encouraging the initiative;
- developing team spirit.

At the same time, Henri Fayol is the first to establish and define the functions of management and the functions of the enterprise. In his conception, the main functions of management are:

- forecast function;
- organising function;
- control function;
- coordination function;
- control function,

According to Henri Fayol, the main functions of the company are:

- technical function;
- commercial function;
- financial function;
- security function;
- accounting function;
- administrative function.

Classical school - the school of bureaucratic management

The School of Bureaucratic Management was founded by Max Weber. His main contributions in the field of bureaucratic management can be found in his work entitled "The theory of social and economic organisations" (Weber, 1947).

M. Weber proposed an ideal type of administrative organisation, called bureaucracy. The bureaucratic organisation is based on an impersonal management system, based on rational authority, with compartments and offices that are governed by clear and written regulations and rules.

The main principles on which the bureaucratic organisation is based are the following (Lazăr, 2002):

- work will be divided and the authority and responsibility of the one who has to give the order will be clearly defined; the activity is broken down into simple tasks well defined, so that their performers become highly skilled at what they do.

- positions are organised in a hierarchy of authority so that each position is under the authority of a higher one - based on this hierarchy the work is remunerated, the authority is recognised, privileges and promotions are granted.
- all people to be selected and promoted on the basis of technical qualification, by examination, in accordance with training and experience;
- all administrative documents to be issued only in writing;
- management to be separate from the owners of the organisation;
- managers shall establish firm rules and procedures to be applied, identically, to all employees.

School of human relations

The School of Human Relations was founded by Australian psychologist and sociologist George Elton Mayo. A professor at Harvard University, he is the author of famous papers in the field of human relations theory in organisations, such as: "The Human Problems of an Industrialised Civilisation" (Mayo, 1933). He considered that human resources should be given first place in the hierarchy and analysis of the global resources of a company and he established principles, rules and methods for valorisation of the human potential. The main aspects highlighted by Elton Mayo are the following (Mayo, 1933):

- an individual worker cannot be treated in isolation, but as a member of a group;
- remuneration and working conditions represent, on the scale of human satisfaction, less than the need to belong to a group;
- an informal leader has a strong influence on the group behaviour;
- a formal leader (manager) must pay attention to the employees' "social needs" and collaborate to satisfy them with an informal leader.

In the same school, a major contribution has been by brought Douglas McGregor. His book, "The Human Side of Enterprise" (McGregor, 1960) had a major impact on management theory and practice. McGregor believes that work actually becomes part of the way the individual defines himself. He developed two famous managerial theories: "Theory X" and "Theory Y" (McGregor, 1960).

- According to the "Theory X", managers consider that a person is prone to neglect, that employees must be forced to perform tasks, they prefer receiving orders rather than showing initiative.
- "Theory Y" starts from the idea according to which employees consider that work is a necessary and pleasant activity at the same time and that motivation and not force is necessary for accomplishing tasks, an employee having enough creativity and imagination to solve problems.

Quantitative school (mathematics)

This school focuses on the quantitative (or mathematical) approach to management problems. It is represented by specialists, such as: the French A. Kaufman, the Americans J. Starr and F. Goronzi, the Russians E. Kameniter and C. Afanasiev. The main characteristics of this school of management are the following (Lazăr, 2002):

- the quantitative school has its roots in the operational research during World War II, research conducted in order to solve complex and high-tech problems and which then entered the practice of large enterprises.
- concepts and methods used in this school come mostly from mathematics and statistics. This school uses statistical analysis, linear programming for resource allocation, production scheduling techniques, mathematical and statistical techniques, etc.
- the essence of this school is the idea that some of the techniques and methods in mathematics and statistics can be used to improve managerial decision-making activity.
- the models and methods proposed by the representatives of the quantitative school mainly use the treatment of the managerial functions of decision, planning and organisation

The Quantitative School does not study human resource issues within the organisation.

Systemic school

The systemic school was born from the need of management to keep up with the increasing complexity of the economic activity and with the development of the general system theory and the structuralist-functional concepts in sociology (Lazăr, 2002) .

Among the most important representatives of this school, we can mention as follows: French J. Mélése and J. Lobstein, the Americans Peter Drucker, R. Johnson, M. Porter, F. Kast, and more recently: CI Barnard., HA Simon, JC March, A. Etzioni.

The systemic school is based on the premise that the manager of an organisation must consider the set of subsystems which make up the entire organisation. Each function of a company (production; commercial; financial-accounting; human resources, etc.) must be treated as its subsystem, each being in close interdependence.

Moreover, the organisation is seen as an open system for transforming inputs into outputs. The environment provides inputs (resources). The organisation turns these resources into outputs (finished products or services) which are transmitted to the environment which consumes them. This process of transforming inputs into outputs is continuous.

School of contextual management

This school focuses on the fact that the practical activities of managers depend on a set of given circumstances (situation or context).

The contextual (situational) theory holds that no two situations are perfectly identical in the management of the organisation and, as a result, there can be no single solution for all situations. That is why it is necessary to look for the best way to solve each situation or problem.

The contextual approach begins with an analysis of the problem, and then proceeds to inventory the dominant circumstances (situations) over time and establish the possible course of available actions (looking for the best way to solve each situation or problem and assessing the consequences of each action).

2.2 THE FUNCTIONS OF MANAGEMENT

The management of an organisation revolves around the activities which must be performed and which materialises in its functions. The definition and delimitation of these functions were given, for the first time, by Henri Fayol. He identified five functions of management: forecast, organisation, command, coordination and control. Subsequently, other approaches to management functions were proposed. For example, the approaches in our country assign to management the following functions (Nicolescu, 2007):

- forecast;
- organisation;
- coordination – training (some specialists believe this can be divided into two separate functions, namely, coordination or motivation-training, the literature also uses this function name *Leading*);
- control-evaluation.

The functions of management represent, in fact, efforts of thinking and rational action, specific to the management activity (managers), undertaken in order to achieve the objectives of the organisation.

The management functions are intertwined continuously, and ignoring one or some is reflected in reducing the efficiency of the assembly of the management processes.

Forecasting

One of the most concise definitions given to this function was given by H. Fayol. For him, forecasting means scrutinizing the future and drawing up an action plan based on it (Fayol, 1996). Forecasting focuses on the future to decide what, when, how much, by whom and for whom and how will be achieved.

Some specialists use the name *planning* for this management function.

Forecasting involves the analysis of several elements, such as: available resources; the evolution of the environment; the results of the past activity; the present situation; the purposes of the activity; sales and production; income and expenses; profit rate etc. As a result of this analysis, the main problems and trends of economic processes can be identified, solutions are developed and the organisation's activity is projected over a certain time horizon, possible future actions can be estimated, the final results to be achieved and possible dysfunctions can be anticipated, what may occur along the way.

Planning is an activity that aims to establish concrete ways to achieve predetermined objectives.

Forecasting precedes planning and provides information necessary for its realisation. It is a support of the decision-making process while planning is more a result or a component of the decision - making process. A clear delimitation between forecasting and planning is difficult to achieve, as there is a close interdependence between these processes.

Both forecasting and planning are related to future events. Forecasting focuses mostly on issues related to the environment surrounding the future of an organisation, while planning is based on the future actions of the organisation in the concrete conditions of the environment in which it operates. In view of these considerations, it is fair to say for example that a company predicts the demand for a certain good on the market and plans the production to be carried out in the conditions of the manifestation of the respective demand.

In general, the forecasting function involves a series of managerial activities aimed at defining the objectives that the organisation must achieve in the future and at establishing the resources and strategies by which these objectives will be met.

A good accomplishment of this function depends on the good completion of the other functions of the management. Therefore, the forecasting function is considered to be the most important function of management.

Forecasting materialises in:

- forecasting (prognosis) - which estimates the evolution of conditions according to which the organisation will function within a certain timeframe more or less distant (usually for a larger time span which can reach up to 5 - 10 years). A good prognosis will help managers to design more effective plans
- planning – represent the component of the forecasting function most used in organisations. The plan is a step forward, exceeding the estimates stage. The plans are elaborated for periods between one month and 5 years, their degree of detail varying inversely proportional to the time horizon.
- programmes - which detail certain aspects of the organisation's activity (for example in the sphere of production the manufacturing programs are used, in the sphere of human resources, the work program is used, etc.) and are elaborated for a short time horizon (one week, one day, one hour). In general, the program is defined by the set of activities that each have a set duration and allocated resources, leading to the achievement of a predetermined goal.

The forecasting methods that can be used by managers fall into two main categories:

- intuitive forecasting methods (Brainstorming method, Delphi method, Phillips's method, scenario method, etc.);
- objective forecasting methods (extrapolation, interpolation, comparison, cyclical forecasting, etc.).

The choice of a particular forecasting method depends on several factors, such as:

- cost of the method, in comparison with the benefits that the forecasting made by the respective method brings;
- time horizon for which the forecasting is made;
- accuracy of the results required to be obtained, etc.

Planning

In economic activities, planning is an instrument with the help of which the resources are allocated, the deadlines for achieving the objectives are established and the informational basis for monitoring their achievement is ensured.

The economic plan, through its content, establishes, for a determined period of time, the framework and proportions of the activity to be carried out within an organisation.

No matter how simple, any plan must contain some basic elements (Nicolescu, 1996):

- Purpose;
- Objectives;
- Procedures and rules;
- Programmes;
- Performance indicators;
- Support measures etc.

The planning process is a sequence of activities through which a manager establishes a company's objectives, identifies the necessary resources and determines the methods and means of achieving the objectives. This process involves the following steps:

- Performing a SWOT analysis; Evaluation of the company's competitive position.
- Identifying (source) lead 's competitive.
- Setting objectives (levels, actions, deadlines).
- Formulation of strategic options.
- Choosing the optimal alternative (strategic option).
- Implementation of the plan and evaluation of the results obtained.

Organisation

Fayol defined the organisation process by supplying the enterprise with the necessary resources for its operation: raw materials, machinery, money and personnel (Fayol, 1996).

Currently, the organising function designates the set of management processes through which the physical and intellectual work processes and their components are established and delimited (movements, times, operations, works, tasks, etc.), as well as their grouping by positions, work formations, compartments etc. and their attribution to the personnel corresponding to certain managerial, economic, technical and social criteria, in order to achieve the foreseen objectives under the best possible conditions.

The organisational function must find the answer to the question: "who contributes to the achievement of the organisation's objectives and how?". The answer to this question must lead to the combination of human, material, informational and financial resources, at the level of jobs, departments and the organisation as a whole.

From an organisational perspective, any organisation has several forms of organisation (Nicolescu, 2008):

- formal organisation;

- informal organisation;
- procedural organisation:
- structural organisation.

