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# HANDBOOK

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Green business planning for  
micro enterprises



# **HANDBOOK**

## **Green business planning for micro enterprises**



The handbook is for piloting the training programme designed in the Interreg Central Baltic project NatureBizz. The final version will be revised based on the feedback and published later.

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# Key concepts

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## **Business model**

A description how the business idea or existing business will or does work, and how it will or already does create, deliver and capture value for a customer group.

## **Business model canvas**

A tool to help to describe the business model from the different aspects of customers and partners, value proposition, key activities and resources, customer relationships and channels, cost structure and revenue streams. In this handbook, the canvas is revised and two additional blocks are included: mission and impact, and measurement.

## **Green business and green entrepreneurship**

Business and entrepreneurship related to the development of sustainable, small-scale products and services based on local natural resources.

## **Green marketing**

Inclusion of environmental sustainability as the third aim beyond consumer satisfaction and enterprise profitability.

## **Greenwashing**

Conveying a false impression that an enterprise or its products are more environmentally sound than they really are. Positive communication about poor environmental performance with misleading, vague or false green claims.

## **Market**

A locus of business exchange and the customer base.

## **Micro enterprise**

An enterprise employing less than 10 people and having an annual turnover or annual balance sheet total or maximum EUR 2 million. Micro enterprises represent over 90% of all European enterprises and they play an important role in societies.

## **Sustainability**

A concept with multiple meanings. In this handbook, refers to the United Nations (UN) Sustainable Development Goals (SDGs) as a way of understanding sustainability.

## **Target market**

A group of customers to whom the enterprise wants to sell its products, and to whom it directs its marketing efforts.

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# Introduction

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This handbook provides tools for micro entrepreneurs to succeed in green entrepreneurship and green business. Our definition of green business and green entrepreneurship is business and entrepreneurship related to business activities and business development of sustainable, small-scale products and services based on local natural resources.

Green micro enterprises offer nature-based well-being and tourism services, local produced food, non-wood forest products, natural cosmetics, eco-clothing and eco-friendly handicraft, among others. Consumer's demand for natural, healthy and ecological services and products are increasing, and the markets of these offerings are growing. This creates business opportunities for green micro businesses.

Green entrepreneurs provide products and services to meet customers' lifestyles, which empower customers to make positive choices without compromising their ethical and sustainable commitment. Therefore, a green entrepreneur should ensure that the business offering meets sustainability criteria. The enterprise should use scarce natural resources wisely, and aim at resource efficiency in business while making profit.

To keep up a green business can be demanding. Succeeding in green entrepreneurship requires a high level of knowledge and several types of competences. Although many examples show that environmentally and socially sustainable businesses can be profitable, and a major group of green entrepreneurs are constantly struggling to create revenue.

This handbook includes eight different modules relevant to business planning and management. Each module presents a new theme in theory and in practice. Together the modules form **the NatureBizz Toolbox** showed in the next page.





Figure 1. The NatureBizz Toolbox



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# Module 1: Managing green micro business

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## Strategic business planning in micro enterprises

As a green micro entrepreneur, you need to develop and manage your businesses strategically to be able to perform well and build a sustainable and competitive business. One key factor of a successful green business is the competitiveness of the business. You need to identify and create something desirable and valuable to customers, preferably more desirable and valuable than what the competitors offer. This means that you need to define the competitive advantage of your businesses. This is vital for sustainable and successful long-term performance.

Competitive advantage is difficult to reach only with products and services, but with a good business model, it is possible. Strategic business planning includes developing all processes of the business and especially those that are most relevant for the enterprise. A competitive advantage is often described as the competitiveness plus positive difference from the customer's point of view. In green micro businesses, the positive difference can be green and sustainable values and offers.

**Competitive advantage = competitiveness + positive difference from the customer's point of view**

## Core elements of green micro-business

Green micro business is a value driven business. You aim at a sustainable business with the focus of your own personal ethical values. The idea and the aims of the business are aligned with your values as green micro entrepreneurs. Many of green entrepreneurs can be featured as life-style entrepreneurs whose main purpose is seeking freedom and improving the quality of own life and well-being. Beyond this, you have to satisfy market needs and be profitable.

Green entrepreneurship and green business is sustainable and responsible business. Safe, local and natural resources are the main components of the products and services. The aim of the business is to provide well-being for customers. However, you often need to redesign or to create new products and services, since knowledge and applications about sustainability are constantly increasing. Thus, the need of continually learning about sustainability is a must.

To be trustworthy is essential for business success. You need to communicate clearly and reliably about the sustainability of your business. Distrust, and suspicions of greenwashing have become an ever-increasing problem for green businesses. Being credible to the outside world is very important if you want to succeed as a green entrepreneur. Being trustworthy is related to your actions. Green enterprises are in general recommended to 'walk the talk' and do what they say they do. To be able to communicate in a trustworthy way, you need to have good communication preferably containing a proof of your sustainability.

Finally, digital tools are nowadays essential in the market, and more and more information is available in digital form. The development of common digital platforms and systems has been fast. This, in turn, has created conditions for new products, services and behaviors that affect us as individuals, enterprises and society at large. As an entrepreneur, you need to be where your customers are and there is a pretty big chance that they are online. Digital tools can also help you to systematize the business, streamline suppliers and other business contacts, as well as to increase sustainability and quality. The possibilities of digital tools are continuously increasing.

## **Sustainability and the Sustainable Development Goals (SDGs)**

Sustainability can be understood in several ways. Therefore, we have chosen to connect the concept of sustainability in this handbook to the content of **the United Nation's (UN) Sustainable Development Goals (the SDGs)**. The SDGs is a framework for 17 goals and 169 targets to tackle the world's social, economic, and environmental challenges in the lead-up to 2030. The goals build on the work of the UN and are adopted by all UN Member States. Governments are responsible to deliver the SDGs but the success relies on action and collaboration of all.

Enterprises are vital partners in achieving the goals, for example by acting as a driver of innovation. The SDGs provides enterprises a well-known framework to contribute to sustainability, and a common language to communicate about their activities. Business both contribute to and benefit from the SDGs.

Enterprises from different industries are integrating and applying SDGs in business context, and acknowledging and reporting on the SDG is popular especially in the world's largest enterprises. Additionally to the SDGs, large enterprises usually commit to international standards, environmental programmes and quality labels to achieve sustainability. These commitments are supposed to exceed the requirements of laws and regulations and is considered as corporate responsibility.

Micro enterprises should choose a framework for sustainability that is common and easy to understand and easy to apply. This handbook recommends the SDGs as a way of understanding sustainability. Micro enterprises can't approach the goals in the same manner as large ones but regardless of size or industry, all can contribute to and benefit from them. The steps to apply the SDGs are: 1) Understanding the SDGs 2) defining priorities

3) setting goals 4) integrating sustainability goals within the business and 5) reporting and communicating (SDG Compass).

You can approach the goals differently: select and prioritize those SDGs that are closely linked to your business and where they have the biggest impact on. The SDGs allow you to capitalize benefits, too, for example by identifying future business opportunities and creating successful business models.



Figure 1. The Sustainable Development Goals of United Nations

## Business planning of green micro entrepreneurs

There is a distinction between planning a totally new business and an existing business. In existing businesses, forecasting and planning are possible because the business, and the business environment, are familiar. On the contrary, the focus when creating a new business is on the search for new business models that are feasible and viable. This relies on exploring different alternatives, experiments, learning, and iterations. Many enterprises work on products with no market need, so a strong focus must be in creating desirable offerings that has market demand. To start a new business, a business idea is needed alongside answers to the enterprise's objectives, mission and vision.

**A mission statement** defines why the enterprise exists, that is its reason for being. **A vision statement** is a road map, indicating what the enterprise wants to become by setting a defined direction for the enterprise. Being a green entrepreneur, sustainable challenges can become green business opportunities.

Understanding the business environment is vital for you, since political, economic, social, technological, environmental and legal aspects affect the business. You must monitor these

changes to foresee opportunities and avoid threats. Sudden changes in these aspects are possible. For example, there can be changes in legislation, which in turn demands changes in your products or production processes and requires costly investments or renewing the products. Another example could be a change in the political or social attitude against the certain type of nature-based services, which affects to your business.

## Business model canvas

The **business model canvas** in this handbook connects the key aspects of the green micro business: customers and partners, value proposition, key activities and resources, customer relationships and channels, cost structure and revenue streams with two additional blocks: mission and impact and measurement in the canvas. Business model canvas is a widely used tool for designing new business models as well as for renewing existing ones.

1. **Mission of the green micro business** defines why the enterprise exists.
2. **Customer segments.** The different group of people or organizations the business aims to serve. Green micro business aims at a market niche, a well-defined part of the market.
3. **Value proposition.** The bundle of products and services that creates value for customers and stakeholders, including also environmental and social value.
4. **Channels.** All means of transparent communication, and distribution to reach consumers and stakeholders to deliver value proposition for them. Communication channels include also digital tools to reach customer. Distribution and sales channels are links to the customers and they can be direct or indirect with intermediaries.
5. **Customer relationships.** The types of customer relationships the enterprise establishes with customers and stakeholders, for example personal assistance, self-service, automatic service, community-based, or co-creation types of relationships.
6. **Revenue streams.** Revenue streams represent the cash, the income, which is generated from customers in many different ways. Maximizing revenue streams and minimizing costs increase profits.
7. **Key activities.** The procedures, tasks and operations to make the business model work and to offer value. The challenge in green micro business is to maximise value and minimise negative environmental and social impacts of the business.
8. **Key resources.** The resources that are necessary to make the business model work for example human, physical, intellectual and financial resources. The resources allow the enterprise to create and offer value proposition and reach markets.
9. **Key stakeholders.** The network that make the business model, including the entrepreneur and his/her team, business partners, customers, suppliers, investors, NGO's, local community, all who contribute the objectives of the enterprise.
10. **Cost structure.** All costs, fixed and variable, to operate a business model. The cost structure is directly related to key activities and resources.
11. **Impact & measurement.** Easy to measure and effective indicators and their measuring techniques to assess the impacts of the business model. These are related to the mission and the objectives.

The canvas in this handbook is based on the original business model canvas created by Alex Osterwalder and Yves Pigneur (2015) and on the canvas for social enterprises created by Annisa R. Qastharin (2015) as well as on the green business canvas provided by Farreny et al. (2015).

MISSION OF THE GREEN MICRO-BUSINESS				
KEY STAKEHOLDERS	KEY ACTIVITIES	VALUE PROPOSITION	CUSTOMER RELATIONSHIP	CUSTOMER SEGMENTS
	KEY RESOURCES		CHANNELS	
COST STRUCTURE		REVENUE STREAMS		
IMPACT & MEASUREMENT				

Figure 2. Business model canvas

## Assignment



### Write first basic information of your business

- Name of enterprise, contact person and contact details
- A summary of the business idea (what, for who, how, why)
- The values, objectives and the mission of your green micro-business

### Fill in the canvas

The idea in this handbook is that you describe your business model in the canvas just roughly in this first module. Then, *you will refine and iterate it in every following module*. The first version of your canvas is a quick draft to build a basic understanding how your business works.

- 1) First, pay attention to the part of your business, which **is** visible for the customers and stakeholders. Define your main customers segments, value proposition, communication and distribution channels. Define and characterize different types of relationships and revenue streams.
- 2) Then, pay attention to the part of your business **is not** visible for the customers and stakeholders. Define your key resources and activities, identify and prioritize stakeholders and their contribution to the business model. Describe the cost structure to operate the business model.
- 3) Define how you measure the impact of your business model. This are related to the mission and the objectives. Measuring the impact is a process of deciding what to measure, selecting relevant indicators, collecting information and using the information for improvement and communication. Keep this simple.
- 4) Define the competitive advantage of your business. Refine the canvas.
- 5) Based on all these definitions, identify the main business development needs of your business.

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# Module 2: Understanding green consumers

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## Green consumers

**Target market** is a group of customers to whom the entrepreneur wants to sell the products and services, and to whom it directs its marketing efforts. **LOHAS** is an acronym for Lifestyle of Health and Sustainability and describes consumers that aim at healthy and sustainable lifestyles. *It is worth of* studying the LOHAS customer groups in more detail to find the target market for your business.

Many consumers, especially the LOHAS consumers, are concerned of the limited resources of the planet and care about environmental and social issues. Their awareness and considerations regarding ecological and social issues are the reasons why they demand green products and services. Supporting domestic and local production and communities are also important motivators for many, as well as the impacts of the products and services for their own well-being.

Consumer's attitudes, values and personality, trust and knowledge of green products, the price and availability as well as other people's influence affect consumer's intention towards green purchasing. Product's functional and green attributes as well as product's health related benefits, superior quality, and great taste are important to customers too.

Digital communication has become important for green entrepreneurs. Social media is a common platform for green micro-entrepreneurs to share information, which is why you should to be present there, monitor the brand image and reach out to green consumers and other stakeholder.

## Issues about green consumption

An increasing interest for consumption of green and sustainable products and services is growing locally and globally. For example, in Europe the organic food market is growing by 5-7 per cent yearly, and the customer segments for these products are diverse. Many consumers think organic food is a responsible, healthy and trendy option. There is also a growing interest and demand for other sustainable, nature-based products and services: nature-based tourism and experiences, nature-based well-being services, natural products, natural cosmetics and eco-friendly clothing. In addition, a good economic situation strengthens green consumption.