Formal organisation is regulated by normative acts, internal provisions, etc. and it materialized, in turn, in:

- procedural organisation;
- structural organisation.

Informal organisation includes informal groups and the connections between them, which allow the realisation of personal interests. Its basic component is the informal group, consisting of several people, brought together under the leadership of an informal leader and taking into account common interests, organisational affiliation, seniority, level of professional training, emotional relationships, etc.

The procedural organisation ensures the delimitation and dimensioning of the tasks, attributions, activities, functions and their correlation with the components of the system of objectives and the structural components (positions, compartments, etc.). This type of organisation is manifested mainly through the following procedural components:

- functions (production, commercial, financial-accounting, human resources, etc.). *Function* represents the set of homogeneous activities performed by employees of a certain specialty in order to achieve the objectives;
- activities (for example: activities related to the commercial function - provision and management of material resources (supply and storage); marketing; sales, etc;
- responsibilities - are part of the activities which are given by an identical or homogeneous set of tasks which allow specific goals.
- task - represents the primary component of the work processes carried out in order to achieve the individual objectives and, as a rule, is assigned to a single person.
- operation - is part of a work task which is indivisible in terms of procedural organisation, it can be performed simultaneously and in the same job by a single performer.

A structural organisation - is a way of arranging organisational subdivisions in a predetermined configuration in order to achieve objectives.

The result of the structural organisation is the organisational structure, i.e., a group of people, organisational subdivisions and the relations between them, designed and dimensioned so as to ensure the achievement of objectives in conditions of efficiency.

The basic components of the organisational structure are:

- job;
- function;
- department;
- hierarchical level;
- sphere of authority;
- organisational relations.

Job – is the primary element of an organisational structure and is obtained by grouping together, tasks, skills and responsibilities in order to assign them to an employee of the company. It follows that the position can be defined by all the tasks, skills and responsibilities of an employee in an organized and permanent manner to achieve individual objectives.

Function - the totality of the positions that present similar characteristics from the point of view of the scope of authority and responsibility. We distinguish two types of functions and positions, respectively:

- management, characterised by an increased share of competencies, authority and responsibilities.

- execution - involves the transposition of decisions issued by those in management positions

Department consists of all employees subordinate to the same management and who permanently perform precisely determined, homogeneous or complementary work. Specifically, they take the form of offices, services, departments, divisions, laboratories, workshops, etc.

The compartmentalisation aims to achieve both the systematization and grouping of jobs in compartments and their interconnection within the organisational structure of the company.

Hierarchical level - the set of organisational subdivisions placed on horizontal lines at the same hierarchical distance from the top management. The channels through which decisions flow from the place of adoption to the place of implementation are called hierarchical lines or channels.

Sphere of authority (hierarchical weight) indicates the number of people directly managed by a manager.

Organisational (organisational) relations are defined as the total of formal and informal contacts which take place in the work process between the subdivisions of the organisational structure (departments, functions) through which especially information transfers are made.

Depending on the content, we distinguish the following relationships:

- of authority;
- of cooperation;
- of control;
- spontaneous.

The relations of authority condition the good development of the activity. In turn they are divided into:

- hierarchical relations, they ensure the unity of action giving the enterprise the appearance of a pyramid from this point of view;
- functional relations that are established between the functional and the operational compartments;
- staff relations - are established as a result of the delegation by the management of the task to solve on their behalf problems that affect several compartments.

Cooperation relations are established between positions found on the same hierarchical level, but belonging to different departments.

Control relations are found between specialised control departments and the other departments within the enterprise.

Spontaneous relationships are a consequence of the existence in the organisation of the informal structure that always accompanies the formal structure.

Coordination

Etymologically, the term coordination has its origin in the Latin "order" - to put in order, to unite, to connect. H. Fayol uses this term to: unite, link, harmonise and synchronise actions and efforts (Fayol, 1996).

Coordination consists of all the processes through which the activities and individual efforts of the members are harmonised and synchronised, so that they contribute to the efficient achievement of the organisation's objectives.

The support of coordination is the *communication* between managers and subordinates.

The coordination function cannot be performed without the existence of an appropriate communication system, a set of links and information channels at the level of the entire organisation and each department within it. Through this communication system, the manager knows and understands his subordinates better and is better understood by them.

The most used forms of coordination are:

- bilateral coordination manifested between a manager and a subordinate;
- multilateral coordination manifested between a manager and many subordinate employees (is achieved by means of assemblies, meetings etc.).

Among the management procedures commonly used in coordination, we can mention the following: approval, opinion, recommendation, guidance, indication, resolution, decision, order, determination, evaluation, appreciation. sanctioning and rewarding.

Exercising the coordination function by a manager implies on his part an effort of knowledge regarding:

- the organisational structure;
- the position of subordinates within this structure;
- the tasks and attributions of each subordinate position.

In turn, subordinates must know very well the field in which they exercise their duties and responsibilities limited to the positions they hold.

Coordination is the least formalized managerial function, which depends largely on the leadership style and the human side of the potential managers.

The management style, classified by style groups, is divided into (Simionescu, 2012):

- the authoritarian style;
- the democratic / participatory style.
- the permissive style (laisser - faire).

The authoritarian style is characteristic of those managers who refuse to accept the participation of subordinates in major decision-making.

The democratic style is characteristic of managers who ensure the participation of subordinates in the leadership process.

The permissive style is characterised by avoiding any intervention in the organisation and leadership of the group, emphasising spontaneous organisation and leadership.

Training

The management coaching function must answer the question: how can people be determined to work better?

Training is the set of actions by which a manager influences the activities of his subordinates in order to achieve the established objectives, by satisfying the needs that motivate them.

The foundation of the training function is the appropriate *motivation* of subordinates. Motivation is the link that binds the organisation's goals and strategies together (Sherman, 1992).

Motivation springs from needs, from needs. The manager's task is to identify and activate the reasons (needs) of employees, to direct them to a successful job. When people's needs are not met, de-motivation occurs, most often materialized in frustration, which significantly affects behaviour, generating: apathy and indifference to work; non-compliance with working hours and absenteeism, etc.

Individual motivation consists of the following categories of elements:

- the reasons;
- motivational factors (incentives);
- attitudes and satisfactions.

Reasons are the expression of *human needs* and *expectations*. They are personal and produce certain tensions.

- Needs are the deficiencies, desires or physiological and mental needs that the individual feels at a given time.
- Human expectations are the hopes of individuals in the existence of achievable chances, because of a certain level of effort and performance.

Motivational factors (incentives) related to motivation are external to individuals, because they are part of the work environment performed by the manager in order to orient (mobilise) towards a successful work.

Depending on their nature and the possibility to meet certain categories of needs, motivational factors (incentives) are classified into:

- economic motivational factors, which include: salaries; bonus; profit sharing; facilities for the purchase of goods (loans for housing, car, etc.).
- intrinsic motivational factors, which include: the satisfactions offered by the nature of work; interest in the position held; career; professional development; recognition of a job well done.
- relational motivational factors, which include the satisfactions related to friendship, group work, desire for affiliation and social status.

Attitudes are predispositions to accept or reject actions, objectives or people. Thus, people who have a positive attitude towards themselves, having confidence in their own strength, will work better because they hope to achieve the goals set. People who consider that the work they perform is unworthy of them will have a low motivation and minimal performance.

Satisfaction expresses the state of contentment felt when a wish is fulfilled. Motivation is, therefore, the support of training on the road to a result, and satisfaction is related to the goal (result) obtained.

In order to achieve an effective training, it is necessary for the staff motivation to meet some basic requirements, such as (Mironescu, 2012):

- to be complex, i.e., to include both material and moral rewards / penalties, to extents which facilitate the manifestation of staff potential;
- to be differentiated, namely the dimensioning and granting of rewards / sanctions should be made according to the specificity of a person, of the team of which he/she is part and of the situation to which it refers.
- to be gradual, i.e., to pursue the satisfaction of various categories of needs specific to the individual, from simple to complex, from needs at a lower level to those of a higher level.

Control evaluation

Fayol considers that the control-evaluation function ensures that everything happens according to the established rules and the given provisions, checking if everything happens according to the adopted program, with the given provisions and with the admitted principles, signals the shortcomings and mistakes in order to can be directed and avoid their repetition (Fayol, 1996).

The control-evaluation function must answer the following questions:

- With what results was the submitted activity completed?
- How were the objectives set?

The exercise of control must comply with the principle according to which everyone must be appreciated in relation to the proposed objective.

The purpose of exercising control is to determine if the people in the organisation do what they need to do and if they act properly. In other words, control monitors whether and how the planned objectives and tasks are achieved.

Typology of control

After its application, we can distinguish the following types:

- Preliminary or preventive control, which is performed before starting the planned activity. With its help, it is verified the existence of human, material, financial and informational resources necessary to carry out the activity.
- Simultaneous control, which targets ongoing activities to determine whether they are carried out properly;
- Subsequent control, which is performed after the end of the activity and which takes into account the analysis of the final results obtained.

There is a close connection between control and planning. If the planning function sets the objectives and establishes the strategies to achieve them, the control-evaluation function must ensure the prevention of non-achievement of objectives by monitoring over time the performance (achievements) of individuals, departments and the entire organisation.

The relationship between planning and control-evaluation must be seen as a process. As the objectives of the organisation are included in the plans, the control-evaluation modality must be established, through which to ensure the supervision of the achievement of these objectives.

At the beginning of the control process, managers must decide which are the areas and activities that are going to be checked, because controlling all activities within the organisation is almost impossible.

The stages of the control-evaluation process are the following (Simionescu, 2006):

- setting performance standards;
- measuring effective performances;
- comparing performance standards;
- determining size deviations;
- identifying and analysing the causes that generated deviations;
- setting corrective actions and their implementation.

In exercising the actions specific to the control-evaluation function, several control methods and tools can be used, the most known and used being the following:

- Direct hierarchical control;
- Written reports;
- Financial audits;
- Managerial audits;
- Budgets.

In addition to the control methods and tools listed, other tools can be used such as: Gantt chart, network analysis techniques, cost calculation, results calculation, indicator systems, value analysis.

Direct hierarchical control is a simple control exercised by each manager on his/her subordinates. This method is based on the direct observation of the achievement by subordinate employees of the specific objectives and tasks set and gives managers an image of the activity conducted.

Hierarchical control is used more frequently by lower managers (heads of department, heads of business unit, foremen/supervisors, and team leaders). Managers at higher levels practice direct observation less often and discontinuously.

Written reports, according to their content, can be:

- ▶ Written informational reports, which present information on the situations and facts unfolded. This category includes:
  - production reports (daily, weekly, monthly);
  - sales reports;
  - periodic accounting and financial statements.
- ▶ Analytical written reports are those in which the observed facts and situations are accompanied by interpretations and explanations: (for example: the balance sheet together with its annexes).

Financial audits are complex investigations of financial transactions made over a certain period, mainly aimed at the certification of fairness in the implementation rules provided by the accounting methods used by the company. Such investigations can be performed by staff from outside the investigated company (from companies specialised in financial audit - accounting) or by its own specialised staff.

Managerial audits are complex evaluations of an organisation and its activities over a period, to highlight the causes of performance (positive or negative).

Essentially, managerial audit involves evaluating the main trends manifested by external environmental factors (markets, technologies, etc.), analysing the company's objectives and strategies based on these trends and evaluating the efficiency of activities within the organisation. The conclusions of such an investigation are presented in the form of recommendations to decision makers at the top level of the organisation.

Managerial audits can be internal (performed by own specialists) or external (performed by consultants from specialised companies).

Budgets are the most used managerial control tools. They express the financial and / or material needs of an activity and the expected results of that activity. Thus, budgets are the monetary expression of an organisation's plans. If budgeting is an activity specific to the planning function, monitoring budget execution is an activity specific to the control function.

3. MANAGERIAL DECISION-MAKING - THE VALORISATION OF RESOURCES

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3.1. MANAGERIAL DECISION

The management activity is materialised through a series of decisions, these representing the final product of the managers' work.

Managerial decision represents the process of rational choice of an alternative of action, from several possible ones, in order to achieve some predetermined objectives.

A managerial decision should meet certain *requirements* (Dina, 2009):

- to be scientifically substantiated, i.e., to be based on an adequate evidence / information;
- to be empowered (legally), i.e., to be taken by the person who has the authority to make a certain decision;
- to consider several options / alternatives of action;
- to be clear, concise, complete (i.e., allow for a proper understanding of the decision) and non-contradictory (not cancel out other decisions);
- to be timely, i.e., to be adopted at the appropriate time;
- to be effective, i.e., the effect obtained is superior to the effort made;
- the application of the decision to influence the actions and / or the behaviour of at least one other person than the decision maker, etc.

Constitutive elements of decision

Any decision includes the following elements:

- decision maker;
- situation / problem to be solved;
- decisional options;
- decision criteria;
- environment;
- consequences of decision-making.

A decision maker is the person or group of people to choose the best alternative decision / the way of action of several possible options. Thus, a decision maker can be represented by a manager (individual decision maker) or by a group of people (group decision maker).

A situation / problem to be solved - any problem needed to be solved will require a decision-making at some point in order to lead to a problem solution.

Decision options consist of a set of all possible solutions that could lead to solving the problem.

Decisional criteria take into account a series of characteristics / indicators based on which the decisional options are evaluated and compared in order to adopt the optimal decision. In management, they can be used as decisional criteria the following: price, quality, degree of use of production capacity, production costs, delivery time, investment recovery time, profit, etc.

Environment represents the totality of the factors (internal and external of the company) that influence the decision-making or that are affected by it.

Consequences of decision-making represent the total of the possible results, which could be obtained, taking into account all the options and decision-making criteria and all the states of manifestation of the environment.

Decision-making process

Decision-making process is a rational process of preparing, making, applying and evaluating the decision. This process involves several stages, namely (Dina, 2009):

- identifying and defining the decision-making problem;
- establishing the decisional criteria;
- elaboration / establishment of decisional options (alternatives);
- analysis of options (alternatives) and selection of the best decision option;
- adoption and implementation of the chosen decisional solution (option);
- monitoring the application of the decision and evaluating the results.

The identification and definition of the decision-making problem take place in the preliminary stage of the decision-making process. At this stage, based on the information collected, it is outlined and defined the situation the decision maker is facing and which he/she has to solve is. The decision-making problem appears as a deviation of the existing situation from a desired situation. Also, in the preliminary stage of the decision-making process, the collection of information necessary for the elaboration of decision-making options takes place.

Setting the decisional criteria supposes the establishment of the characteristics / indicators based on which the decisional options will be evaluated and compared.

The development / establishment of the chosen decisional solution (option) – each decisional option will follow the problem solving in its own way.

The analysis of the options (alternatives) and the selection of the best option is made based on the decisional criteria established previously. The option offering the best solution to solve the decision-making problem (most advantages) will be the selected option to be adopted.

In terms of adopting and implementing the chosen decision solution (option), an organisation management is not appreciated according to the manner in which the adopted decision was substantiated, but according to the results obtained by its application. The decision is drafted in a clear, concise, explicit form, in order to understand exactly the way in which it will be applied: what must be done, why, how and when it will be acted, who is responsible for each action and so on. The drafted decision is then forwarded to the persons to apply it.

In terms of monitoring the application of the decision and evaluating the results, the decision-making process ends with this stage, which is necessary for the decision-maker to have feedback on how the decision was implemented. The results of the application of the decision can be positive or negative. The use of adjustments / corrections if the situation requires it also depends on these results.

Decision typology

The literature has proposed several criteria for classifying decisions (Pastor, 2005). Thus, according to the number of participants involved in the development and decision-making, we can distinguish the following types:

- *unipersonal decisions* - are elaborated and taken by a single person;
- *group decisions* - are elaborated and taken by several people.

According to the number of decision criteria, decisions can be classified into:

- *unicriterial* - involve comparison of decisional options / alternatives based on a single decisional criterion;
- *multi-criteria* - involve comparing decisional options / alternatives based on several decisional criteria.

Depending on the time horizon they refer to, decisions can be:

- *strategic* - which aim at a longer time horizon (more than 1 year) and refer to issues which have a major influence on the company's activity;
- *tactical* - are those decisions which target a time horizon of up to one year and which influence only a part of the company's activity;
- *current* - are decisions which target a short period of time and which consider only a small area of the company.

According to the nature of the conditions in which they are elaborated (in relation to the degree of certainty of their alternative results / decisional options), the decisions are classified into (Nica, 1994):

- decisions *under conditions of certainty* - when a single state of objective conditions is manifested. In this case, the results associated with each alternative / decision option are known;
- decisions *under risk conditions* - when the level of consequences / results that characterize the decision variants is influenced by two or more states of the objective conditions; the manifestation of the states of the objective conditions is known with a certain probability;

- decisions *under conditions of uncertainty* - are characterised by the manifestation of two or more states of objective conditions, without knowing the probability of manifestation of these states; the variables used are uncontrollable, and the degree of certainty in obtaining potential results is zero.

4. MARKETING

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4.1. Introduction

The core of marketing is the exchange, i.e., obtaining a desired object from someone by offering something in return.

- Marketing focuses on identify and satisfy people's needs and desires: customers are the main focus of companies
- Marketing also means planning and developing strategies and activities to try to satisfy customers' needs and wants (better than competitors).

Before defining the concept of marketing, it is important to know the related concepts.

Marketing related concepts

- **NEEDS**. Needs are basic human requirements, states of felt deprivation, including physical (hunger, thirst, warmth, safety) and psychological (need of recognition, affection, belonging) needs.
  - If they are strong enough, they **motivate** the individual to act (e.g., initiating purchasing decision).
- **MOTIVATION**. A need becomes a motive when it is aroused to a sufficient level of intensity.
- **WANTS/DESIRES**. Human needs become wants, when they target specific objects that may satisfy the need.
  - They are shaped by culture and individual personality.
- **DEMANDS**. Consumer demands are wants for specific products, determined by the ability to pay.
  - People demand products that add up the higher value and satisfaction, but finally select and purchase products according to their available resources and purchasing power.

Marketing offering

- Companies address customer needs by offering a value proposition through a market offering.
- It is not limited to physical **products and goods**, it also includes **services**, activities or any type of benefit offered.
- Today, marketers look beyond the attributes of the product or service they sell, in order to create and provide **experiences** for consumers as a way for differentiating from competitors.
- **Marketing offering**: a combination of products, services, information or experiences offered to a market in order to satisfy a need or want.
- It can be applied to products or goods and services but also to events, persons, places, experiences, organizations or ideas.

4.2. The concept of marketing

Marketing orientation

- **The production orientation**. Demand exceeds supply and there is a minimal or a lack of competition in the marketplace. Companies concentrate on generating enough volume of products to satisfy the growing demand and the market exchange focuses in production.
- **The product orientation**. There is an increase in competition, and in turn, a greater balance between supply and demand. Management concentrates on developing better versions of the existing product, being the product quality the key variable. Companies are so taken with their products that they forget the underlying customer needs (marketing myopia).
- **The selling orientation**. Supply exceeds demand. The aim of the company is to sell what the company makes, rather than to produce what the market wants. The key variable is the aggressive promotion, advertising and sales promotions, since the company assumes that consumers can be pushed into purchasing a product. So, this orientation primarily focuses on obtaining short-term sales.
- **The marketing orientation**. Companies assume that customers have considerable choice and numerous alternatives in the marketplace, and aim to understand customer needs and serve customers better than their competitors.

"The company must produce what the market demands"

The key variable is building long-term relationships with customers, based on customer value and satisfaction, i.e., based on understanding and meeting changing customer needs.

- **The societal marketing orientation**. The original marketing orientation ignored the potential conflict between consumers' wants, and the societies' needs. This orientation suggests that companies should become proactive in the community, adopting a good neighbor policy in their company's best interest. They should balance the company profits; consumer needs and wants and the society interests.

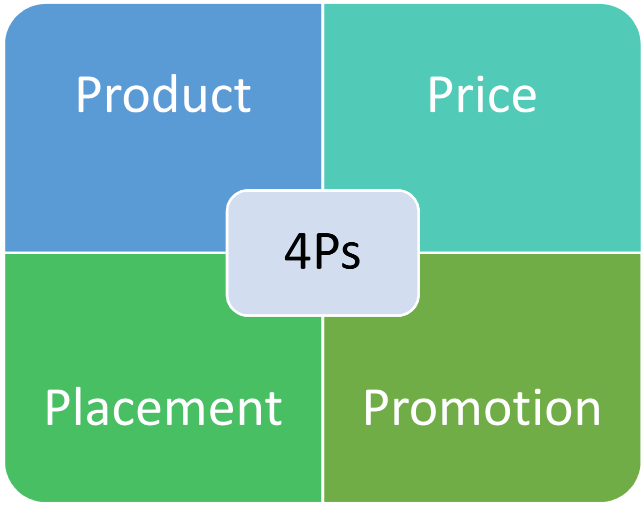
Marketing definition

According to the American Marketing Association (AMA-July 2013), "***Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large***".