However, consumers concern about environmental issues does not necessarily translate into green purchases: there exists a gap between consumers' thinking and actual actions. Ethical and responsible consumption is growing, but most consumers prefer still the price and easiness to buy. Consumer's ethical motivators may conflict, too, and consumers balance of choosing for example between local production and Fair-Trade products. Sometimes the availability of green products is limited and that hinders customers for buying.

As a green entrepreneur, you need to remember that consumers' attitudes to green products and services is critical. You need to communicate clearly and reliably about the sustainability of your products and your business. Green marketing communication should preferably contain proof of the sustainability. Distrust often leads to consumer passivity and almost always to a boycott where the customer chooses someone else to buy from.

You should also recognize different global and local trends that aim at consuming less because it is possible that your target group has a critical attitude towards consumption. Examples of such trends are minimalism, KonMari method (a Japanese minimalism-approach to tackle stuff and concentrate only owning few items that spark joy) or the zero-waste movement. A growing number of consumers aim at minimizing their consumption and focusing on a meaningful, healthy life and well-being. Consumers pursuing these lifestyles minimise their consumption only to essential responsible quality products with a long life span. Consumption is purposeful and concentrates on experiences rather than stuff.

Customer trends that might affect your business may appear and end quickly. You should be aware of these trends to be able to avoid unnecessary threats in your business, and exploit new opportunities. Small trends that offer new business opportunities for micro businesses can appear suddenly. One example of such trend in Finland in 2019 was the curly girl method that requires special type of hair care products. The sales of some of curly girl hair care brands doubled in a short period.

## Market niche

Green micro businesses are usually targeting at **a market niche**, a well-defined part of the market, by specializing in specific customer preferences. First, you should actually define the market you are in, gather information about it and then define your target market (your customers). Your **market** could be, for example, the natural cosmetics market in Finland, and your **target market** is babies and pregnant mums. The unfilled needs of these potential customers in this defined market represent the opportunity for your business.

As a green micro entrepreneur, you should know the customers you are attaining well. Green micro business is developed based on this niche market demand. This includes identifying consumers' needs as well as trends in customer behaviour. In practice, products and services can be developed with the consumers by launching user-oriented

experiments. You cannot target at all potential green customers, because does not exist such one group of customers, but you need to find your, specific and well-defined own target market. As previously mentioned in the module one, understanding the business environment and trends that affect the markets and customers' behavior are vital.

## Assignment



1) Define your niche market(s) and your clients, i.e. the target market. Define your customers' values, needs, and the preferences.

Try to estimate the size and growth of the niche market you operate in and search for some evidence to support your arguments.

2) Define the important trends and upcoming changes of the market that has an impact on your business. Use publicly available information, information from social media, read industry reports, and study what your competitors are doing.

**Finally, revise your business model.**

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# Module 3: Building a green brand

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## Green brands

Brands are symbols that help us differentiate products and enterprises from other products and enterprises, as well as to enhance our marketing. Brands have three main elements: **identity, profile and image**. The brand identity consists of **brand attributes**, the characteristics of the self. The brand profile can be described as a portfolio with attributes from the brand identity and that are chosen to be communicated. The image is how others perceive the brand and cannot be directly controlled by the enterprise although developing and communicating the brand profile is a way to influence the brand image.

### Brand = identity + profile + image

An increasing number of brands have green attributes as part of the communication, and it is then part of their uniqueness and attractiveness. This could be a result of an increasing number of entrepreneurs saying that they want something more with their enterprises than just maximizing profits. This could also be a pressure from a growing number of consumers, which are willing to pay more for green brand attributes. The SDG goals (see module 1) can be a useful sustainability system to work with when finding out your brand's sustainable attributes.

A good way to start building a strong green brand is to make **a green brand plan**. The aim of a green brand plan is to create a document that will help you to communicate your brand in an effective way and achieve your internal goals. It will both be a plan with a green brand strategy based on an analysis of the current situation and your brand's USP (**Unique Selling Point**), as well as a tool to help you keep track of the effectiveness of the strategy. The plan is a so-called living document that should be regularly updated. The green brand plan consists of three parts: analysis, strategy, and control.



Figure 1. A green brand plan

## Analysis of the current situation and identification of brand's USP

An initial stage in creating a green brand plan is to analyze the current situation and to define your brand identity attributes. A first analysis in this step is a self-analysis guided by

questions related to the business concept and the internal visions and goals that could be about the product, the amount of sales, turnover, profit and other values of sustainability. This analysis also includes the organizational values that are important in your business, the brand promise and how the brand is related to greenness.

The second analysis is about the identification of your brand's attractive attributes and consists of a customer analysis. This analysis is guided by questions about the brand's target groups, as well as their needs, demands and wishes and how your brand can meet these demands.

A third analysis is about the identification of your brand's unique attributes and consists of a competitive brand analysis. This analysis is guided by questions such as who the competitive or substitutive brands are and what their most attractive attributes in relation to your brand. This analysis can be concluded by listing all included brands' most relevant attributes in a competitive green brand chart (part of figure 3). You can also identify the two important attributes in your market and position your brand on a so-called position map (see figure 2).

The final step in this analysis is to compose your brand's USP, including values of greenness and sustainability, in a short and concise form. One to three sentences to describe the brand's USP is a good benchmark.

If you want a more graphical way to understand your brand's USP, a position map can be a good instrument to use. You can only position your brand in relation to competitive brands with two attributes so make sure it is related to your brand's USP.

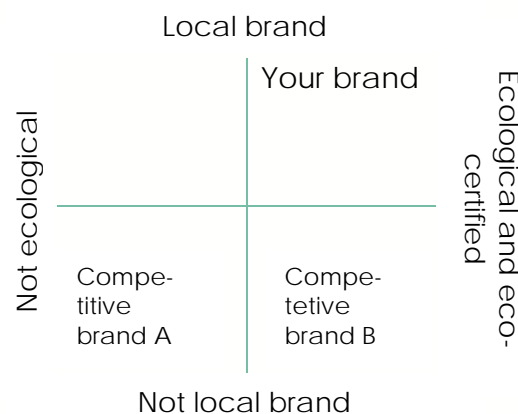


Figure 2. A position map to position your brand

Table 1. An exemplifying fictional case: Growing and selling certified ecological potatoes

Self-analysis: what are your brand identity attributes?			
Business concept	Selling qualitative, tasty and certified ecological potatoes		
Internal visions and goals	Grow and sell 30000 qualitative, tasty and ecological potatoes and increase this number with 10% every year		
Organizational values	Offer a qualitative product and service as well as to combine a good profit with values associated with ecological and social sustainability		
Brand promise	Trustworthy delivering of ecologically grown tasty potatoes of good quality		
Green attributes	Certified ecological potatoes		
Brand identity attributes: qualitative, tasty, certified ecological potatoes, social sustainability, trustworthy delivery			
Customer-analysis: what makes your brand attractive?			
One primary customers segment (50%) are local green consumers that come to the farm shop. They are willing to pay more for certified ecological potatoes and the visit to the shop is expressed as nice, also the conversations with us at the farm is important for the visitors. They are both buying a product and an experience. A second primary customer segment (50%) are local grocery shops where we every morning deliver potatoes. The shop owners tell us that they appreciate the personal service when we fill up the shelves in a nice way and adapt our deliveries to their stocks. The shops use three of our brand's attributes in their own marketing: local, ecological certified, tasty. A secondary customer segment are the shops' customers. They are green customers willing to pay a higher price for local, certified ecological and tasty potatoes, but they are mostly not interested in visiting our farm shop.			
Most attractive attributes: The farm and farm-shop, the taste, the eco-certification, and that it is a local brand with personal service.			
Competitive brand analysis: What makes your brand unique?			
Brands	Price	Availability	Greenness
Our brand	1,5 Euro / kg potatoes	Local brand north of Stockholm, available in local grocery shops and in the own farm shop	Locally produced with local natural resources and an eco-certification
Competitive brand A	1 Euro / kg	International brand, not local, found in the local, national and international grocery shops.	No eco-certification and not local.
Competitive brand B	1,2 Euro / kg	International brand, not local, found in the local and national grocery shops.	Eco-certification, but not local.
Most unique attributes: The local attribute, but also the eco-certification is special.			
What is your brand's USP?			
"We are the sole supplier of ecological potatoes in Norrtälje"			

## Creation of a green brand strategy

**A green brand strategy** is built upon the analysis of the current situation, the brand definition, the organizational goals as well as available resources. The first things to consider in your green brand strategy is the concrete goals that the brand communication should reach. The goals can be quantitative or qualitative and be about informing, increasing knowledge, changing attitudes, motivating or changing behaviors. These goals should be linked to the internal visions and goals.

The next thing to consider is a brand name, a brand logotype and a graphic brand profile. You also need to find an appropriate language that matches your brand profile. The language should be uniform in terms of style, tonality and attitude in all brand communication.

Based on your brand analyses and your other resources, you need to choose the most effective marketing tools where through to communicate the brand. Examples of marketing tools can be social media or in other online media, newspapers advertisements or PR, personal sales meetings, newsletters, creating an effective store communication etc.

What makes it effective depends on your brand's USP, your customers, your competition, external conditions and your available resources. Think about the customers and other possible target groups that are important for your business, where do they look for information and how can you best reach them?

## Controlling to maximize the results

Testing and tracking the communication activities is a must in **a brand communication strategy**. Your brand communication strategy might look nice beforehand, but you never know its effects until afterwards. Therefore, every communication activity needs to be tested and tracked in order to maximize the results.

This can for example be facilitated by continuously writing notes, archiving materials, advertisements, snapshots of social media, keeping records of sales and other external interest for your business in a systematized way together with your plan. A good idea is to divide your strategy into monthly periods so that you every month keep track of what is working and what is not working. A fictional example of a month's strategic communication activities is shown in table 2.

Table 2. An example of how to systematize a green brand communication

Systematise the brand communication: the fictional case of the potatoes producer's strategic June plan with notes.			
Activity	Target groups	Deadline	Goals/Results
<b>Create a website</b>	Customers, suppliers, local community and other local interest groups	1/6	<p>Type of goals: Increase Information, Knowledge, Availability, and Attitude.</p> <p>Goal 1: Motivating or Changing behaviors – increase visits.</p> <p>Results: 0, 5 % increase in June.</p> <p>Goal 2: Effecting visitors' Attitude, to make visitors write positive reviews.</p> <p>Results: One positive review in June.</p> <p>Comment: The website might have increased the number of visits and customer interaction. The website will remain and we will continue to update it.</p>
<b>Start a blog on the website + write one blog post</b>	Customers and the local community	5/6	<p>Goal: Increase Information, Knowledge and Curiosity of the brand.</p> <p>Results: A school asked for a guided visit the following autumn after that a teacher had read the first blog post and a local newspaper asked if we were interested in writing a column based on our blog.</p> <p>Comment: The blog increased our contact with the local community. An aim could be to write one to two blog posts per month and to work together with the local newspapers.</p>
<b>Five Facebook posts</b>	Customers, suppliers and the local community	1/6; 8/6; 15/6; 22/6; 29/6	<p>Goal: Increase Information and Curiosity of the current 200 followers.</p> <p>Results: The visibility has been good, especially when a film from our farm shop was posted.</p> <p>Goal: Increase Engagement through more interaction, e.g. through comments and likes.</p> <p>Results: The film from the farm shop gained most likes and a few questions about our opening hours.</p> <p>Comment: Posting a film from our shop created engagement and we should therefore continue to create films and post them on Facebook.</p>



## Assignment

### 1) Analyze the current situation – What is your brand identity?



#### *Self-analysis*

- What is your business concept?
- What are your organization's vision and goals?
- What are your organization's internal values?
- What does your brand promise?
- What are your green attributes?
- What are your brand identity attributes?

#### *Customer-analysis*

What makes your brand attractive?

- Who are your brand's target groups and what are their needs, demands and wishes that you meet through your brand?

#### *Competitor analysis*

What makes your brand unique?

- What are the competitive brands (including substitutes) and what are their attractive attributes?
- What are the most relevant attributes (e.g. price, quality, geographical location, certifications, and greenness) of the competitive brands in relation to your own brand identity?
- With this as a starting point, how can you position your own brand in a comparative chart and on a position map?

What is your brand's USP? (one or two sentences expressing your brand's attributes of uniqueness, attractiveness, greenness and sustainability in comparison with other brands)

### 2) Create a green brand strategy

What are your communication goals?

What is your brand profile (the attractive and unique attributes in your brand portfolio)?

- Based on the self-analysis, customer analysis and the competitor analysis, what brand attributes do you think should be communicated?
- What makes your brand unique and attractive?
- What attributes should your brand profile be based upon?
- How do you want others to see your brand e.g. name; logotype; graphical profile?

What is the language of your brand?

What marketing tools and channels will you use to communicate your brand?

### **3) Control to maximize the results**

How should you test your marketing activities?

How can you know what worked?

Brand image: How do others see your brand?

Your answers should be written in one document with texts, charts and a position map. The text should be simple and concise. This is not a plan that you write and leave, it is a document to constantly update and use.

**Finally, revise your business model.**

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# Module 4: Steps towards sustainable quality

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## Understanding quality

We often use the word "Quality" in our daily lives when we refer to different value creating offerings (products and service). Generally, we wish to experience good quality, and we do not like to be victims of poor quality. But what do we mean by good quality and poor quality? What is quality? Is quality about goodness? About excellence. About luxury? About reliability? About craftsmanship? Or is quality about the relationship of cost or price to value?