4.3. The marketing mix

The marketing program within a company includes numerous decisions on marketing activities. Traditionally, one depiction of marketing activities was proposed in terms of **marketing mix**, a set of marketing tools that the company uses to pursue and obtain its marketing goals and to influence consumers.

The marketing tools, known as the **four Ps**, include the product, price, placement and promotion.



These four functional areas become the "basic box" for almost all marketing decisions. No matter how simple a decision may appear, since in almost every case some consideration must be made to all of these functional areas.

A main difference between these marketing variables is that the company can change the price and the communication mix in the short time quite easily, but the products and the distribution channel can be only modified in the long term.

PRODUCT DECISIONS

The product is the key element in the market offering and marketing mix planning begins with offering what brings value to the target customers. This offering becomes the basis upon which the company builds and creates profitable relationships with customers.

We define the **product** as anything that is offered in a market (goods or services) for attention, acquisition, use or consumption that might satisfy a want or a need. It can include physical objects, services, persons, places, organizations, ideas or a mixture of these elements.

A company's offering to the marketplace usually includes both products and services, being each component a minor or major part of the total offer.

Nowadays, products and services have become more commoditized, and many companies are creating value for their customers in a different way: in order to differentiate their offers, instead of simply making goods and offering services, these companies are creating and managing **customer experiences**.

Product decisions deal with product attributes, product life cycle and product lines (including new product development).

Product attributes include form, colour and design (physical attributes), perceived quality and guaranties, packaging, labelling and branding.

The combination of these attributes gives the company the following benefits:

- Attention. They capture and enhance customers' attention.
- Differentiation. They allow to differentiate the company's market offer from competitors.
- Promotion. They contribute to promote the company's market offer.
- Information. They help communicating information about the company's market offer.

Classification of product´s attributes

- **Physical attributes**. They are part of the intrinsic nature of the product; that is, characteristics and attributes which are perceived and noticed through the senses: form/shape; composition/ingredients; colour; flavour/aroma; style and design.
- **Perceived quality**. It is one of the marketer's major positioning tools, and has a direct impact on consumer value and satisfaction. In addition, price is closely linked to quality. It can be defined as "freedom from defects", however, most companies define quality in terms of customer satisfaction as "the totality of features and characteristics of a product, or a service, that bear its ability to satisfy customer needs".
- **Guarantee**. A guarantee is a promise that, if a product is not of a certain standard or does not fulfil some condition, the original price or consideration paid for the contract or bargain will be returned.
- **Label**. It may be a simple tag attached to the product or an elaborated graphic design that is part of the package. The law may require that the label contains detailed and specific information (e.g., food, medicaments).
- **Packaging**. The packaging strategy involves the design and production of the container or wrapper for a product. It has moved from simply a way to protect the product to an important element in establishing the brand identity of a product. Packages may include up to three levels of material: primary package, secondary package and shipping package. The main functions of the package are: hold and protect, preserve, promotion, easy to use, economics and facilitate intermediaries' needs (easy to store).
- **Branding**. A brand is a name, term, sign, symbol, design or a combination of these, that identifies the company that makes or sells the product, and differentiates its products from competitors. Generally, the brand has three components: phonetic brand (name), symbolic brand (logo) and a slogan. One related concept is the brand equity, which is defined as the customers' subjective and intangible assessment of a brand, above and beyond its objectively perceived value. It constitutes a sign of a brand's strength in a market and an important intangible asset for a company.
- The desirable qualities for the brand name are meaningful (suggest about product benefits), memorable (easy to pronounce, read, recognize), distinctive, transferable (into foreign languages) and protectible (capable of registration or legal protection).
- There are manufacturer brands (created by producers) and store brands or private brands (created by intermediaries).

PRICE DECISIONS

From an **economic perspective**, price could be defined as the amount of money charged for a product or service.

Considering price as a **customer-based variable**, price can be defined as the sum of all values that consumers exchange for the benefits of having or using a product or service, understanding value as the product itself, plus its utility in time and space.

Price has a great importance for customers for the following reasons:

- It is the only information available in many purchasing decisions and it becomes a valuable source of information of the product quality.
- It has psychological impact on the consumer, associated to product perceived value and quality.

For companies, price is:

- A short-term tool (easy to change and adjust); the only variable which generates revenue and earnings; a powerful competitive tool.

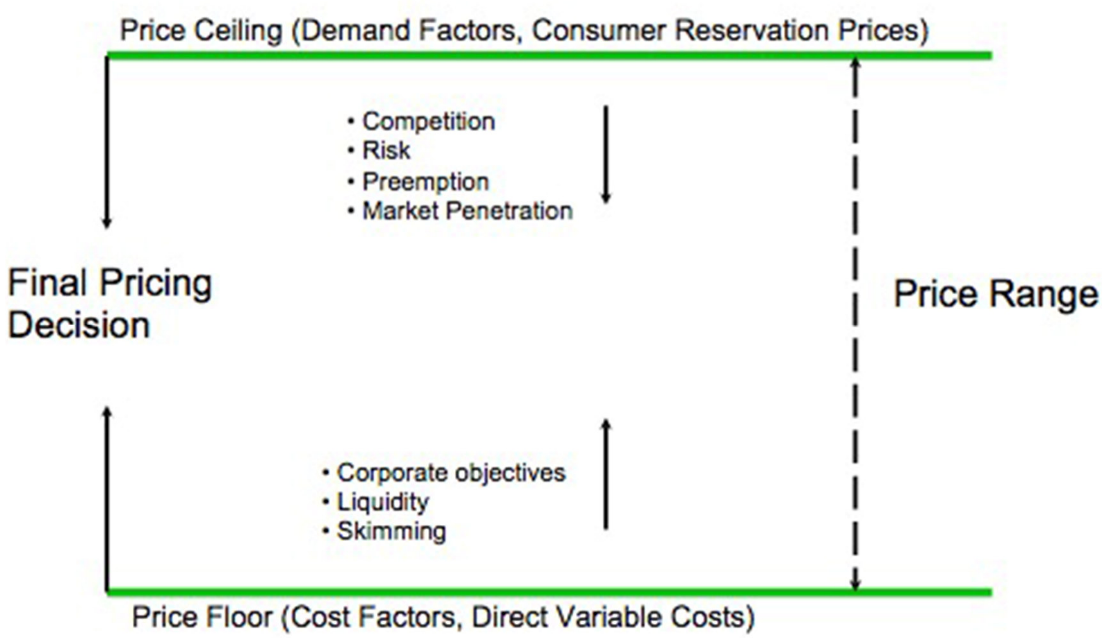
The factors that influence the pricing, the following should be taken into consideration:

Internal factors: COSTS; company objectives; positioning; rest of the marketing-mix variables.

Costs. The price should at least cover the total production costs at a given level of production.

External factors: DEMAND; competitors and market competition; legal requirements; multiple interested parties (shareholders, employees, intermediaries, suppliers, society).

Demand. Companies need to understand price sensitivity of their customers. In normal situations, price and demand are inversely related.



DISTRIBUTION DECISIONS

Distribution is the marketing variable which connects production to consumption, comprising a system made up by intermediaries whose goal is to place the products at the disposal of the end consumers at the right time, in the right place, in the most attractive way, and at the lowest possible cost for the manufacturer.

The **distribution channel** is the set of pathways that a product follows after production to end up in a purchase and use or consumption by the end consumer. It often involves long-term commitments to other firms.

- ✓ **Direct channel**: a distribution channel that has no intermediary levels
- ✓ **Indirect channel**: a distribution channel containing one or more intermediary levels

Most manufacturers do not sell their products directly to end consumers, but between manufacturers and consumers stand a set of **intermediaries** that perform different functions.

These set of intermediaries constitute the distribution channel and can be classified into the main following categories:

- **Wholesalers**. They sell products to other wholesalers or retailers but not to end consumers.
- **Retailers**. They sell products to end consumers for their personal non-business use.
- **Brokers and Agents**. They do not buy or take the title of the merchandise; their main function is to facilitate buying and selling, for which they earn a commission on the selling price.

COMMUNICATION DECISIONS

Companies do not only develop good products and make them available to customers, in addition, companies should communicate their value propositions to customers in order to build and maintain long-term customer relationships.

Communication involves identifying the target audience and shaping a coordinated promotional program to achieve the desired audience response (e.g. buy).

Companies do not use one only and single tool to make their products known, they combine different tools and communication activities (**communication mix**) to ensure clear brand messages: personal selling, sales promotions, public relations, advertising and other communication tools.

The main communication **objectives** are the following:

- Inform about the company's offer and its benefits.
- Persuade potential customers to purchase the product and develop brand loyalty.
- Remind consumers about the existence and features of the product.

a) Personal selling

Personal selling is a face-to-face communication and interaction with potential buyers with the purpose of making product presentations, answering questions, getting orders and/or building relationships. The role of salespeople varies from one company to another. Some companies have no salespeople at all but in most companies, the sales force plays a major role.

The main **disadvantages** are the high cost (especially training and rewarding) and the slowness in reaching a high number of customers.

The main **advantages** of personal selling are:

- Flexibility. Salespeople can learn about the customers' problems and needs, tailor the marketing offer to fit the needs of each consumer, and negotiate the terms of sale.
- Complete. Sales force can manage a complete commercial cycle (learn about customers' needs, present the product, sell and deliver it and build relationships).
- Selective. Salespeople can select the target market.
- Interactive. Sales force can transmit information to and get information from the market.

b) Sales promotions

Sales promotions are a wide variety of short-term incentives in order to encourage the purchase or trial of products to increase sales.

The main characteristics of sales promotions are:

- They constitute incentives that encourage the purchase or sale of the product
- They incorporate an added value to the customer, in addition to the basic benefits offered by the product.
- They are short-time tools.
- There is a question of whether or not sales promotion weakens brand loyalty, devaluating the product offering.

c) Public relations

Public relations are a wide variety of actions created and designed by companies to obtain, maintain or recover acceptance, trust, support and positive/favorable image by consumers and society in general. PR deals with various publics, consumers primarily, but also stockholders, employees, legislators, and the press.

The main characteristic of public relations is the high **credibility**, the ability to create new features and stories which are more genuine and credible to consumers than advertising.

Public relations **tools** include: news; special events; speeches; written and audiovisual material (newsletters, annual reports, online videos, brochures and catalogues); corporate-identity materials (business cards, logos, buildings, uniforms); websites, blogs and social media; sponsorship or partnership.