Some definitions of quality end to be quite production-oriented, such as "Quality is when a product is in line with specifications". Other definitions are more customer-oriented, such as "Quality is how it is defined by customers". Definitions of quality are often based on a customer-oriented view (external focus), but often they also stress the importance of arranging and performing business activities in holistic, well integrated and efficient and.

**The definition of quality** used in this workbook is as follows: "Quality is how your enterprise's offerings are defined by customers, employees, partners, networks, and stakeholders. The concept of quality is also reflect the notion that all your enterprise's business related decisions and activities should be undertaken in economically, ecologically, and socially sustainable ways for this generation, and for coming generations."

The view of what is good and bad quality varies from individual to individual, and also from situation to situation. This puts hard demands on you as an entrepreneur when it comes to planning, managing, and monitoring for repeatedly deliver offerings of good quality. A basic idea of quality is that you can have the most fantastic intentions to design value creating and highly qualitative offerings, but your customers are the ones with the mandate to decide whether you have succeeded or not. An illustrating example is here following: For a Friday dinner, some customers decide to select a three-star Michelin restaurant. While others would view a great wood oven baked pizza from the cozy nearby Italian Pizzeria, together with a locally brewed beer as an exact Friday dinner fit. For others, a bring-home Sushi from the popular sushi restaurant close to work is considered a perfect Friday meal. And still, others choose to prepare the Friday dinner at home with organic products from the favorite local farm shop where they are regular customers. What joins all these customers and potential customers is that they will probably only select a enterprise that they expect will meet their expectations, maybe based on previous experiences, of delivering good quality.

To secure that your green customers bring with them positive experiences and expectations related to your enterprise, they should be able to rely on your enterprise to constantly deliver sustainable offerings of good quality. In order to live up to such expectations you need to run your business in a sustainable, quality and customer-oriented, and also resource efficient way. To do this, it could be of value for you to make sure you have created an organizational culture (values, work methods, and tools) that nurture sustainable and qualitative business decisions and activities constantly and over time. In this chapter you will be a little further introduced to a few aspects of managing quality in such ways.

## Designing for sustainable quality

For all of your offerings you should decide what quality dimensions and quality standards to design, offer, deliver, and monitor. This work must reflect a good understanding of the customers' needs, values, experiences, and expectations. This work must also consider what your competitors offer (fetch from assignment module 3), and the value of your brand in the view of your customers (fetch from module 3). Using the Customer Path tool (module 7) could be one method to get a good understanding of the customers throughout their process of coming into contact with, and of using the offering. In addition, the methods introduced related to designing green products and services in module 5 could here be used.

It is a difficult mission to live up to constantly and over time live up to every customer's individual expectations and experiences. A dentist may for example offer excellent access and availability upon booking, a professional, emphatic and trustworthy attitude, and seemingly reliable advice. But never the less, the quality of the treatments may still, in a short term or in a longer-term perspective, risk to be considered as being very poor by the patient, and maybe also by other "second-opinion" dentists. Therefore, monitoring and evaluations of "Customer experienced quality" should be performed at different time stages during the service delivery process, and during the customer's usage process. You should perform this from both *What and How* aspects for every quality dimension. As the model shows, **customer perceived quality** is filtered through the customer's image of your enterprise, and it is also based on the customer's experience of the two aspects:

- *What* the customer experiences that he/she receives (Technical quality)
- *How* the customer experiences that the offering is delivered, and how it is experienced to function during the usage process (Functional quality).

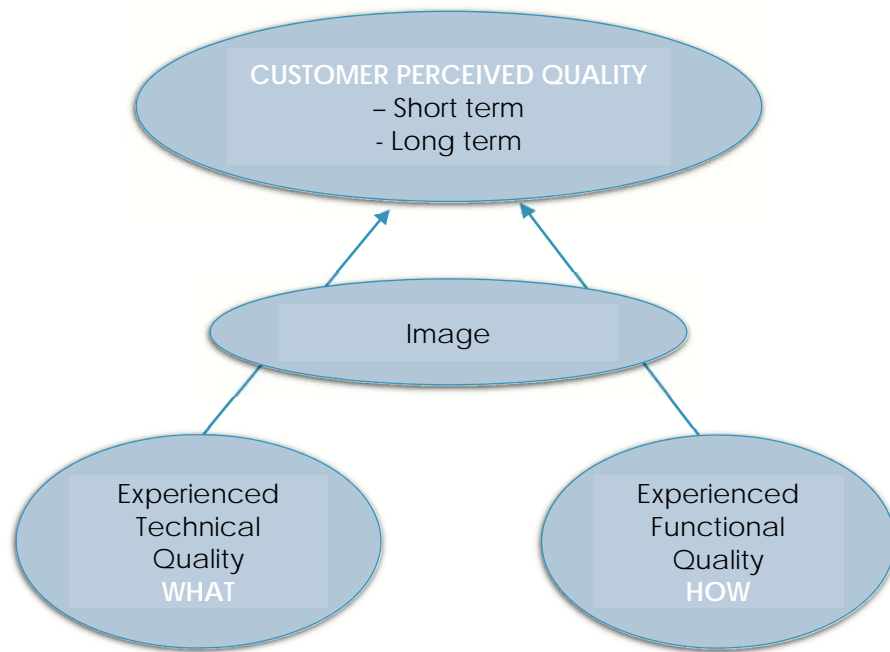


Figure1. What and How - two critical quality aspects

Another model that could be used when designing sustainable and qualitative offerings, is to design relevant quality dimensions. Here below is one example of quality dimensions that could be designed by the fictive enterprise SUN, Café & Creperie. The enterprise is creating sustainable value by selling and serving organic food and beverage. The process of building quality into the offerings could be to:

- Design and "package" what offerings to offer
- Define and design quality dimensions of the offerings (most of the dimensions in the below example have been identified in research as being critical in service-intensive offerings)
- Describe and set standards for every quality dimension, including WHAT and HOW aspects for each dimension
- Monitor, evaluate, and improve the processes with a short term and long-term perspective.

Besides designing quality dimensions, it is important that you design value creating processes. From a process perspective, close collaboration among individuals and departments is needed in order to constantly create value and quality for customers. All business activities are performed in processes. Service is also delivered and performed in processes; Core processes (e.g product and service design and development, production, and service delivery and performance); Support processes (e.g. purchasing, partnering, quality recovery handling, and HR); Management processes (e.g. visions, strategies, culture building, and daily management). All the activities and processes must be coordinated and managed as "flows".

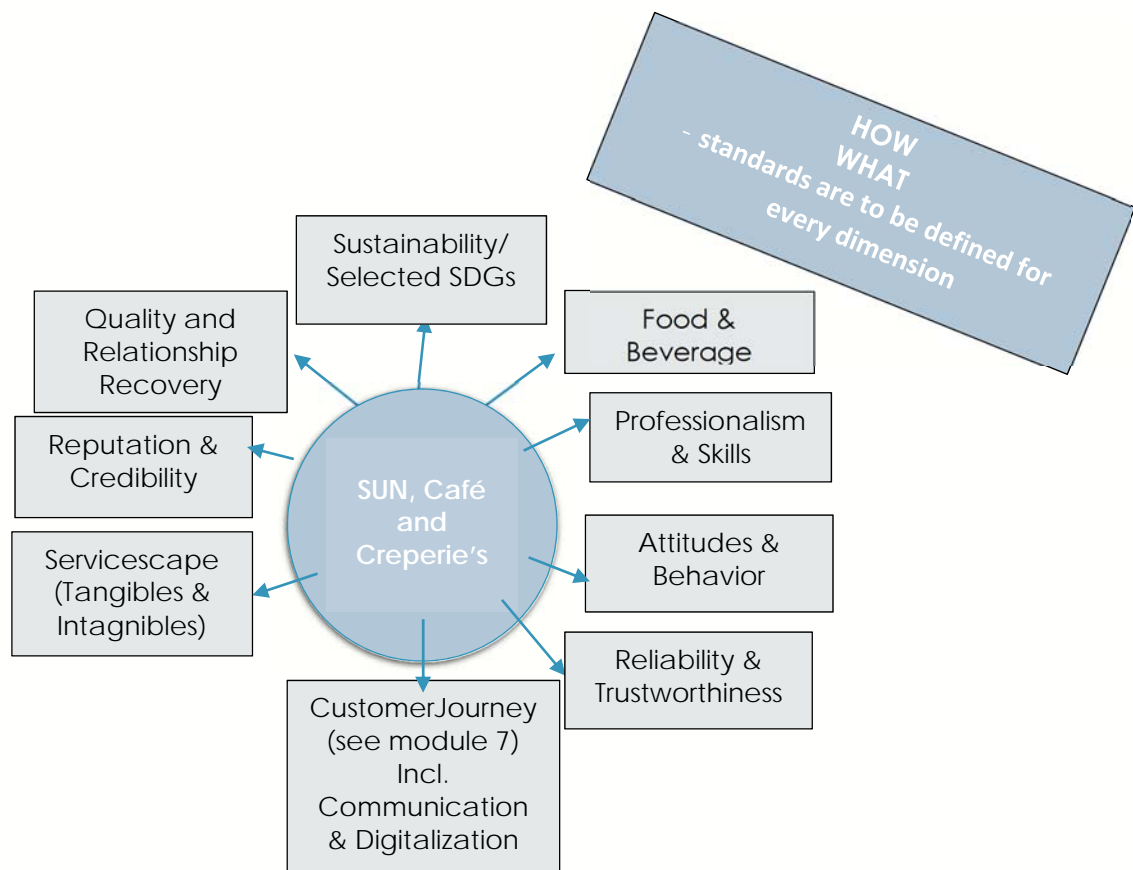


Figure 2. Example of possible quality dimension “Sun Café and Creperia”

As regards the concept of customers, which is also very important in the context of quality, broad and sustainability-oriented definitions seem to become more common. One such, broad and inclusive way to define your enterprise’s customers is: “All those that we want to create value for, and all those that are effected by the processes, activities, products, services and offerings created by our enterprise today, and in future generations”. Such a broad view of customers include people inside and outside your organization. Sometimes the concept of internal and external stakeholders are instead used for some of these groups or individuals, such as employees, suppliers, partners, neighbors, interest groups, or students. In this module, such a broad and inclusive definition of the concept of customers is used, but the concept of stakeholders is also used.

## Quality management

To help you to manage quality in your business, there are several **quality management systems** too choose between. The idea with all such management systems is to manage quality as a holistic and integrated concept where the enterprise’s culture (values, work methods, and tools) is viewed holistically and integrated to attain good quality, sustainability and high value creation for customers, employees, partners, networks, and stakeholders. The aspects that are meant to build strong quality are expressed somewhat differently in different quality management systems, but the basic idea is very similar between the models. Namely that sustainable and value creating quality is built on a strong

focus on enterprise culture (values, work methods and tools), sustainability (e.g. with the help of the SDGs), leadership, customers, processes, employees, partners, networks, stakeholders, continuous improvement, learning and innovation and fact-based decisions.

Examples of quality management systems is the ISO 9000-series (the internationally most widely used management system for managing quality). On national and local levels there may be similar systems. One example is the integrated Swedish management system FR2000 which targets smaller enterprises. There are also several so-called excellence systems, such as the European EFQM Excellence Model. In many countries there are similar national and local excellence models, such as in Sweden where there is the SIQ Management model. All these systems can be used as purely internal methods and tools for improving quality. If desired they can also be combined with third-party assessment, and/or external certification. Some of these systems also arrange yearly quality award processes and ceremonies. Examples are The EFQM Excellence Award, and USK, The Swedish National Quality Award.

Different quality management systems have their advantages and disadvantages. Not one system is for everyone. It could be a good advice to investigate what is used in your industry and among your competitors, and preferable to learn from others' experiences. Enterprises that have attained quality certifications and awards often communicate such achievements very actively in their communication and marketing as proofs of quality, excellence.

It can be noted that achieved certifications and labels related to organic, eco, and environmental-friendly products and services are treated in the same ways as quality management system awards and certifications. Examples of organic, eco, and environmental-friendly certifications and labels are: The Nordic eco-label (the Swan), which is the Nordic countries' official ecolabel for goods and services. The Swan mark is subject to both environmental and climate requirements, and the organization works on behalf of the Swedish Government for sustainable production and consumption. The EU Ecolabel is Europe's counterpart to the Nordic Swan Ecolabel, which is one of the world's top eco-labels. The Green Key is an international ecolabel for the hospitality facilities. KRAV is a key certification player in the Swedish organic food market. It regulates food production and related services as to the sustainability aspects of economy, ecology and social needs. KRAV also regards organic food that is imported to Sweden.

## **Steps towards sustainable quality in micro enterprises**

Research and experiences recommend micro enterprises to create and implement a quality management system. However, the availability of quality management systems that are adopted for micro enterprises needs is poor. However, in Sweden the model Språngbrädan (The Springboard) has been developed with small enterprises in mind. The model is based on the more established Hörnstensmodellen (The Cornerstone Model) (Bergman & Klevsjö). The Cornerstone model is modified and used for the assignment of this workbook module (Figure 3).