In this digital age, the lines between advertising, PR and other content are becoming more and more blurred. For example, are brand websites, blogs, brand videos, and social media activities advertising, PR or something else? All are marketing content. And as the use of earned and shared digital content grows rapidly, PR is playing a bigger role in marketing content management.

d) Advertising

Advertising is any form of non-personal promotion or presentation of products paid by an identified sponsor (the company). Its main **characteristics** are:

- Non-identified public. The information reaches an anonymous public (sometimes not the target public).
- One-way and non-personal communication.
- The company pays the cost.
- Impersonality. The audience is not obliged to pay attention or even to respond to the advertising.
- The message is controlled by the company.

Conventional advertising ("above the line") is developed through television, cinema, radio, press and magazines, as well as through outdoor advertising.

Advertising management involves four main **decisions**: setting advertising objectives, setting advertising budget, developing advertising strategy (message decisions and media decisions), and evaluating advertising effectiveness.

e) Other advertising tools

- **Advertising "below the line"**: *product placement (*incorporation of commercial content into non-commercial settings, like movies or tv programs, or even video games (*in-game advertising*)), *guerrilla advertising* (seeks to get the attention and interest of prospective customers in public spaces at a minimum of cost), *branded content* (storytelling).
- **Advergaming** consists on integrating the brand into a game that makes sense with the brand.
- **Mobile advertising**. Today's rich-media mobile ads can create substantial engagement and impact.
- **Tryvertising**. Consumers become familiar with new products by actually trying them out.
- **Online advertising**: *websites* and *branded web communities*, *display ads* and *search-related ads*, *email marketing*, *online videos* [**viral marketing** (creating videos, ads, and other marketing content that are so infectious that customers will seek them out or pass them along to their friends)], *social media advertising* (Facebook, Instagram, Twitter).

4.4. Marketing plan

Strategic management planning and marketing

Strategic management planning is the managerial process of developing and maintaining a match between an organization's resources and capabilities and its market opportunities.

- It includes the developing of the mission or vision, the establishment of long-term corporate objectives, and the decision on business strategies related to specific strategic business units (SBUs), products or markets. It concerns the whole firm. [See growth strategies next]

Once the SBU/product/market is targeted, a marketing plan goes further.

A **marketing plan** is a written statement of a marketing strategy and the time-related details for carrying out the strategy. It includes an external and internal analysis, clear objectives and the actions you will take to achieve them, and control tools.

Strategic planning has a long-term orientation whereas the marketing plan acts at an operational level (short-run).

	Current products	New Products
Current markets	Market penetration	Product development
New markets	Market development	Diversification

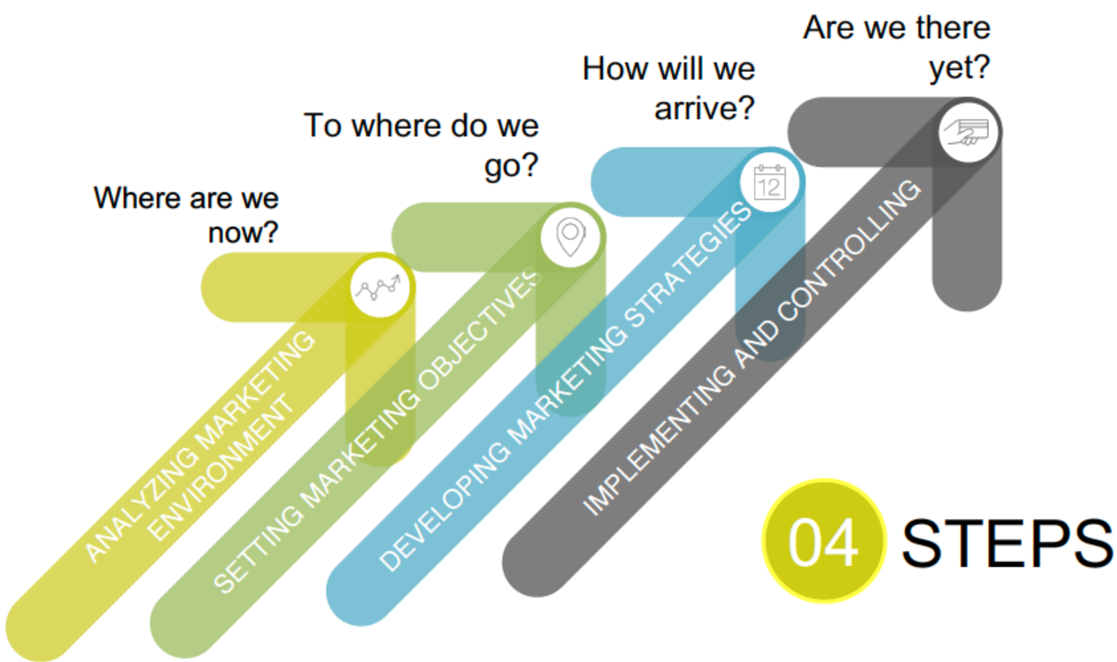
By properly planning, a set of benefits can be reached, such as:

- Strategic thinking
- Business objectives and strategies are carefully defined
- Better coordination between all departments (and resources)
- Easy-to-check figures/data (control)
- Helps anticipating and timely responding to opportunities

Marketing planning

Marketing planning involves 4 main steps as depicted in the figure below aiming at answering to the following core questions:

- Where are we now? (status quo)
- To where do we go? (main objectives)
- How will we achieve our goals? (marketing strategies)
- Are we there yet? (plan-do-check-act/adjust)



Analyzing the marketing environment

Objectives (SWOT)

- Understanding the environment your business operates in is a key part of planning, and will allow you to identify all the external and internal elements which can affect the organization's performance.
- Given that the business environment is in constant change, this stage (environmental analysis) must be also dynamic and have a long-term orientation.
- Examining your internal and external analyses together gives you a complete picture of your current situation and the steps you can take to plan your marketing, assessing the level of threat or opportunity the factors might present.
- An **external analysis** looks at the wider business environment that affects your business and discern the **O**pportunities and **T**hreats associated with your area of business
- An **internal analysis** looks at factors within your business such as your **S**trengths and **W**eaknesses.

External analysis

Content

External analysis refers to variables and factors that are beyond the company's control. Therefore, it is of great importance to anticipate the possible effects these variables can have on the firm objectives to develop corrective actions in case that it is necessary.

- External analysis includes:
- A **market analysis** (demand, targets, consumer behavior)
- A **microenvironment analysis** (suppliers, intermediaries, competitors, other publics or institutions)
- A **macroenvironment analysis** (PESTLE- political, economic, social, technological, legal, and environmental factors).

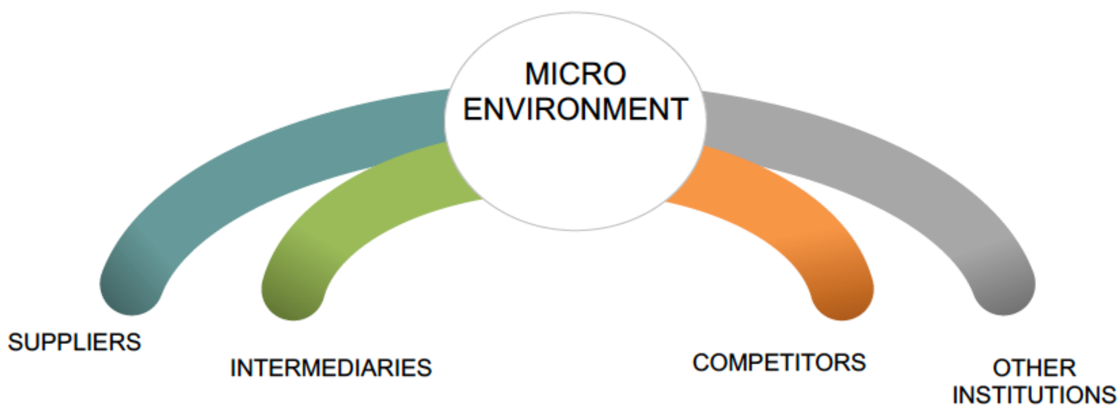
Market analysis

- First, the company must know the market. A **market** is a group of potential customers with similar needs who are willing to exchange something of value with sellers offering various goods or services, that is, ways of satisfying those needs. Within a general market, marketing managers develop marketing mixes for specific target markets.
- Second, the company must conduct a demand analysis. A **demand analysis** implies to estimate the customer demand for a product or service in a particular market, to figure out the variables that influence that level of demand, and to forecast future sales.
- Third, the company must analyze the **consumer behavior**: the process individuals or groups go through to select, purchase or use goods, services, ideas or experiences, and also the different factors (social, internal, situational) that influence the consumer decision-making process.
- Finally, the company might want to divide the market into targets. Market **segmentation** is the process in which the firm divides the market into smaller groups that share certain characteristics.

Microenvironment

The **microenvironment** consists of elements and factors close to the company, which affect its ability to serve its customers; they influence the company directly.

- This marketing environment comprises: suppliers, intermediaries, competitors, and other institutions which foster or supervise commercial activity.



The **suppliers** provide the resources needed by the company to produce its goods and services.

- Marketing managers need to control and monitor:
  a. the availability and supply shortages or delays, since these issues can reduce sales in the short term and damage customer satisfaction
  b. the pricing policies, especially in their key inputs (rising supply costs will cause product price increases, reducing sales volume)
  c. the quality of the finished products or services

The **intermediaries** are companies or individuals that help companies to promote, sell and distribute their products to the market.

- Types of intermediaries:
    a. **Logistic companies**: help companies to store and/or transport products
    b. **Wholesaler**: an individual or organization that buys products from the manufacturer – or from a wholesaler-, and then sells to another wholesaler
    c. **Retailer**: an individual or organization that buys products from the manufacturer or from the wholesaler, and sells the product to the end consumer
    d. **Service agency**: an individual or organization that helps companies to select and promote the right products/markets (advertising, research…)
    e. **Financial intermediaries**: help companies to finance and/or secure the inherent risks associated to the marketing activities

The **competitors** are companies that meet the same consumer needs, forcing the company to adapt its strategy to gain competitive advantage against competitors' offering to provide higher customer value and satisfaction (e.g., lowest cost, highest quality, uniqueness).