As stated above, the idea of a quality management system is to manage quality as a holistic and integrated concept where the enterprise's culture (values, work methods, and tools) are integrated and combined to attain high sustainable quality and value creation for customers, employees, partners, networks, and other stakeholders. The cornerstone components in focus for the efforts of managing your micro enterprise from a quality management perspective are: Culture (Values, Work Methods, Tools); Processes, Offerings and Sustainability; Stakeholders, Partners and Networks, Improving, Learning, Innovating and Fact-Based Decisions; Employees; Leadership for Sustainable Quality and Value Creation (Figure 3).

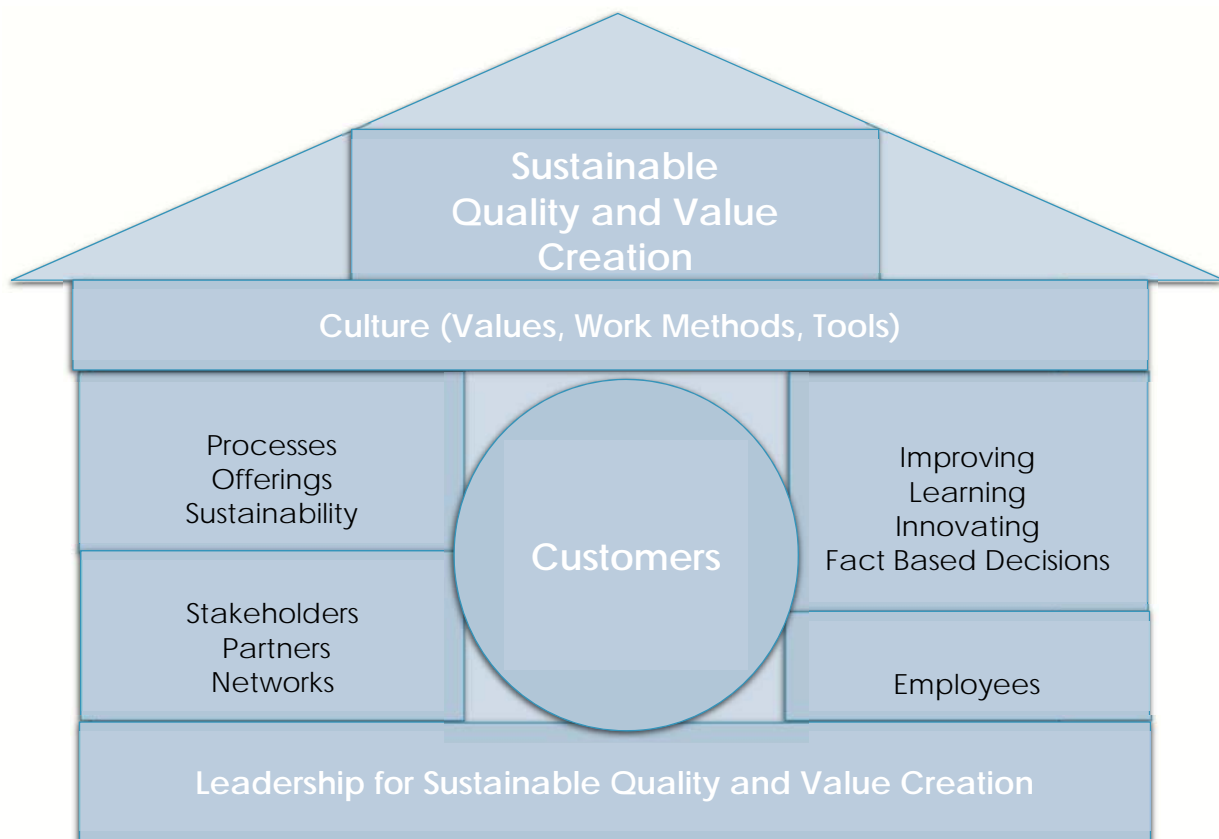


Figure 3. Modified Cornerstone Model for Sustainable Quality Management in green micro enterprises

From a quality perspective you need to work in a systematic way to continuously improve the quality of your business activities. Further, from a quality perspective, it is only when you become aware of how you do something that you can improve what is being done. Here below a self-evaluation process is presented for working with the quality system management model and its quality cornerstones of figure 3 in your enterprise.

- 1) *Plan* how to arrange the quality self-evaluation (Why? What and How - including Priorities? Who should participate? When? Where?)
- 2) *Describe* the present situation of the different cornerstones:
  - a. *What and how do you use values, working methods and tools as regards...?*

- b. *To what extent are the chosen values, working methods and tools applied...? (E.g. Fully systematic/Fully integrated; Partly systematic/Partly integrated; Not systematic at all/ Not integrated at all*
  - c. *What results are achieved as regards.....?*
  - d. *How do you when you evaluate, monitor, learn from, and improve what you do as regards.....?*
- 3) *Analyze* the present situation. (Identify strengths, weaknesses and improvement possibilities.
  - 4) *Make a strategy and action plan* with clear priorities based on the analysis here above (Why? What and How - including Priorities? Who should participate? When? Where?)
  - 5) *Integrate the strategy- and action plan* in the overall business planning and activities (here in the NB Canvas, and/or as an enclosure to the NB Canvas, see module 1) .

One commonly used method to work with quality improvement as a substitute for, and often alongside with third party certifications, is "self-evaluation". One definition of self-evaluation is that it is a systematic evaluation of an organization's activities and results based on a selected quality management model, for example The NatureBizz Green Micro-Business Model for Sustainable Quality. Self-evaluation of one's quality work and results can be performed in the following quality self-evaluation process, here related to the above figure 3.

## Assignment



The assignment consists of making a self-evaluation, and an analysis, and planning of your business activities from a sustainable quality management perspective. The main framework for the assignment is Figure 3, Modified Cornerstone Model for Sustainable Quality Management in green micro-size enterprises.

### 1) Plan

How could you to plan a self-evaluation of your present ways of managing quality in your business? Make realistic and smart priorities and consider the following issues when planning

- Why? Or Why Not – to make a self-evaluation?
- What could be done?
- Who be involved - and how?
- When should it be done?
- Where should it be done?

### 2) Describe the present situation when it comes to cornerstone components of the sustainable quality management system of your enterprise as follows:

#### **Industry norms and usage when it comes to management systems and certifications (quality and/or environment)**

What quality management systems and certifications are used by your enterprise?

What quality management systems and certifications are used in your industry and by your competitors?

#### **Mission, Vision, Purpose**

What are the mission, vision, purpose and value creation of your enterprise?

(Retrieve from module 1 and 3))

What are the mission, vision, purpose and value creation of your competitors?

(Retrieve from module 3))

#### **Culture (values, working methods, and tools)**

What characterizes your enterprise when it comes to culture

(values, working methods, and tools)?

#### **Value creating Offerings (products & services) and Processes**

Map the offerings (products & services) offered and delivered by your enterprise

Map the main value creating processes (core, management, support) of your enterprise

#### **Leadership**

Map the leadership structure of your enterprise (Retrieve from module 1,2 and 3))

What characterized the leadership?

How are leaders involved in quality management (improvement, learning, innovation)?

### **Employees**

Map the employee structure of your enterprise

What characterized the employees?

How are employees involved in quality management (improvement, learning, innovation)?

### **Customers**

Map the customers (external, internal, today and in the future) of your enterprise (Retrieve from module 1,2 and 3))

What characterized the customers?

How are customers involved in quality management (improvement, learning, innovation)?

### **Partners, networks, and stakeholders**

Map the partners, networks, and stakeholders of your enterprise (Retrieve from module 1,2 and 3))

What characterized the partners, networks, and stakeholders?

How are partners, networks, and stakeholders involved in quality management (improvement, learning, innovation)?

### **Innovation, learning and continuous improvement**

How does your enterprise work when it comes to innovation, learning and continuous improvements?

### **Basing decisions on facts**

How does your enterprise work when it comes to basing decisions on facts?

### **Contributing to sustainability, in line with the SDGs**

How does your enterprise work when it comes to contributing to sustainability in line with the Agenda 2030 Model and the Triple Bottom Line Model (ecological, economic, and social sustainability)?

### **Results**

How does your enterprise work when it comes to gathering information about, to monitor, and to learn, improve and innovate when it comes to undertake measures to improve the results as regards: Customers, Employees, Partners, Networks, Stakeholders, Innovation, Improvements & Learning, and Sustainability (Finances & Economy, Ecology, Social Sustainability, SDGs)

## **3) Analyze the responses of the description of the present situation**

Identify strengths, weaknesses and improvement possibilities related to the above described quality cornerstone components.

## **4) Prepare a strategy and action plan with clear priorities based on the analysis here above**

Create the strategy and action plan on the information and responses you have completed so far in this assignment. Make realistic and smart priorities and consider the following issues when selecting activities and measures:

- Why? Or Why Not?
- What?
- How?
- Who?
- When?
- Where?

**Finally, revise your business model!**

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# Module 5: Green product development and service design

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## Green product concept

According to the Sustainable Development Goal 12: Responsible Consumption and Production, urgent action is needed to ensure that current material needs do not lead to the over-extraction of resources or to the degradation of environmental resources. Consumption and production should also include policies that improve resource efficiency, reduce waste and mainstream sustainability practices across all sectors of the economy.

The terms “green” or “sustainable” refer to products, services and practices and a product and service system that allows economic development while conserving for future generations. **Product and service system** is a system of products, services, supporting networks and infrastructure that is designed to be competitive, satisfy customer needs, and have a lower environmental impact than traditional business models. To design and develop truly green and sustainable products and services, you need green policy, green partners and green processes.

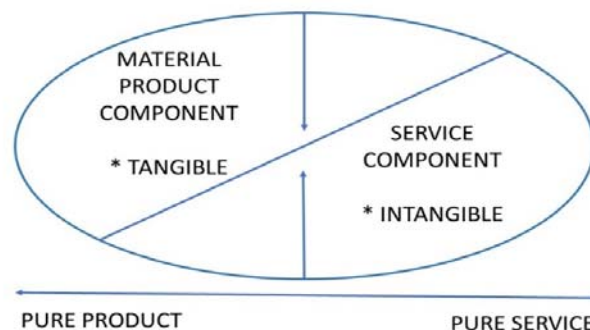


Figure1. Product and service system: a mix of both products and services

**Servicizing** is a transaction through which value is provided by a combination of products and services in which the satisfaction of customer needs is achieved either by selling the function of the product rather than the product itself, or by increasing the service component of a product offer.

The term **green servicizing** (green product and service system) incorporates the aim of reducing environmental impacts by reducing the amounts of resources and energy required during production, delivery and consumption, and by reducing the number of products that end up being discarded after use.

While on the topic of defining a green product, you must realize that almost no product will ever be 100% “green,” since product development has always some impact on the surrounding environment. Many products offer a green component that is at best incremental, offering performance or some other characteristic that is only slightly better than the conventional product. The truly green product characteristics fall into six categories, and many products have benefits in multiple categories; however, a product that falls into three categories is not necessarily any more green than a product that falls into only one category: 1) green process, 2) improved sustainability, 3) recycled content, 4) recyclable, 5) low toxicity, 6) biodegradable.

Table1. Green and sustainable product characteristics

Category	Description
Green Process	The product is manufactured with consideration for exposure of workers to chemicals, source of materials, energy-efficient production methods, use of recycled materials in packaging, reclaiming manufacturing waste, and prudent use of energy.
Improved sustainability	The product is renewable and makes good use of available resources. Sustainable design considers environmental and human health and well-being, in addition to the traditional criteria of function, cost, and aesthetics.
Recycled content	The product is fabricated with post-consumer materials or post-industrial by-products.
Recyclable	The product can be reused or reprocessed after use and refabricated.
Low toxicity	The product is less toxic than comparable products used for the same purpose.
Biodegradable	The product returns to the earth naturally under exposure to the elements.

## Core principles, phases and tools of green product and service design

**Design thinking** is a process, geared towards gaining a common understanding that can be described as a discipline that uses the designer’s sensibility and methods to match people’s needs with what is technologically feasible and what a viable business strategy can convert into customer value and market opportunity.

**Service design thinking** is a holistic, customer-centric approach using design principles, tools, processes and an empathic understanding of customer needs to design products and services. The five core principles that should form the foundations of service design are: 1) user-centred, 2) co-creative, 3) sequencing, 4) evidencing and 5) holistic.

**Service design** is the design of systems that encompass service users, service providers, products, processes and logistics. The methods, tools and activities of design thinking help making products and services more useful, usable, efficient and desirable.

**Product and service design process** has five stages: discovery, interpretation, ideation, experimentation and evolution.

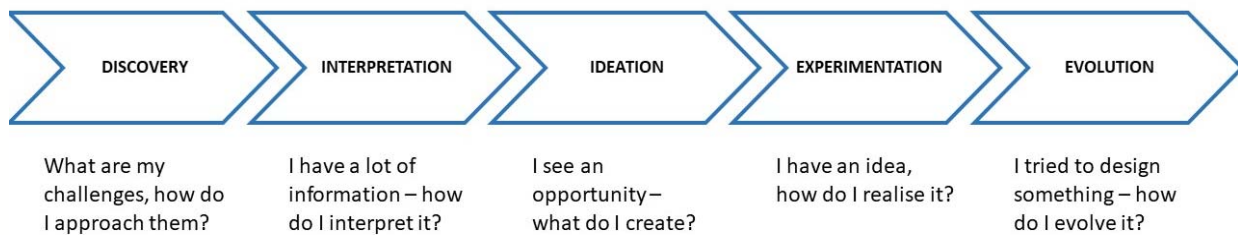


Figure 2. The five phases of the design process (IDEO2012)

**Service design tools** are the collection of tools and tutorials that help dealing with complex design challenges. Service design tools are, for example: user journey mapping, user diaries, user personas, brainstorming, service blueprinting, prototyping, scenarios, etc.

**Green design** is intended to develop more environmentally products, services and processes. Green design (also called eco-design, sustainable design) is the philosophy of designing physical objects, the built environment, and services to comply with the principles of sustainability (environmental, economic, social and technological).

One of the practical tools that helps you design and create products and services to a specific user is the **persona**. Persona is a representation of your most common target audience and helps you standardise needs and get solutions faster. It's based on the real data, gathered in a previous research, such as user interview. You can think of it as a folder with your similar users that has its own name, photo and brief description:

Photo	NAME ... <u>Background</u> Age ... Occupation ... Education ...
<u>Description</u> Looking for green and sustainable products and services  Using information sources: ... Social media preferences: ... Influencers: ... How we help: ...	

Figure 3. An example of the green product and service user persona

The most important piece of advice that you should remember when creating personas is to never box in your user. They're multi-faceted, emotional human beings who believe that you're worth enough of their time. Treat them as sacred.



## Green product and service life cycle

**Life cycle assessment** is a business management concept for sustainable products with the aim of improving specific goods and services and enhancing the overall sustainability performance of the business and its value chains in general. It requires a holistic view and a full understanding of interdependency of businesses in order to support relevant decisions and actions to improve sustainability of the performance that takes into account both, the environmental and social benefits and at the same time offer a number of value creation opportunities to the business.

There are several ways to analyse the product and service life cycle. After having been launched, a product and service should enjoy a long and happy life. But each product and service has its own life cycle, that is not infinite. Not all products and services follow all stages of the life cycle. While some products and services are introduced and die quickly afterwards, others stay in the mature stage for a very long time.

Table 2. Product and service life cycle stages

Stage		Characteristic
1.	Intro- duction Stage	Product launched into the market. Sales grow slowly. Informative advertising is done. Firm might not earn a profit at this stage. Price skimming may be used if the product is new invention and has no competitors. Competitive pricing may be used if it already has lot of competitors
2.	Growth Stage	Sales grow rapidly. Persuasive advertising may be used. Prices may be reduced if faced by stiff competition. Firm starts earning profits.
3.	Maturity Stage	Sales increase slowly and reach the highest sales figures. Competition is at the maximum level as many new 'me too' products may be in the market. Promotional pricing might be a good option. Profits are at the highest level as the firm is also getting economies of scale. Repetitive advertising is done to remind the consumers.
4.	Saturation Stage	Sales are stagnant. Maximum competition but no new competitors and the market is already crowded with the same types of products. Promotional pricing or competitive pricing may be a good choice. Advertising efforts at its highest point.
5.	Decline Stage	Sales start to decline. Profits start to come down. Marketing research it done to find out whether this decline is permanent or temporary. If the decline is permanent in nature then stop the production of the product, otherwise implement extension strategies. Advertising is reduced.
6.	Extension stage	Introduce new variations of the original product Try to sell the product in different markets. Make small changes in the colour, design or packaging. Start a new advertising campaign.

The other way to analyse your product life cycle is using a tool green design. As a holistic approach, green design (eco-design) examines the whole life cycle of products and services, which can be divided into five different stages.

Table 3. Green product and service life cycle design

No	Stage	Questions to answer
1.	Use of raw materials	Which raw materials are being used? Which upstream chains are required for these raw materials? How much energy is being consumed for these processes?
2.	Manufacture	What kind of operating materials are needed for the production process? How much energy is required and from which sources is it generated?
3.	Distribution	What kind of packaging materials are being used and how recyclable are they? Which means of transport are used for the products distribution?
4.	Product use	How energy efficient is the product in its use phase? Is the product easy to maintain? How long is the products lifetime?
5.	End of life	Is the product, or parts of it, reusable? Does the product contain materials which are problematic to dispose? Which basic materials are recycable?

This module encourages you to adopt and integrate green and sustainable thinking and knowledge into your product and service design so that it responds to the Sustainable Development Goals (SDG) and supports you to design and produce efficient and attractive green products and services. Refine your canvas.

## Assignment



### 1) How green is your product?

Use the example (Table 1. Green and sustainable product characteristics) and try to find out, how many of these six categories do you follow? Give some proofs.

### 2) Persona of your green product

Use the example (Figure 3. Sample of the persona) and create two personas of your green product and service.

### 3) Analyse your green product and service life cycle. Find out, what factors affect the environment negatively during the life cycle of your product.

Use the example (Table 3. Green product and service life cycle design) to analyse your green product and service life cycle. Using the figures (data) of your business, prepare a table comparing the use of energy resources, mineral resources and renewable resources on different stages of your green product and service life cycle. Compare the numbers of the past years and periods.

Based on the results of the analysis, write what factors affect the environment negatively during the life cycle of your product (i.e. during raw material extraction, raw material production, transportation, use and end of life/disposal).

### 4) Develop a guidance plan on value added and sustainable green product and service design and development

Use the table and develop a guidance plan/solution on value added and sustainable green product and service design and development for your business.

Life cycle stage	Criteria	Guidance plan / Solutions
Materials	<p>Efficient use of materials to minimize material inputs and waste</p> <p>Use of “low impact” materials (recycled/recyclable/renewable)</p> <p>Green chemistry and product safety (no toxic components or processes)</p> <p>Use raw materials and ingredients, which help to reduce the product’s environmental impacts or realise new environmental benefits.</p> <p>Reduced environmental footprint</p>	
Packaging	<p>Optimisation of packaging (packaging to product ratio)</p> <p>Use of the “low impact” packaging materials, e.g. (recycled/recyclable/renewable), which also have a lower environmental footprint</p> <p>Design packaging for recycling/ reuse</p> <p>Packaging system protect product from damage to extend life</p> <p>Packaging includes information allow the end user to get the maximum value and utility</p>	
Production	<p>Production of redesigned product is technically feasible with low/no impact on cost</p> <p>Redesign delivers environmental benefits or cost saving</p>	
Transportation	<p>Products are transported using the most economical forms of transport available with low environmental impact</p> <p>Use of “low impact” transit packaging (recycled/recyclable/renewable), which also have a lowest environmental footprint</p> <p>Optimisation of transit packaging without exposing product to damage</p>	
Use	<p>Reduce energy consumption of product when use</p> <p>Design of product to reduce consumer waste</p> <p>Designing for durability to extend the product life</p>	
Waste	<p>Design of product for reuse/ recycling to promote a circular economy</p> <p>Design of product to be a part of a closed loop with supporting information</p>	

**Finally, revise your business model!**

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# Module 6: Managing supply chains in green micro business

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## The core of supply chain management

In our daily routines we often ask - 'What's for the lunch today?' No matter what is on the menu the answer is, none of these will just appear out of nowhere – this means that the final product goes along a supply chain. Surely, micro enterprises face various challenges in the rational organization of this process. However, this is one of the aspects, where the business can grow not just in the basic level, but also in attitude towards being greener.

A **supply chain** is the network of all the individuals, organizations that work together, resources, activities and technology involved in the creation and sale of a product, from the delivery of source materials from the supplier to the manufacturer, through to its eventual delivery to the end user. The simplest definition is that is about the management of the flow of services and goods from point of origin to point of consumption.



Figure 1. Conceptual model of the supply chain

Supply chain management exists in every industry. It entails the planning and management of all activities involved in sourcing and procurement, conversion, and all logistics management activities. It also includes coordination and collaboration with partners, which can be suppliers, intermediaries, third party service providers, and customers. Seems simple, however, behind each of the aspects there are several procedures, services, and materials.

Supply chain management integrates supply and demand management within and across enterprises. Understanding and management of supply chains is important issue for every business as it is one of the tools to increase competitiveness and ensure higher levels of customer satisfaction.

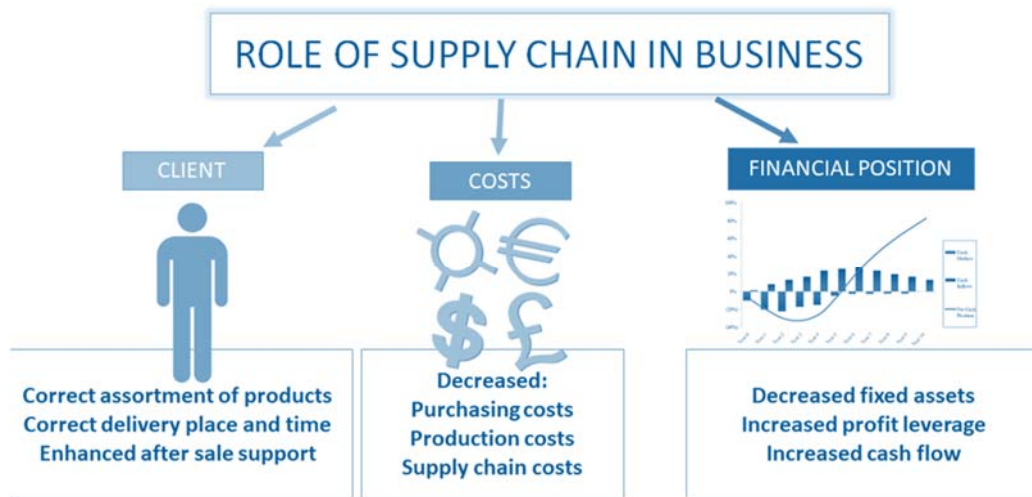


Figure 2. Role of supply chain management in business

Besides direct benefits to entrepreneur, supply chain management plays significant societal role - it helps to defend and sustain the human life, improves healthcare, protects from climate extremes, defends freedom and protects delivery of necessities. In addition, concept of supply chain management is connected with improvement of life quality as it serves as a foundation for economic growth, improves living standards, and creates jobs. Besides benefits of smart supply chain management, we have to admit, that there are still global challenges in energy consumption and pollution decrease.

Supply chain management entails two types of flows of the same importance. First, **physical flows**, that involve the transformation, movement, and storage of goods and materials. They are the most visible piece of the supply chain. Secondly, **information flows** allow the various supply chain partners to coordinate their long-term plans, and to control the day-to-day flow of goods and materials up and down the supply chain. In order to plan supply management correctly you detailed data about both flows.

From the physical flow viewpoint, supply chain system is characterized by such **processes** as sourcing, producing, storing and delivering. **Sourcing** is associated with the choice of vendors (domestic and foreign) or suppliers of raw materials, components, parts and products. It includes sourcing of all ingredients, and package. Spectrum behind these processes can be wide – from the raw material providers, designers until the packaging material and machines. Transportation and raw material storage should be included. In **producing** or “making” raw materials are turned to final product, parts are assembled in product, which could be sold to costumer. Usually associated with specifically equipped “production space” – factory, workshop, kitchen. **Storing** as a process includes inspection and sorting (quality assurance), packaging and labelling and other activities, which are implemented with idea to link product with delivering it to costumer. This process implementation needs specifically equipped place (storage, packaging line), elaborated quality standard. **Delivering** is filling of the order or (delivery to the store, sending directly to costumer etc.). Services and aspects that should be considered are transportation, costumer services, postal or courier services).

**Information flow** entails exchange of specific information. Typical processes are forecasting and planning (data), negotiations, bargaining, coordination, agreements and decisions, ordering and feedback. Management of information flow is much associated with development of the message or content (e.g. ordering data, information about leftovers in storage) and tools and channels. The last aspect nowadays is much supported by digital solutions (e.g. specific software, cloud services, co-working digital platforms).

Strategically there are two types of supply chains. Under a **pull supply chain**, actual customer demand drives the process (client calculates quality and quantity), while **push** strategies are driven by long-term projections of customer demand (producer calculates quality and quantity).

In the table below, you can see short glossary for supply chain management.

Table 1. A short glossary for supply chain management

<i><b>Supplies, commodities, goods, products, and stock</b></i>	All items that go through the supply chain flow
<i><b>Users, patients, clients, and customers</b></i>	The people who receive or use supplies
<i><b>Consumption, dispensed, dispensed-to-user, usage data</b></i>	Data on the quantity of goods actually given to or used
<i><b>Service delivery point</b></i>	Any facility where clients receive supplies
<i><b>Pipeline</b></i>	The entire chain of physical storage facilities and transportation links through which supplies move from the manufacturer to the user (e.g. port facilities, warehouses, transport vehicles)
<i><b>Lead time</b></i>	Time between when products are ordered and when they are received and available for use
<i><b>Requisition (pull) system</b></i>	The personnel who receive the supplies, calculate the quantities of supplies required
<i><b>Allocation (push) system</b></i>	the personnel who issue the supplies, calculate the quantities of supplies required
<i><b>Issues data</b></i>	Information about the quantity of goods moved from one storage facility to another
<i><b>Product integration</b></i>	Combining the management of some or all logistics functions for different product categories
<i><b>Supply chain integration</b></i>	Improving approach that develops seamless linkages between the various staff, levels, and functions within a given supply chain in order to optimize customer service

## Micro enterprises' challenges in supply chain management

The most common causes mentioned by micro business owners, if they were asked – why they find supply chain management challenging are:



- 1) time and capacity (little amount of employees, often – family members, which leads to multitasking, lack of clearly defined responsibilities),
- 2) lack of strategic approach (due to knowledge gaps or capacity, conceptually – supply chain has not been seen as one-way process) especially in strategic planning, sales, training of employees, and
- 3) lower bargaining power and limited financial resources. This can lead to technical and infrastructure limits.