- Marketing managers need to consider its own size and position in the industry compared to their main competitors.
- **Competitor analysis** consists on actively seeking information about strengths and weaknesses of current or potential competitors' marketing strategies (e.g., Internet, databases, trade publications, clients).
- **Competitive strategies**: leader, attacker/challenger, follower, niche-focused
- **Potential competitors**: market expansion (firms operating in other geographic region), product expansion (firms expanding their product portfolio), backward integration (clients as source of competition), forward integration (suppliers as competitors)

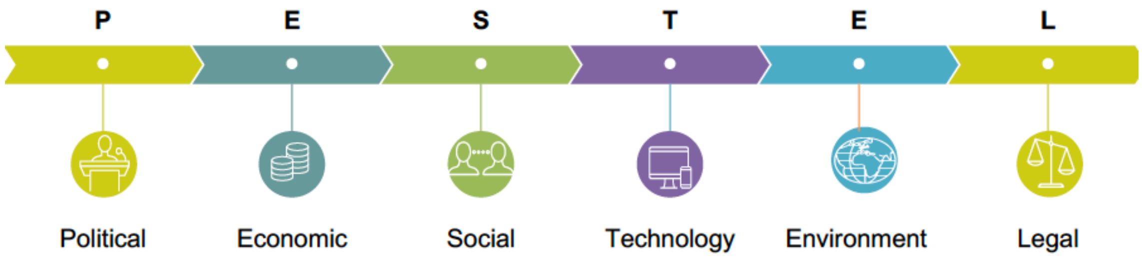
The **other publics or institutions** could be defined as any group that has actual or potential interest in the company ability to achieve its commercial goals.

- These groups can facilitate and foster commercial activity, defend and inform consumers and/or ensure the fulfilment of the laws for commercial trade.
- There are different types: communication media, government groups, citizens' groups, society, local residents, company workers.

External analysis: macroenvironment

The **macroenvironment** consists of large societal and human forces that are not directly related to the activity of the company but have the potential to affect it. These macro-environmental forces are uncontrollable by the company.

- These factors include the following ones:



- The **economic environment** consists of factors affecting consumer purchasing power and spending patterns which have a strong impact on companies (e.g., employment rate, interest rate, income distribution).
- The **demographic environment** refers to the information regarding the market population in terms of size, location (e.g., migratory movements), density, age distribution (e.g., life expectancy, birth rate), gender, educational level, household patterns (e.g., live-alones, single-parent families, childless couples) or ethnic mix (population diversity), as well as demographic tendencies and market evolution.
- The **socio-cultural environment** is made of forces that affect the consumers' basic values, perceptions, preferences and behaviors, almost in an unconscious way, defining the relationships of individuals with others and with the society.
- The **natural environment** involves the natural resources that are needed as inputs by companies or that are influenced by business activities. Environmental concerns have grown steadily during the last decades and therefore, the implementation of new regulations in certain industries and the adoption of practices by companies to protect the natural environment.

Marketing decisions are strongly influenced by the **political and legal environment**, which comprises laws, government agencies and pressure groups that influence and limit organizations and individuals.

- The company must be aware of the specific regulation that can affect its business practices (e.g., laws covering competitive behavior, fair trade, customer and environmental protection, product standards and safety); international regulation; the pressure groups and the business ethics.

Product labelling and packaging

(a) (b) (c) (d)

Here are just a few examples of the types of labels you can find on EU products to indicate, for example, a safety risk or certain environmental credentials.

Symbol (a) indicates that the product is an irritant; (b) that it fulfils the EU's 'ecolabel' criteria, used for products and services that have a reduced environmental impact throughout their life cycle; (c) that its packaging can be recycled; and (d) that the product complies with the EU rules for organic farming. Other specific labels are used for textile products and to indicate energy consumption, emissions and product composition.

EUR-Lex
Access to European Union law

The **technological environment** refers to technological innovations that may affect a market or industry.

- It includes changes in digital or mobile technology, automation, research and development. Examples: robotics, biotechnology, telecommunications, new materials, microelectronics
- Keeping the pace with technological change is becoming more challenging for companies today, and in turn, companies must track technological trends to determine whether or not these changes will affect their product's ability to satisfy customers' needs. The impact of the internet!

Internal analysis

Internal analysis refers to the controllable elements inside an organization that influence how well the organization operates.

- Internal strengths and weaknesses may lie in the firm's technologies, employees, physical facilities, financial stability, relationships with suppliers, corporate reputation, and ownership of strong brands in the marketplace.

Marketing information system

The **marketing information system (MIS)** refers to the precise methods for collecting the environmental information.

- It is the set of equipment, procedures and people to gather, analyze, evaluate and distribute needed and accurate information to marketing decision makers.
- The MIS comprises the company internal information (e.g., sales, marketing activities), the marketing intelligence (market environment –e.g., competitors' websites, marketplace observations, industry

trade publications-) and the market research and also, the acquired databases (e.g., demographic information on individuals or companies).

SWOT analysis

A **SWOT** analysis is a tool for auditing an organization and its environment. Opportunities and threats are external factors. A strength is a positive internal factor, while a weakness is a negative internal factor. An opportunity is a positive external factor and a threat is a negative external factor.

A SWOT analysis will give managers options to match internal strengths with external opportunities. The outcome should be an increase in ‘value’ for customers – which hopefully will improve our competitive advantage.

Setting marketing objectives

Once marketing managers have a thorough understanding of the marketing environment, the next step in the planning process is to develop **marketing objectives**.

- Marketing objectives state what the marketing function must accomplish if the firm is to achieve its overall objectives.
- They can be quantitative (e.g., sales increase) or qualitative (e.g., improve the image of the brand).
- SMART objectives: specific, measurable, actionable (to improve performance), relevant, time-bound.

Developing marketing strategies

In this stage of the marketing planning process, marketing managers develop their actual **marketing strategies**.

Usually, this means deciding which markets to target and how to develop the marketing mix to reach that market.

a. Selecting a target market. The firm must assess the potential demand of the market segment selected (**segmentation**) and create a competitive advantage in the minds of these consumers (**positioning**).
b. Developing **marketing mix** programs. We define marketing mix as a set of marketing tools that the company uses to pursue and obtain its marketing goals and to influence consumers. These tools are known as the **four Ps** and include the product, price, placement and promotion. These four functional areas become the "basic box" for almost all marketing decisions. No matter how simple a decision may appear, since in almost every case some consideration must be made to all of these functional areas.

The **product** is the key element in the market offering and marketing mix planning begin with offering what brings value to the target customers.

- In order to differentiate their offers, instead of simply making products and offering services, companies are creating and managing customer experiences.
- Product attributes (physical, functional, psychological) communicate the product benefits. They include form/shape, composition, features, style, design, package, labeling, quality and brand.
- Decisions on product strategy include product line length, portfolio width/length/depth/consistency, planning for different stages of product life-cycle, branding and packaging/labeling, and new product development.

Marketing mix- Price

Price is the amount of money charged for a product or a service. More broadly, it is the sum of all values that consumers exchange for the benefits of having or using a product or service.

- Price is one of the major determinants of the customer choice and has a psychological impact on the consumer.
- Companies use price as a strategic tool although it is a short-term tool, easy to change and adjust, with immediate influence on sales.
- Price strategies include the knowledge of the factors influencing prices (e.g., legal framework, costs, market and competition).
- Methods used for pricing must be coherent and in line with the type of product sold and the market where the product will be offered.

Marketing mix- Placement (distribution)

Distribution is the marketing variable which connects production to consumption, comprising a system made up by intermediaries whose goal is to place the products and services at the disposal of the end consumers.

- Distribution channel consists on all those intermediaries through which a product should pass between the point of production and consumption.
- Companies must select and design the distribution channel. This depends of the product type, the market coverage objectives, and the level of relationships desired with the members of the channel.

Marketing mix- Promotion (communication)

Companies should communicate their value propositions to customers in order to build and maintain long-term customer relationships.

The **communication-mix** are the specific mix of tools that the company uses to persuasively communicate customer value and build these relationships.

- The major tools are: personal selling, sales promotions, public relations and sponsorship, and advertising.
- Other forms of communication include: product placement, viral marketing, tryvertising, street marketing, advergaming, etc.

Implementing and controlling the marketing plan

Marketing plan into action

Implementation means putting plans into action.

This section contains a marketing **budget** and the assignment of major areas of responsibility to individuals or teams (**organizing** the marketing function).

- There are several ways to organize the marketing function: functionally (separates marketing into distinct components –sales, advertising…-), geographically, by product (brand, product line…) and by markets.

Controlling means measuring actual performance, comparing it to planned performance, and making necessary changes in plans and implementation. This process requires that marketing managers obtain feedback on whether activities are being performed well and in a timely manner.

Marketing **audits**.

Growth strategies

The **growth strategies** define the different ways a company can grow in a market.

- Ansoff (1957) developed the product-market matrix to illustrate ways for business growth via existing and/or new products, in existing and/or new markets, highlighting four possible product/market combinations.

5. BUSINESS PLAN

What is a business plan?

It is a document in which the entrepreneur systematically details the information of the venture to be carried out, such as:

- The process of idea generation.
- The gathering and analysis of information.
- Evaluation of the opportunity and risks.
- Decision making on the launching of a new venture.
- Changing plans in existing companies.

Main steps toward creating a business strategy

Developing a strategy for success is among the most vital activities in the life of a business. Many businesses fail due to the fact that too often entrepreneurs crammed with optimism and enthusiasm launch businesses before defining a workable strategy that sets them apart from their competition. In fact, given the characteristics of entrepreneurs (e.g., people of action), the process of developing a strategy is classified as dull and unnecessary. In general, they tend to start a business, try several approaches, and see what works without having a cohesive plan of action. Companies that function without clear strategies may achieve success in the short-run, but as soon as competitive conditions stiffen or an unanticipated threat arises, they usually become unsuccessful. Without a basis for differentiating itself from a pack of similar competitors, the best a company can hope for is mediocrity in the marketplace.

Defining the company, and stating its mission, vision and values, is the way to give direction to the new venture, all of these represent the strategic elements that will guide the business and help owners and employees make decisions.

(1) Defining a Business

Defining the business by stating its mission, vision and values is the way to give direction to the new venture, all of these represent the strategic elements that will guide the business and help owners and employees make decisions.

To define the business concept, we must clearly answer:

- What business is it?
- Is it a commercial, service, industrial company, etc.
- What does it mainly offer?
- To whom is the offer addressed?
- Where does it develop its operations?
- And what differential does it offer?

(2) The Vision

The vision of a company refers to what the company wants to achieve, build, and create. It projects the future image. Visioning is done by formulating an ideal image of the project and putting it in writing, in order to clearly define the business in order to guide your team members. It aims to clearly define your business.

A clearly defined vision helps a company in four ways:

1. Vision provides direction. It focus everyone's attention on the future and determine the path the business will take to get there.
2. Vision determines decisions. The vision influences the decisions, no matter how big or how small, that owners, managers, and employees make every day in a business. This influence can be positive or negative, depending on how well defined the vision is.
3. Vision motivates people. A clear vision excites and ignites people to action. People want to work for a company that sets its sights high and establishes targets that are worth pursuing.
4. Vision allows a company to persevere in the face of adversity. Having a vision that serves as a "guiding star" inspires everyone in the company to work through challenging times.

(3) The Mission Statement

The mission is a statement that expresses the raison d'être of the company, its purpose, and the reason why it exists. It defines the basic function(s) that the company is going to perform in a given environment to achieve that mission. The mission defines the need to be satisfied, the customers to be reached, products and services to be offered.

In other words, a mission statement addresses the first question of any business: "What business am I in?" Establishing the purpose of the business in writing must come first to give the company a sense of direction. The mission is the mechanism for making it clear to everyone the company touches "why we are here" and "where we are going." Because a mission statement reflects the company's core values, it helps create an emotional bond between a company and its stakeholders, especially its employees and its customers.

A sound mission statement need not be lengthy to be effective. Three key issues entrepreneurs and their employees should address as they develop a mission statement for their businesses include: The purpose of the company: What are we in business to accomplish? The business we are in: How are we going to accomplish that purpose? The values of the company: What principles and beliefs form the foundation of the way we do business? A company's mission statement may be the most essential and basic communication that it puts forward. If the people on the plant, shop, retail, or warehouse floor don't know what a company's mission is, then, for all practical purposes, it does not have one! The mission statement expresses the company's character, identity, and scope of operations, but writing it is only half the battle, at best. The most difficult part is living that mission every day. That's how employees decide what really matters. To be effective, a mission statement must become a natural part of the organization, embodied in the minds, habits, attitudes, and decisions of everyone in the company every day.

(4) Values

A company's values state its beliefs, convey the basis of its ethical principles, on which it will build a corporate culture and determine the way in which it will operate and social situations and relationships, as well as its responsible behavior with regard to the impact that its operations in the face of the impact that its operations may have on the environment.

(5) SWOT Analysis of the New Business

This is a strategic tool used to understand the situation of a company, both internally and externally. A SWOT analysis seeks to detect and take advantage of the particular opportunities for a business at a given moment in time, avoiding its threats, by means of a good use of a business at a given time, avoiding its threats, by making good use of its strengths and neutralising its threats, its strengths and neutralising its weaknesses.

Analysis of the internal environment

Weaknesses and strengths are the internal aspects of the business or the entrepreneur that affect the chances of success of a strategy. For example, lack of knowledge market, lack of capital and inexperience tend to be weaknesses of many start-up businesses; whereas of many start-up businesses, while enthusiasm, hard work and a desire to grow are among the common strengths.

Analysis of the external environment

Opportunities and threats arise from the context, i.e., from what happens or may happen outside the enterprise. These events usually cannot be influenced, but occur independently. A change in the legal or tax framework, a trend in consumer a trend in consumption, the arrival of a new technology, or a change in strategy by a competitor can increase a competitor can increase the chances of success (opportunities) or decrease them (threats).

Strategic Objectives

This refers to the goals and strategies established by the company to achieve results in the long, medium and short term, and in this way obtain a differentiated recognition in the in the midst of competition. These objectives can be defined on an annual basis, taking care to prioritise the key areas of the success of your business.

(6) Market research

In order for the company to achieve its objectives, it must direct all its efforts towards satisfying the needs of consumers, in a competitive economy, consumers decide what is produced, how it is produced and how it is produced. In a market economy, consumers decide what is produced, how it is produced and how it is distributed. is determined by the preferences of consumers, expressed in their individual choices.
This management should focus on two fundamental tasks:

- market research
- the design of market strategies to achieve the company's objectives.

Service: an essentially intangible activity, the customer benefits from expertise, experience, advice, skill, know-how, knowledge; the benefits may last but the service benefits may last but the service itself has a limited duration (Kotler).

Product: good with tangible attributes, which are perceived by customers, with the ability to directly or indirectly satisfy their needs or wants.

The market consists of a group of consumers who want to buy products or services that satisfy a need or desire.
services that satisfy a need or desire. The market for a product may consist of children, youth, adults, parents, the elderly or businesses with certain characteristics. Depending on where they live or operate, it can be defined geographically. The purpose of market research is to demonstrate the possibility of participation of a product or service in the current market, and seeks to:

- Define the total size of the market.
- Estimate the volume or quantity of the good or service to be marketed.

- Define the market segment on which the company will focus.
- Identify both direct and indirect competition.
- Identify the main suppliers.
- Depending on the objective of the market study, the different options for obtaining information should be established. It is important to first exhaust existing information before resorting to the search for primary information. Some of the most commonly used tools are: observations, surveys, focus groups, interviews, mystery shopping and others, interviews, mystery shopping and others.

Consumer Market
Researches consumers' behaviour to detect their consumer needs or wants and how to satisfy them, and find out their buying habits (places, times, places of purchase, preferences, etc.). The objective is to provide data that will enable the improvement of market techniques for the sale of a product or a series of products to cover the unsatisfied demand of consumers.

Market segmentation
This involves finding a criterion to classify the different types of customers in the market, thereby identifying sufficiently large and homogeneous groups of consumers that have the same needs and react in the same way when applying marketing strategies.

Competing market
It studies the set of companies with which the market for the same product or service is shared. In order to carry out a competition study, it is necessary to identify who the competitors are, how many they are and their respective competitive advantages. The technique of mystery shopping or benchmarking allows you to establish industry standards and competitive advantages for each company. From this assessment, the strategy to be taken to counteract their influence, if necessary, will be determined.
influence if necessary.

Competitive Analysis
Identify what kind of competition you have in the market and assess your main competitors, including your company on a scale from 1 to 5, with 1 being the lowest and 5 being the highest. Add up the scores obtained by each competitor and identify the most competitive in the market. Identify your weaknesses and think of strategies that attack these weaknesses.

Competitive Advantage
These are the attributes that make the business unique and superior to its main competitors. These are the exclusive advantages or benefits offered to your customers that your competitors are not offering. It represents a competitive advantage when the customer perceives and values it. It is very important to create and sustain it, if it is not communicated, it may not generate sales. If it is not communicated, it may not generate sales.

Supplier market
The relationship with suppliers should be established on the basis of certain criteria that should be negotiated and shared at all times; develop a chain of suppliers that will ensure raw materials or goods, in a safe, constant way, maintaining the quality standard and quality standards and price integrity. This will strengthen the sales management.

Marketing Strategy
4 strategies are determined on which we must work in order to gain customer preference and achieve the customer preference and achieve business objectives.

Product Strategy
Consider the following elements: characteristics, benefits, differential of the products or services to be offered.
Main products or services, presentation, packaging, flavours, smells, lines, volume, corporate colours, others, brand, fancy name, slogan, guarantee offered, after-sales services, evolution and after-sales services, evolution and development of new products or services.
List the main products or services that will solve or meet the needs or desires of the consumer market.
or desires of the consumer market.

Pricing Strategy
Pricing strategies refer to methods that companies use to assign prices to their products and services. There are various pricing strategies, such as penetration pricing, recovery pricing, discount pricing, product life cycle pricing and competitive pricing. Almost all companies, large or small, base the price of their products and/or services on production costs, then add the commercial variables and the desired margin.
Types of prices: list price, wholesale price, retail price, spot price, financed price, seasonal price, clearance price, launch price, etc. The different forms of payment to be implemented should also be defined.
Variables used to set prices: discounts, commission, taxes, and desired margin.

Distribution Strategy
Includes a set of strategies, processes and activities necessary to get the products from the point of
products from the point of manufacture to the place where they are available to the end customer (consumer or industrial user) in the precise quantities, in optimal conditions for consumption or use, at the conditions of consumption or use, at the time and place where the customers need and/or want it. Depending on the type of business, it will be determined whether it is applicable to analyse criteria on a commercial location or a distribution channel (direct or indirect) for different types of customers, wholesale, retail or of wholesale, retail or end-customer customers.
Applicable channels can be distributors, external agents or commission agents, franchising, wholesalers, own sales outlets, own sales agents, direct mail, call centre or internet, direct mail, call centre or internet.
Depending on the characteristics of the product or service, there may be variables such as the optimal conditions of transport, timing, packaging, etc.
Finding the best way of distribution can alter the cost structure.

Communication Strategy
It is the set of decisions and priorities based on the available communication tools. It establishes decisions both in terms of content and the use of channels or elements of customer of channels or elements of contact with customers to follow up and close sales. Define the image and message to be projected with this strategy.

(7) Operational management
It could take several directions, depending on the type of business, the scheme used will consider an industrial
industrial company, as it is the most complex, and may contain items not applicable to service or commercial companies. This section intends to detail how the resources involved in the generation of the product or service

the provision of the service to be offered, analyse and decide on different technical or operational alternatives to produce better, sell more or provide service efficiently, verifying the feasibility a service, verifying the technical or operational feasibility for each case, according to the for each case, in accordance with the existing restrictions of resources, location, logistics and/or technology, so that strong sustainable advantages can be
sustainable advantages over the competition can be achieved.

Production or Operational
Considering the sales projection identify the products or services you will offer in the month and define the quantity of services or production for the month.

Material Resources Needed
Identify the main material resources needed to produce, use or sell in the commercial exchange process with the customer. Record the relevant characteristics, quantities to be used for each product or merchandise according to the commercial goals of the month. Comment if there are any restrictions in logistics, storage, conservation, transport or other relevant aspects, transport or other relevant aspects.

Production Capacity or Service
According to the company's monthly and/or annual growth targets for the first 3 years, state the production years, state the production requirement and the criteria applied to determine the size of the business determine the size of the production or business operation.

Fixed Assets (buildings - machinery - vehicles - equipment tools furniture utensils)
These are all the material goods necessary to produce or operate, which are not intended for sale and which help the for sale and which assist in the operational functioning of the business. List the fixed assets to be fixed assets to be used for production, marketing, service provision, administration of the business. For vehicles, machinery and equipment, consider the type of technology needed, the technical of technology required, technical capacities and quantities, which should be in accordance with the estimated production capacity to be achieved.

Production Process or Service Cycle
Identify the most important operational processes of the business and include them in a process flowchart, indicating the internal processes and those to be outsourced.

Plant Layout
The objective of designing the physical layout is to determine the location of all the elements that are part of the business for the purpose of elements that are part of the business in order to optimise the physical space. In this way also to take care of their security (emergency exits, location of fire extinguishers) and the movement of the fire extinguishers) and the movement of personnel within the infrastructure. Design the physical organisation, dependencies and arrangement of machines and equipment, ideal for the company. Consider the dimensions of machines and/or furniture, as well as the projected of growth.

Location
Determine the location of the enterprise.

Good Labour Practices

These are a series of norms and behaviours that should be considered in the work environment to guarantee occupational health to ensure occupational health, internal safety within the establishment and to ensure that the company's operations are environmentally and socially and ensure that the company's operations are environmentally and socially responsible.