Other factors to consider are: lack of frameworks, to establish alliances and underestimated role of digital solutions (considered as a tactic, not strategic tool).

There are several **wastes and risks** in supply chain management. Any of those mentioned below can affect the end result and effectiveness of supply chain, which usually is associated with extra expenses and energy towards solutions.

- **Overproduction.** Occurs when production quantity exceeds ability to sell, you have. This means concerns about how to store, manage and protect overproduction. Happens, if you are producing goods just based on forecast, not understanding of consumption or batch size is based upon minimum order (quantity, “standard pack”).
- **Transportation.** Each time when product is moved out of stands there is a risk of damage, loss, delay. Examples of this are lead time increase, logistics consolidation delays (chain reaction).
- **Motion.** Any movement of the parts, ingredients during production process can be associated with risks of damage, wear and safety, often “human factor” is the matter. It happens because of mistakes in warehouse management, part picking based upon pick list, also part sorting, also handling and receiving shipping documents and purchase and supply order data transfer.
- **Waiting** is time spent by workers waiting for resources to start and accomplish their work, which can occur if forecast responses from costumers or suppliers are late, also waiting for parts, ingredients, purchase and supply order amendments, agreements.
- **Over processing** is the usage of too expensive resource than needed for task or adding features not needed by end user. For example - manual processing of purchase and supply orders for customers and suppliers, repeated work due to communication mistakes, poor management of resource planning tools (software, integration).
- **Inventory.** Raw material, work pieces or finished goods that are still in a “waiting line” to be finished - assembled, packaged etc. Typical examples are safety stock buffer and excess and obsolete management of materials.
- **Defects** are deflections from quality or predefined standards, that would affect end-result. This can be associated with incoming parts, ingredients, also rejection from supplier or return from the costumer, errors in documents (outgoing, incoming), in transit damage.
- **Unutilized skills/talents** represent limits for knowledge flow, creativity, effort and talent. You can recognize this risk, if there are no questions about the process, standard, minimal responsibility, authority, initiative, new practices are implemented



too slow, but manuals, documentation are excessive, employees are disengaged in planning.

### **Tips for entrepreneurs how to overcome supply chain management challenges**

- 1) Make it simpler: complexity of the supply chain caused by large amount of vendors and partners often is an issue, at the end too much of the business owners' time is consumed with managing them. Think about, how to reduce or limit the number of vendors and partners you have to manage. This trend has been observed in business development. By this you will reduce time for paperwork and time and resources spent on management.
- 2) Taylor a reliable network: for micro enterprise it is not always necessary to use financially consuming services or contract other service provider, sometimes personal contacts and public space usage can be helpful. Friends, neighbours or good business partners can help with some collection or transport of raw material. Micro business supply chain management is about more than the contracts. Select network partners based similar values, potential on capability, strategic goals.
- 3) You can move faster. For a microbusiness it always will be more easy to adapt to changes (termination of contracts, setting up new production space), because decision making chain is rather short. If there is a need to change something, just go for it.
- 4) Consider the time, consider environment. Along the control of your time and your employees' time, consider outside influencers. They can be community leaders, relatives of employees, franchisors, mutual friends, local officials – consider them also as potential resource and a part of your network as they may have more power than you think.
- 5) Share and integrate, go together. The increased global competition, the information availability, and the development of new types of inter-organizational relationships are the key factors that force supply chain integration. You can improve it through partnerships, alliances, cooperation, trust, information and technology sharing. Make your selection based on similar values, business style and mind-set principles. Collaborate in long term.

### **Getting greener through supply chain management**

More and more micro businesses are embracing green supply chain management. They understand that reducing their carbon footprint by reducing inefficiency, optimizing resources, and streamlining processes they can better manage supply chain risk while improving the bottom line. However, developing and implementing environmentally friendly practices and processes require certain kind of motivation or drivers. Drivers may come from inside of the organisation or from outside (municipality, environmental agencies, trends in consumption, quality certification system owners). Green supply chain management and green strategies itself can become a good pillar of the image and brand.

**Green supply chain management** can be defined as integrating environmental thinking into supply-chain management, including product design, material sourcing and selection, manufacturing processes, delivery of the final product as well as end-of-life management of the product after its useful life.

Green thinking as combination of combination of environmental, societal and economic values can be applied in any sub process of supply chain management. Furthermore, one of the key issues is care of post-consumption or end-of-life process of products or services by the customers or in a simple word – the question what will happen after the products will be used by costumer.



Figure 3. Creation of green supply chain management – aspects for thoughts, matters for changes

**Green materials and ingredients (Green sourcing)** are obtained with less possible or even zero environmental impact. The way from the origin is transparent, for example – if you want to make organic bread, you have to purchase organic ingredients (e.g. flour) and you have to be sure that the flour has been made from organic rye grown from organic seeds. Preference should be to locally produced materials and ingredients. Sourcing should be ethical, for example, extensive forestry creates large impact on local society and ecosystems.

**Green logistics** is care about from where and how raw materials, ingredients and ready made goods are transported, usage of the transport with intention to decrease usage of fossil materials. So – the fleet or service should be considered, avoiding extra ride or ride with not packed car, which takes the most direct route.

**Green production** is associated with energy efficient solutions starting from the buildings and machines and ending up with "green code" for employees. Parts ingredients and machine usage should be safe for all - employees and end users.

**Green packaging** is based on the reduction of packaging at all, where it is possible, or usage of biodegradable materials and care about post-consumer process with intention to reduce landfill and recycle and reuse packaging.

Good practice includes fair communication with consumer about green aspects of your product. The consumer should be able to do the upstream tracking of the product. If the client has to assemble the product by oneself, this should be as simple as possible. High quality products are durable, their life can last for longer (for example, crib for a baby can be passed further in family, even generation).

Role of digitalisation in the green supply chain management is very important. Usage of some, even rather simple tools can influence supply chain management. It can be helpful in efficient time usage and shortening the cycles of purchase orders, lead time of delivery that could mean – more fresh product delivered for client, less effort and resources for preservation, storage, protection. This can help to increase efficiency of distribution planning schedules and ability to respond to urgencies. Usually digital solutions in a micro business are used for purchasing (order, processing), customer service, customer order processing, inventory management, relations with vendors, integration with manufacturing, transportation, production scheduling.

Green supply chain management entails social aspects and values that represent sustainable thinking. This included applying an ethical code towards employees (incl. hygiene and job security) and contractors through application of ethical norms of business and trade, applying honest principles of employing the local community. One of the effects is development of infrastructure objects. Sustainable thinking means legal discipline, as timely and legally payed taxes and charges, transparency of incomes as the basis of tax calculation. As common part of activities are investments and help to reduce poverty, support and charity to local community, participation in NGO'S and local and regional (also national and cross border) development initiatives.

Other important ideas what to think about in the context of green supply chain management could be found in Sustainable Development Goals (The 2030 Agenda for Sustainable Development, see also module 1).

### **Tips for entrepreneurs for implementation of green supply chain management principles**

- 1) **Check, where you're spending the most.** The role of wise and green supply chain management is efficiency, so – the costs are one of the first standing points and usually they are referred to smart planning. For example, if is energy used in a production and storage buildings, you can switch to LED lighting or installing solar panels can reduce power consumption and save money. Cut back on transportation spending by sharing services or using digital solutions.
- 2) **Be realistic in green goals.** Despite the fact, that situation in particular business environment can be not supportive to the green goals, you and your enterprise are the ones who set guidelines. For example, you can evaluate aspects or initiatives that are most important to your business and their impact to the environment. If you will

add the stakeholder (customer, suppliers, employee) values to this evaluation you will have more objective picture.

- 3) **Start from inside and assign responsibility for environment.** Green supply chain management cannot be built in a day, all involved has to know – what you are expecting from them and how their performance will be measured. Probably there will be need for training. At least in the beginning this could take some more managerial energy, require monitoring and adjusting.
- 4) **Talk about that.** Let your employees know that green supply chain management is a priority and explain what that means to each them. It can be used in recruitment, also. Talk about it with other stakeholders – share your prospects, tell your doubts and concerns – may be they have solutions. Talk to clients – especially young generation is aware of environment issues.
- 5) **Reach upper-hanging fruits.** Be ready to dig, to research and calculate for the best solutions, which will ensure that you remain going forward with green consciousness. This could mean examination of your suppliers, visiting their premises – to check if their values, efforts in real life not just in words matches to yours. You may include in agreements the section about sustainability standards or at least – that your partners would provide data so you could know they how their work affects the environment.
- 6) **Get it to the next level.** Use digital solutions - consider using a cloud-based supply chain management system that can help you monitor the sustainability impact of everything from product design to logistics. In addition, you probably would like demonstrate your commitment to sustainability by getting green business certificate.

# Assignment

## Green supply chain modelling



### 1) Supply chain definition

Choose one or two the most important products or services of your enterprise. Define, which components of the supply chain to include in the initiative. For example, include inbound material, product distribution, manufacturing, partnerships, Internet features, management systems, and organization structure.

### 2) Supply chain viewpoint.

Define, how do you see and imagine your supply chain. Is it end-to-end? Is it push or pull system? Which products require extra effort? Waste and risks? Would you consider it to be more green? Which processes, aspects?

### 3) Development of the green supply chain model

Take the challenge to create a draft (you can use sticky notes, digital tools or what is more preferable) your product supply chain. Emphasise green aspects. Define how it works, identify the lead time!

### 4) Quality development and competing

Identify, which components (weather processes or results) you could change and improve! Under which conditions the improvements could become realistic? Adjust your supply chain model after this revision!

**Finally, revise your business model!**

# Module 7: Communication in customer journey

## Green customer journey map

A **customer journey map** is a research-based tool that helps you to understand how customer relates to the product, business or brand over time. It tells the story through different contact points when customer interacts with a enterprise. Journey maps can visualize existing experience of a client or present a future – so called idealistic versions of the maps. So, the customer journey map can also be seen as the quality measure on how each customer of the enterprise should be treated during the process. Traditionally there are three stages at each persons' journey – before, during and after. There are as many different journeys as there are customers. In order to map someone's journey, you need to know who she or he is, because all customer journeys are different (see figure1).

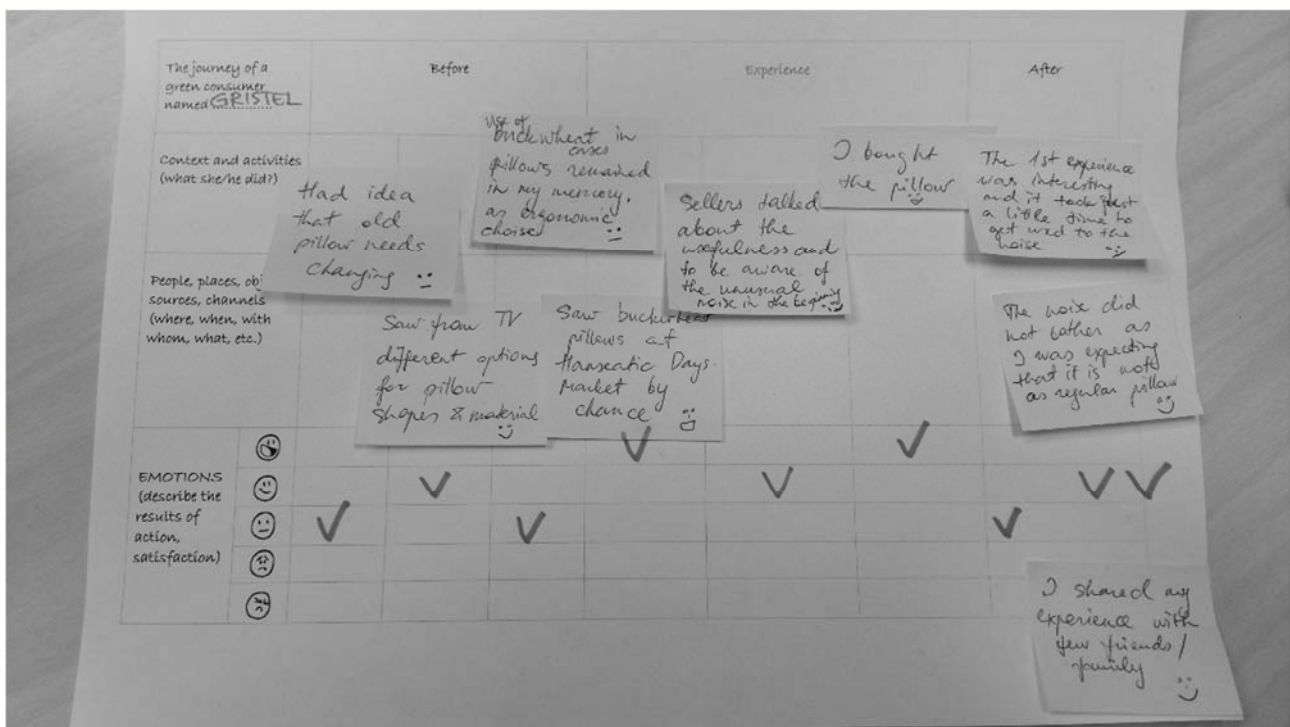


Figure 1. Example of Gristel's journey with buckwheat pillow

Now it is time to go back to the point, where you created your personas (see module 5) and map their journey.