LESSONS FROM THE STREET-SMART entrepreneur

Reinventing Your Business

Having faced the worst economic recession since the 1930s, many entrepreneurs recognize that their customers' buying behavior and, perhaps more important, attitudes have changed, perhaps permanently. These changes mean that entrepreneurs must reinvent their businesses to maintain their success. A recent survey by *Forbes* and research company Innosight reports that 79 percent of 500 business owners say that the environment has increased the need for transforming businesses. What are the keys to reinventing your business successfully? Consider these tips from the Street-Smart Entrepreneur:

Tip 1. Get comfortable with chaos

The globalization of business, technology advancement, and rapidly changing economic conditions mean that entrepreneurs can no longer expect long periods of stabilized economic prosperity. Instead, they must be prepared to face constant turbulence punctuated by opportunities for growth. Successful entrepreneurs make this important mental shift and are willing to reinvent their companies to capitalize on the opportunities that chaos creates. Chaos requires reinvention, and small companies are much more flexible and fleet-footed at reinventing themselves than their larger rivals.

Tip 2. Stay in contact with your customers

Businesses that constantly realign their product and service offerings to meet their customers' changing needs have a competitive edge. Small companies maintain closer contact with their customers than large businesses, which gives them the advantage. Entrepreneurs who listen to their customers; who conduct surveys, polls, and focus groups; and who simply just spend time with customers find it easy to stay in tune with their customers' needs, expectations, and demands. Ashton and Elaine Barrington started Elaine's as a gift shop in Clinton, South Carolina, a small town with a population of 10,000. After a few years, customer feedback prompted them to add a coffee shop inside their store. Before the Barringtons decided to expand the coffee shop to include a lunch menu, they tested the idea first on a small scale. Customers gave their overwhelming approval, and the Barringtons remodeled their store, making Jitters, their coffee shop and café, a larger part of their store. When a severe recession caused sales of gift items to plummet, the Barrington's decision to reinvent their business proved to be a wise one. "Jitters has been the salvation of our business," says Ashton.

Tip 3. Focus on providing value to your customers

In a severe recession, customers, even upscale ones, change their buying behavior and carefully evaluate every potential purchase, looking always for *value*. Companies that find creative ways to add value to their products and services and help their customers solve problems will be the ones that succeed. A study by the research firm Nielsen reports that customers' willingness to purchase innovative products and services in good and bad economic environments has remained constant over the last 30 years. Adding value does not have to be complex or expensive. One furniture retailer increased the average sale at his company by adding a monitored play area for children, which allowed parents to spend more time browsing and shopping.

Tip 4. Look for new markets

In a chaotic environment, game-changing companies look for more than ways to cut costs; they look for new markets to enter. How can you change your existing business model to reach another market, perhaps one that exists with your current customers? When sales of low-end vinyl-lined pools declined during the recession, the family owners of Sparkle

Pool, a small company in Weston, West Virginia, decided to exit that market even though the company had been in the business for three generations. General manager Bob Pirner says that the family decided to shift its pool business toward upscale customers who want custom-designed pools and "aquascapes," an area in which the youngest generation of family members had been developing expertise. Sparkle Pools' unique installations now range from $50,000 to $300,000, a significant increase over the typical $12,000 to $16,000 installation for a vinyl pool. In spite of the recession, entering the new market has allowed the company to increase its sales by 30 percent to more than $1.2 million.

Tip 5. Hitch a ride on a wave

Like a surfer catching the perfect wave, successful entrepreneurs constantly watch for meaningful trends (not fads) and find ways to capitalize on them. Dave Chewey, owner of Garden Associates Landscape Architecture for 19 years, tapped into the trend toward environmental preservation and began marketing more effectively his company's experience and expertise in creating sustainable landscapes. Emphasizing landscapes with native, drought-tolerant plants and offering new services such as installing solar energy panels, conducting home energy audits, and installing efficient geothermal energy systems, helped offset a 60 percent decline in sales among the company's target customers, owners of upscale homes. Chewey says that existing customers have accounted for 80 percent of the new sales.

Sources: Based on Chris Pentilla, "Evolve," *Entrepreneur*, May 2009, pp. 43–45; Suzanne Barlyn, "New and Improved," *Wall Street Journal*, April 23, 2009, p. R4.

Source:

BUSINESS PLAN

COMPANY NAME

DATE PREPARED

00/00/0000

CONTACT

Contact Name
Contact Email Address
Phone Number

Street Address
City, State and Zip

webaddress.com

TABLE OF CONTENTS

EXECUTIVE SUMMARY

Write this section last and summarize all the key points in your business plan in less than two pages. This is your opportunity to capture the attention of your reader and gain buy-in.

COMPANY overview

Provide a description of the overall nature of your business and the industry in which it operates. Include details like industry trends, demographics, and governmental and economic influences.

problem & solution

THE PROBLEM

OUR SOLUTION

TARGET MARKET

MARKET SIZE & SEGMENTS

COMPETITION

CURRENT ALTERNATIVES TARGET BUYERS ARE USING

OUR COMPETITIVE ADVANTAGES

PRODUCT OR SERVICE OFFERINGS

PRODUCT OR SERVICE

Describe the product or service you are offering, how it benefits the buyer, and its unique selling proposition.

marketing

MARKETING PLAN

Describe your marketing objectives and strategy here, including your costs, goals, and plan of action.

timeline & METRICS

TIMELINE

ACTIVITY	DESCRIPTION	COMPLETION DATE

MILESTONES

MILESTONE	DESCRIPTION	COMPLETION DATE

KEY PERFORMANCE METRICS

ACTIVITY	DESCRIPTION	KEY METRIC

FINANCIAL FORECASTS

KEY ASSUMPTIONS

Provide insight into how you came up with the values in your financial projections (e.g., past performance, market research). Describe the growth you are assuming and the profit you anticipate generating.

FINANCING

SOURCES OF FUNDING

USE OF FUNDING

MULTITRACES
MULTIDISCIPLINARY TRAINING IN CIRCULAR ECONOMY AND SMART VALORISATION OF THE RURAL AREA FOR NEW BUSINESS MODELS

Co-funded by the Erasmus+ Programme of the European Union

ONE-PAGE BUSINESS PLAN TEMPLATE

1–2 SENTENCES MAX PER RESPONSE

WHAT + HOW + WHO	WHAT do we do?	
	HOW do we do it?	
	WHO do we serve?	
WHY	DEFINE CUSTOMER PROBLEM	
	DEFINE SOLUTION PROVIDED	
REVENUE	PRICING + BILLING STRATEGIES	
	INCOME STREAMS	
MARKETING	CUSTOMER REACH STRATEGY	
	REFERRAL GENERATION STRATEGY	
COMPETITION	TOP COMPETITORS	
	OUR COMPETITIVE ADVANTAGE	
METRICS	SUCCESS MILESTONE MARKER 1	
	SUCCESS MILESTONE MARKER 2	

SITUATIONAL ANALYSIS (SWOT)

INTERNAL FACTORS	
STRENGTHS (+)	WEAKNESSES (–)
EXTERNAL FACTORS	
OPPORTUNITIES (+)	THREATS (–)

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Canvas templates

MULTITRACES
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The Business Model Canvas

Designed for:

Designed by:

Date:

Version:

Key Partners

Who are our Key Partners?
Who are our key suppliers?
Which Key Resources are we acquairing from partners?
Which Key Activities do partners perform?

MOTIVATIONS FOR PARTNERSHIPS
Optimization and economy
Reduction of risk and uncertainty
Acquisition of particular resources and activities

Key Activities

What Key Activities do our Value Propositions require?
Our Distribution Channels?
Customer Relationships?
Revenue streams?

CATERGORIES
Production
Problem Solving
Platform/Network

Key Resources

What Key Resources do our Value Propositions require?
Our Distribution Channels? Customer Relationships?
Revenue Streams?

TYPES OF RESOURCES
Physical
Intellectual (brand patents, copyrights, data)
Human
Financial

Value Propositions

What value do we deliver to the customer?
Which one of our customer's problems are we helping to solve?
What bundles of products and services are we offering to each Customer Segment?
Which customer needs are we satisfying?

CHARACTERISTICS
Newness
Performance
Customization
"Getting the Job Done"
Design
Brand/Status
Price
Cost Reduction
Risk Reduction
Accessibility
Convenience/Usability

Customer Relationships

What type of relationship does each of our Customer Segments expect us to establish and maintain with them?
Which ones have we established?
How are they integrated with the rest of our business model?
How costly are they?

EXAMPLES
Personal assistance
Dedicated Personal Assistance
Self-Service
Automated Services
Communities
Co-creation

Channels

Through which Channels do our Customer Segments want to be reached?
How are we reaching them now?
How are our Channels integrated?
Which ones work best?
Which ones are most cost-efficient?
How are we integrating them with customer routines?

CHANNEL PHASES
1. Awareness
How do we raise awareness about our company's products and services?
2. Evaluation
How do we help customers evaluate our organization's Value Proposition?
3. Purchase
How do we allow customers to purchase specific products and services?
4. Delivery
How do we deliver a Value Proposition to customers?
5. After sales
How do we provide post-purchase customer support?

Customer Segments

For whom are we creating value?
Who are our most important customers?

Mass Market
Niche Market
Segmented
Diversified
Multi-sided Platform

Cost Structure

What are the most important costs inherent in our business model?
Which Key Resources are most expensive?
Which Key Activities are most expensive?

IS YOUR BUSINESS MORE
Cost Driven (leanest cost structure, low price value proposition, maximum automation, extensive outsourcing)
Value Driven (focused on value creation, premium value proposition)

SAMPLE CHARACTERISTICS
Fixed Costs (salaries, rents, utilities)
Variable costs
Economies of scale
Economies of scope

Revenue Streams

For what value are our customers really willing to pay?
For what do they currently pay?
How are they currently paying?
How would they prefer to pay?
How much does each Revenue Stream contribute to overall revenues?

TYPES
Asset sale
Usage fee
Subscription Fees
Lending/Renting/Leasing
Licensing
Brokerage fees
Advertising

FIXED PRICING
List Price
Product feature dependent
Customer segment dependent
Volume dependent

DYNAMIC PRICING
Negotiation (bargaining)
Yield Management
Real-time-Market

MULTITRACES
MULTIDISCIPLINARY TRAINING IN CIRCULAR ECONOMY AND SMART VALORISATION OF THE RURAL AREA FOR NEW BUSINESS MODELS

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Project Title	

Activity	Purpose	Audience	Tasks	Resources
Milestones	**Risks**	**Audience benefits**	**Barriers**	**Scope**

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