1. Define the time frame (how long does it take for a persona to reach your product/service) of the “story” and write down the stages of your customers’ journey (you can use the worksheet or create your own). Add additional rows if necessary (different stakeholders that influence the experience, suggestions, What if? section etc.).
2. Fill in the information or ask the real client to do so. Use photos, screenshots, sketches, stories – anything that helps you to understand what the customer sees, thinks, feels etc.
3. Analyse the map to understand if everything works smoothly.

## Basics of green customer communication

In the early days it was easy – when someone in a village needed something, they turned straight to the person who was providing it. Industrial development and mass production created a situation where the products were made in one place and sold/advertised in another – market, shops, wholesaler, through newspaper, later also in radio and television. When internet first appeared, it was also a one-way publishing platform for a enterprise – consumers were able to read about the enterprise and its products. Now internet is an important distribution channel and social media offers new and efficient ways of engaging both enterprises and customers.

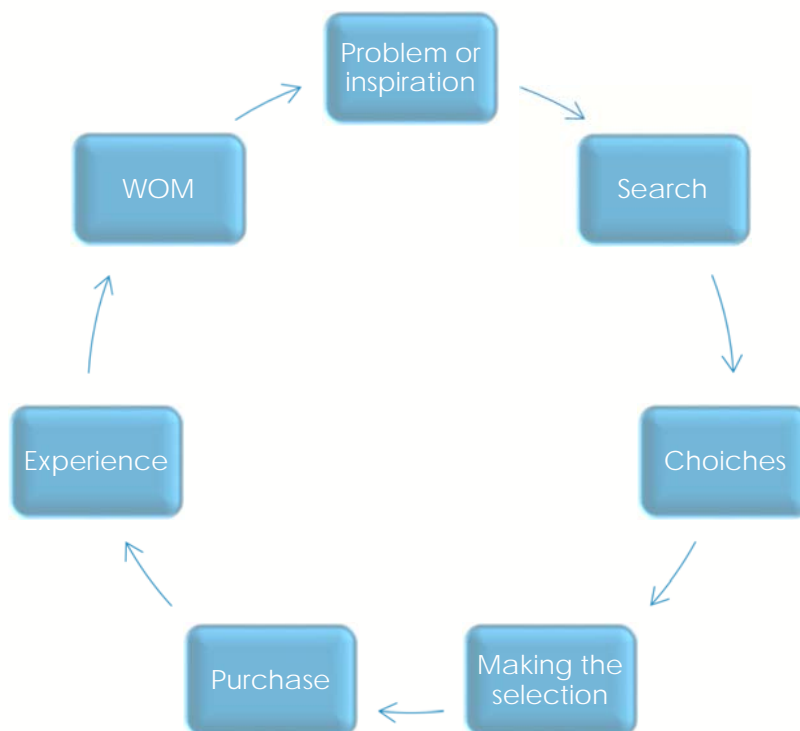


Figure 2. Customer journey from communication point of view



Green customers rely heavily on the recommendations of other people (word of mouth – WOM) and trust less so called traditional advertisements. It does not matter what you say about yourself, it is important what others talk about you and your product. Communication through internet is also cheaper than for example TV commercials, radio advertisements or print media and it allows you to reach concrete niche markets. Digitally communicating is also more sustainable than, for example, printing materials about the product. With a rapid growth of communication channels, many opportunities, but also challenges appear, and it is important to ensure clarity and consistency across all communication channels.

Since customers trust each other and communicate actively, the journey could also be seen not linear but in circular form, making WOM marketing a possible inspiration point for the next person to start her/his journey (see figure 2).

Customer engagement is one of the key issues enterprises work with. Think of ways how to include your customers into your product design and communicate it back to them (through different channels, make them talk about you). Good example is La Muu Estonian eco ice-cream. The active communication happens mostly in Facebook, where they talk about their ice-cream, but also about things happening in the factory and shops, invite customers to competitions (one was for example an opportunity for their fans to invest into the enterprise) and cover hot topics from society. They also talk about problems that occur and have discussions with customers. Showing your weaknesses helps to create trust and loyalty.

As the customers' interests and needs should be the priority, you have to know, who is your customer, and how she or he makes the decision. Over the years, more and more consumers care about their ecological foot-print and therefore prefer buying products that they know are environmentally friendly, made from fresh natural ingredients and come from enterprises, that have committed to social values. In order to have information about your product, the green generation does research before buying. Good quality product makes your transparent. Therefore, it is important to communicate your green activities and follow through the promises given to customer. Greenwashing is not in any form acceptable with this target group. They will not forgive if you lie to them.

Customers appreciate when they can learn something from you. Training in herbal farm, for example, will help visitor understand how they can use herbs for the help benefit. Bring out the concrete facts (tested by scientists for example, supported by a study etc.), why the product is good for the consumer. Informing and educating your customers will help to create loyalty. Values play an important role in today's communication. Green consumer buys products because they believe in the values you communicate (for example, users of the Body Shop products value, that the product has not been tested on animals). Show the proof and then talk about it. It is also useful to refer to The SDG in your communication in case your enterprise for example does something to save energy or water, avoids plastic in packaging etc., because green customer appreciates social responsibility.

In addition to WOM, when people talk about you, without you being able to influence the content, there are several channels where you can share your values and stories. Starting



with the webpage, social media (Facebook, Instagram, Twitter, LinkedIn etc.), influencers with their range of channels, direct marketing by e-mail and finishing with leaflets, sales calls, advertisements in press, radio, billboards or TV, depending on a budget. Communication on different steps of customer's journey will not work alone. It has to be supported by holistic green marketing mix containing green marketing strategy. Please see the figure 3.

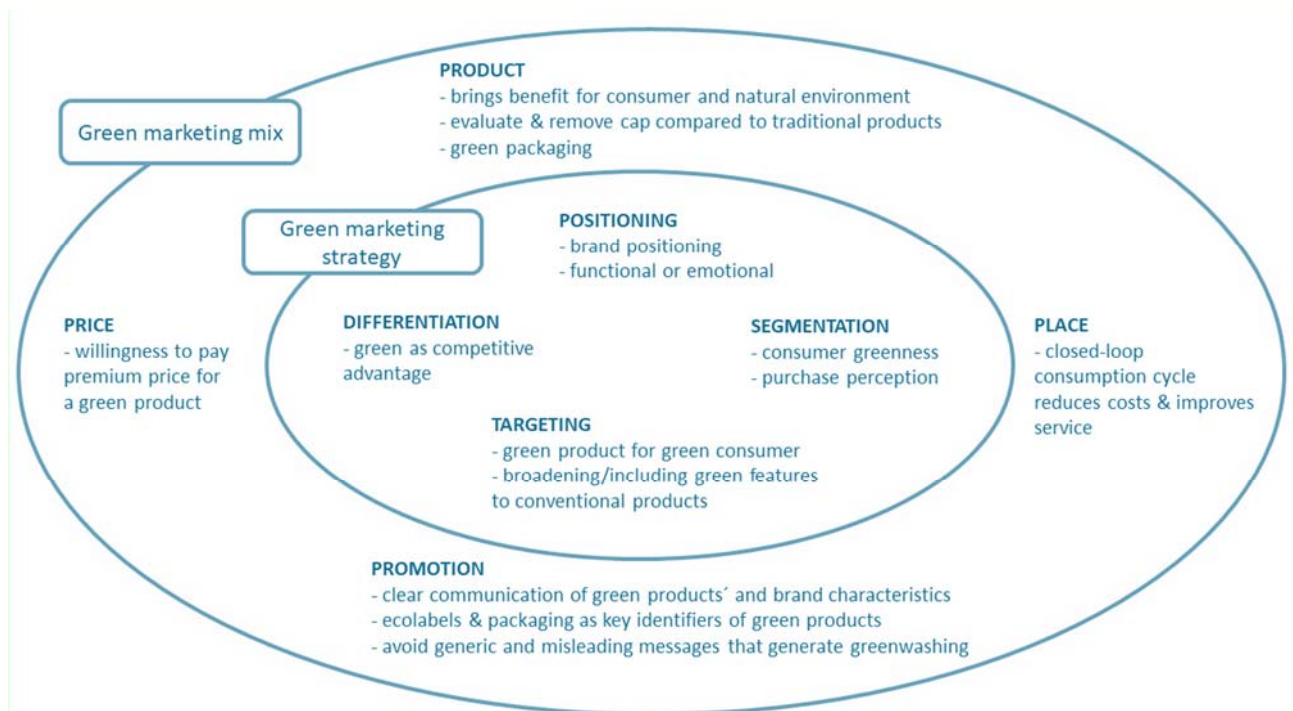


Figure 3. Green Marketing Strategy and the Green Marketing Mix

Finnish enterprise ilona LUONKOS has a very short text in English on their enterprise's webpage, that brings together abovementioned. They are convinced that they have the best product in the world so they are not afraid to talk about it, bringing out the benefits of product, mentioning packaging but also values they rely on, finishing it all up with references to media buzz around their product. In case information about your product does not go viral with the help of bloggers or vloggers, it is necessary to analyse your marketing mix and set the goals. Let's use a random buckwheat pillow producer as an example, to fill in a target group oriented marketing mix (see the table).

Table 1. Target group oriented marketing mix

<b>The main target group and market</b>	Estonian office workers, who have neck problems and wish to sleep better
<b>Target groups' expectations</b>	To have a good sleep, get rid of neck pain
<b>Value offered to the target group</b>	Pillow helps to sleep better and adjusts with your posture

<b>Unique selling point and unique selling arguments</b>	In addition to helping with neck problems, pillow does not cause allergies, because it is made from linen and ecologically produced buckwheat
<b>Measurable marketing goals</b>	To sell 1000 pillows by Christmas

In order to sell the desired amount of products, it is helpful if you write down all the marketing activities that you will do (and channels you are using) each month. To accomplish the goals the marketing should be done thru channels your target group uses. Let's take the same buckwheat pillow example to see how to plan companies' communication (see an example in table 2).

Table 2. Example of the communication plan

Time	Channel	Activity	Target group	Cost
January	Web-page	Create or update your webpage (texts containing keywords like neck pain, pillow, buckwheat etc., contacts) Create a Facebook page for buckwheat pillow (or your company).	Everybody looking for solution for their neck pain	0-1000 € (depending how much needs to be done)
February	Social media	Launch a Facebook campaign (1 week) to gain followers	Facebook helps you to select target group	100 €
March	Personal meetings/internet research	Collect information about massage salons in your area that you can cooperate with		0 €
April		Order design and flyers (100 pieces) Continue making Facebook posts		50 €
May	Your region	Distribute flyers to different massage salons, try to find someone who would recommend your pillows to their customers		0 €
June	Social media	Launch a Facebook campaign (1 week) – scientifically proven info how good buckwheat pillows are	Your Facebook followers	100 €
July	...	...	...	...
August				
September				
October				
November				
December				

## Assignment



- 1) Analyse your own product/service based on a customer journey model (use a real client to tell you the contact points). Use also the table attached.
  - Where was the first contact point (channel) with the enterprise/product/service (what are your first impressions)?
  - What other products could satisfy the same need for you; how can you buy the product?
- How do you feel experiencing the product? Where could you share the feedback about the product?
- Write a short description (you can illustrate your journey with pictures/screenshots)..

The journey of a green consumer named .....		Before			Experience			After
Context and activities (what she/he did?)								
People, places, object, sources, channels (where, when, with whom, what, etc.)								
EMOTIONS (describe the results of action, satisfaction)								

- 2) Fill in the target group oriented marketing mix communication strategy worksheet (table 1) by applying it to your own enterprise and product/service.
- 3) After filling in the target group oriented marketing mix, you can plan your enterprise's communication by using the table 2.

**Finally, revise your business model!**

# Module 8: Green entrepreneurs go international

## Strategy to go international

Enterprises always has a choice – to work for local market or to try to enter international market. The most popular reason to look for new customers is that the local market has become too saturated. The next reason is to lower costs for production, the next is to get access to local resources (also Human Resources – knowledge/ competences) and the last is about sharing/ minimizing the risk to be oriented just to one segment or one market.

Before you start analysing situation in your enterprise, here you have all five most exploited reasons, which are identified by Thompson, et.al:

- 1) To gain access to new customers;
- 2) To further exploit core competences;
- 3) To spread business risk across a wider market base;
- 4) To achieve lower costs through economies of scale, experience, and increased purchasing power;
- 5) To gain access to resources and capabilities located in foreign markets.

You have to define clearly the reason for entering foreign market not only during studies, but more serious when you want to implement exporting in real life. Because at some point it also becomes as good motivation tool to your sales team.

You may also observe, there are troubles or difficulties for cooperation of across the border as well. Risk identification gives chance to plan activities to minimize its impact over cooperation and to be more proactive. The main difficulties with most acknowledged risks are defined in figure 1.

1.	Different countries have different home-country advantages in different industries
2.	Location-based value chain advantages for certain countries
3.	Differences in government policies, tax rates, and economic conditions
4.	Currency exchange rate risks
5.	Differences in buyer tastes and preferences for products and services

Figure 1. Complexities for enterprises for cooperating across border

## Choosing target business – export or import

There is always at least two ways of Internationalization – **export and Import**. In this handbook, you may consider and acknowledge that there is more concentration on export – export of goods or services – further in the text export of products (also meaning brand export).

Before choosing export country, you have to check and improve enterprise's existing strategy or core strategy. For that reason, there is also good chance to check existing situation in market by performing the diamond of national advantage (see figure 2.).

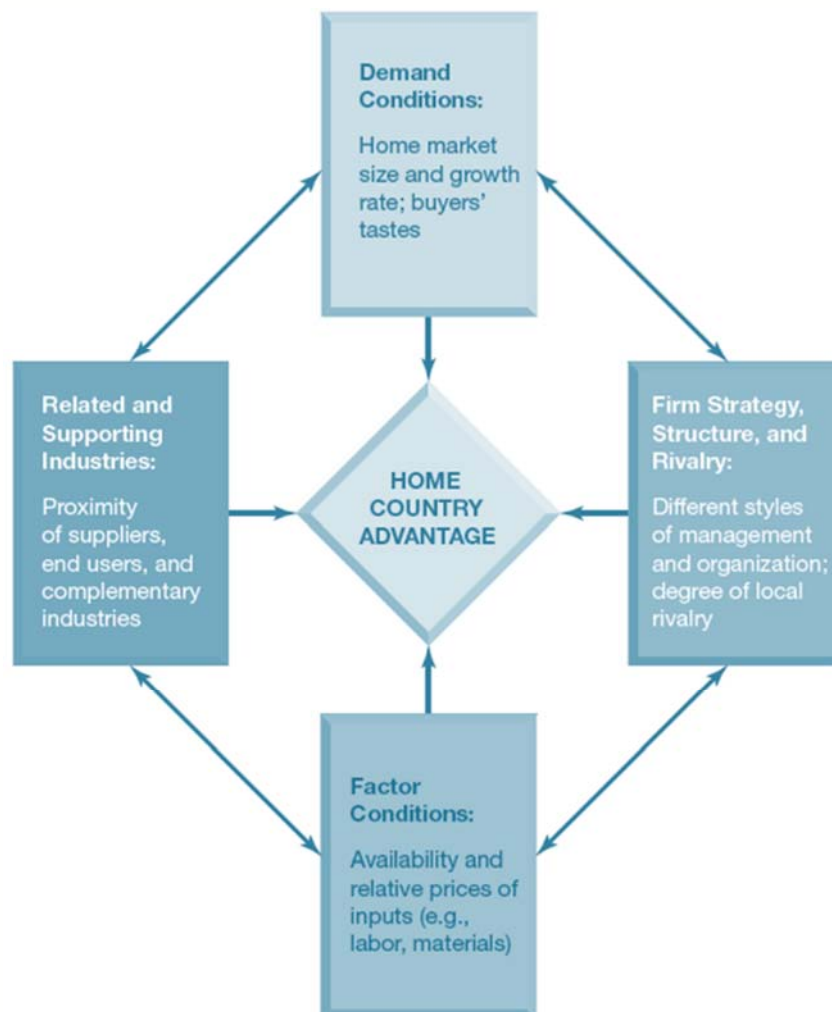


Figure 2. The diamond of national advantage

This method does not allow checking enterprise's internal management readiness for export; therefore, it is good to use strengths and weaknesses analysis (from SWOT analysis performed earlier) particularly thinking about exporting of product/ brand.

After performing all the external and internal analysis for readiness to Export, you may choose the right **competitive advantage** by placing enterprise's product/brand in matrix to understand the choice.

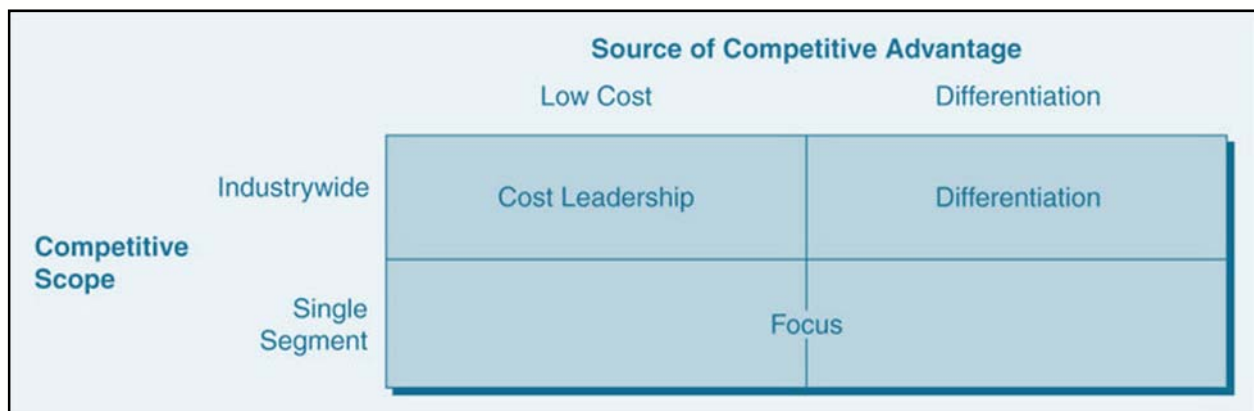


Figure 3. Competitive advantage choosing matrix

The main choice comes from three main advantages – **cost leadership** – by lowering costs, **focus** leadership – focusing on just the same segment and **differentiation** trying to adapt to particular needs and wishes (see figure 3).

## Choosing right country and right segmentation

By following the next figure 4 and performing four steps in boxes should be easy to choose the most appropriate country and right segment for exporting. You may have several countries in your mind when dreaming about exporting products/ brand. When finding first information about how easy is to enter countries in the list, there are always better and worse choices. Then market or product potential estimation takes place and only countries with highest market potential will be still interesting for you to continue. Then for identifying optimal target segments or segment mix, estimation of sales potential takes place and analysis market competition.

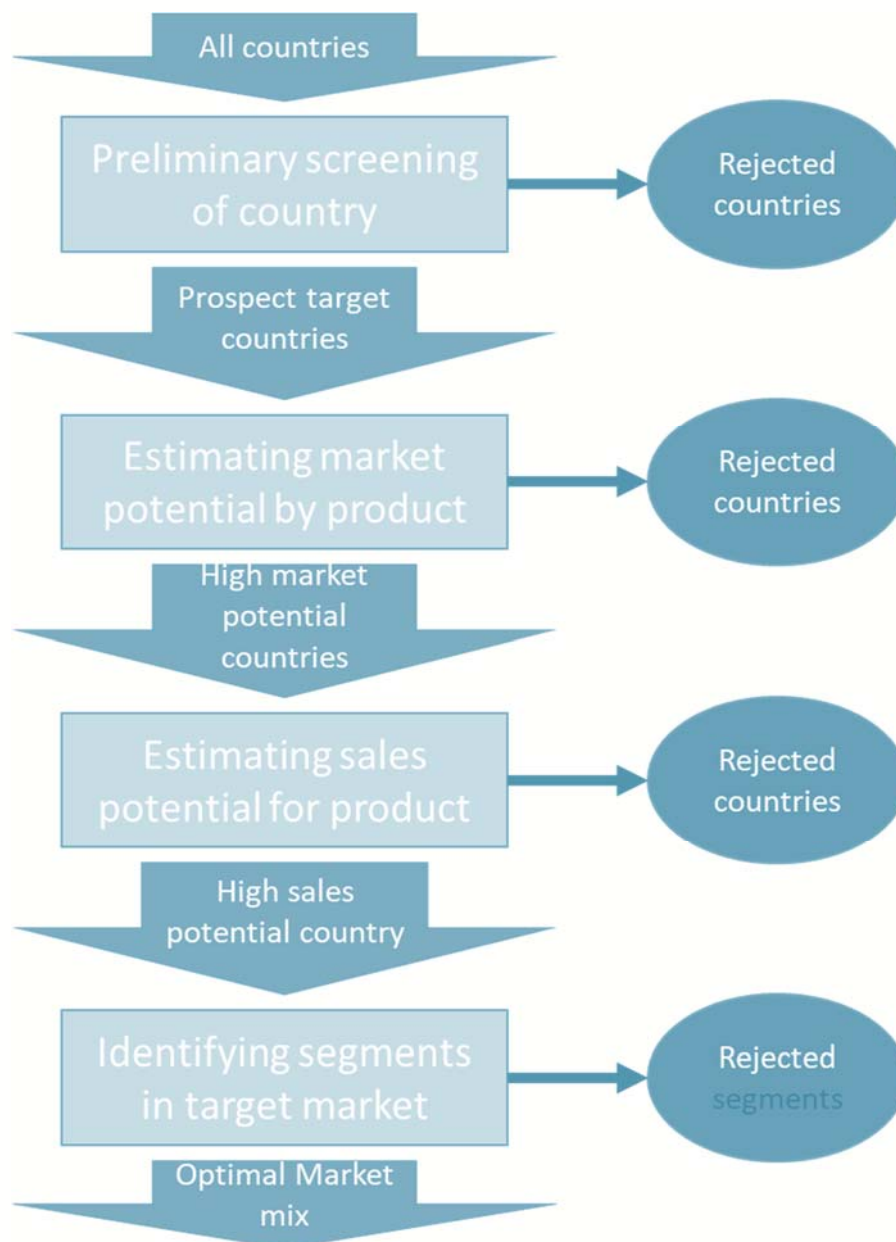


Figure 4. Optimal segment mix in target market

For this module, there is suggestion to try **Swedish market**, if you choose study trip to Swedish local *Fair Trade at Aland Islands*.

## Adapting product, competitive advantage

This part includes identification of all the necessary additional information, which usually is demanding to change existing product/ brand.

These features are identified and best described as follows:

1. Regional, country and local characteristics
  - a. Government regulations;
  - b. Nontariff barriers;
  - c. Customer characteristics, expectations, preferences;
  - d. Purchase patterns;



- e. Economic status of potential users;
  - f. Stage of economic development;
  - g. Competitive offerings;
  - h. Climate and geography.
2. Product characteristics
- a. Product constituents;
  - b. Brand;
  - c. Packaging;
  - d. Size, style, colour;
  - e. Functions, attributes, features;
  - f. Usage;
  - g. Durability, quality;
  - h. Ease of installation;
  - i. Maintenance, after-sales service;
  - j. Country of origin.
3. Enterprise considerations
- a. Profitability;
  - b. Market opportunity;
  - c. Cost of adapting;
  - d. Policies;
  - e. Organization;
  - f. Resources.

There are rare accidental situations when enterprises do not have to change a lot. That means that market choice has been also successful and production and packaging will not require additional effort, time and money. You may consider the first time to try your luck and allow your product to enter market without any changes, but it can be done only during fairs, when it would be more like testing and checking the local market.

## International market entry strategy and implementation plan

An **international or export strategy** is a strategy for competing in two or more countries simultaneously

There are **three main strategic approaches** described in theoretical literature:

- **A multidomestic strategy** is one in which a firm varies its product offering and competitive approach from country to country in an effort to be responsive to differing buyer preferences and market conditions. It is a think-local, act-local type of international strategy, facilitated by decision making decentralized to the local level
- **A global strategy** is one in which a enterprise employs the same basic competitive approach in all countries where it operates, sells much the same products everywhere, strives to build global brands, and coordinates its actions worldwide with strong headquarters control. It represents a think-global, act-global approach



- **A transnational strategy** is a think-global, act-local approach that incorporates elements of both multidomestic and global strategies.

After choosing and describing strategy there should be developed operational plan or action plan, which would support implementation of export strategy developed. The main parts in such plan are identified in table 1.

*Table 1. Action plan for implementation of export strategy*

	Action to taken	Result	Costs	Timing	Responsible person	Deadline
1.						
2						
3						

Future or **alternative strategic** options for expanding in international markets:

1. **License** foreign enterprises to produce and distribute the firm's products abroad
2. Employ an **overseas franchising strategy**
3. Establish a **wholly-owned subsidiary** by either acquiring a foreign enterprise or through a "greenfield" venture
4. Rely on **strategic alliances or joint ventures** with foreign enterprises

# Assignment

## Export strategy plan



Develop your export strategy plan using earlier provided outline or table of content.

- 1) Describe the enterprise/ brand/ product - choose what scope of export you want to plan
- 2) Assess the enterprise's readiness for export - assessment and adjustment of core strategy formulations
  - a. Analyse the market/competition by using the diamond of national advantage or Porter analysis
  - b. Perform internal analysis (Part of SWOT analysis)
  - c. Describe competitive advantage by using information in figure 3.
- 3) Choose export/ partner country and customer segment by using figure 4, describe stages 1-4.
- 4) Market description of the target
  - a. Analyse and adjust target segments of export market
  - b. Analyse and adjust market research for export product, remember product trends.
  - c. Describe necessary changes to packaging
  - d. Compare the demand and supply in the target market, present correct product pricing calculations
- 5) Identify the best delivery methods for the product / services to the target market
  - a. Describe one potential delivery method
  - b. *Describe country-related regulations /specific requirements*
- 6) *Conclusions and recommendations*
  - a. *Present conclusions about analysis done and decision to go or not to go international (yet?). What needs to be changed/ improved?*

*You can write action plan how to proceed with plan implementation (see table 1)*

**Finally, revise your business model!**

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## Module 5

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This handbook provides tools to succeed in green entrepreneurship and business. The handbook is targeted to micro entrepreneurs, and it includes eight different modules relevant to their business planning. Each module presents a new theme in theory and in practice.

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