



# **Business from Nature**

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**Handbook of Green Business Planning  
in Micro-Enterprises**

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in Micro-Enterprises

Satakunta University of Applied Sciences  
Pori 2020



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Editor: Sanna-Mari Renfors

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## Key concepts




Photo: Darko Pribeg/Unsplash

**BUSINESS MODEL**

A description of how the business idea or existing business works or will work, and how it creates, delivers and captures value, or will create, deliver and capture value, for a customer group.

**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 target beyond consumer satisfaction and enterprise profitability.

**BUSINESS MODEL CANVAS**

A tool to help to describe the business model from 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.

**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 customer base.

**MICRO-ENTERPRISE**

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

**TARGET MARKET**

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

**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.



## Introduction

Photo: Aaron Burden/Unsplash

Green entrepreneurs provide products and services to meet the customers' lifestyles, which empower customers to make positive choices without compromising their ethical and sustainable commitment. Green micro-enterprises offer, among others, nature-based well-being and tourism services, locally produced food, non-wood forest products, natural cosmetics, eco-clothing and eco-friendly handicraft. Since consumers' demands for natural, healthy and ecological services and products are increasing, the markets of these offerings are growing. This creates business opportunities for green micro-enterprises.

This handbook presents the NatureBizz training programme. The training programme is targeted at green micro-entrepreneurs producing sustainable, small-scale products and services based on natural resources. The training programme was designed in the Interreg Central Baltic funded cross-border project aiming to support growth and competitiveness of green entrepreneurship by aligning and improving relevant business skills.

The handbook provides information about the design and the content of the training programme as well as guidelines for future lectures how to successfully implement training to entrepreneurs. The handbook presents the eight different modules of the programme with tools for micro-entrepreneurs to succeed in green entrepreneurship and green business. The handbook is targeted at trainers and supports them in adopting the NatureBizz training programme. Micro-entrepreneurs can utilise the handbook for self-study purposes.



## CHAPTER 1: Aligned skills in green entrepreneurship and business

### Research activities for skills identification and alignment

The design of the training programme included three different phases. First, the skills needed in green entrepreneurship and business were identified and aligned through research activities in Finland, Estonia, Latvia, and Sweden. Then, based on this information, the skills were converted into a new training programme with eight modules. Finally, the training programme was piloted with future and established entrepreneurs.

Nowadays degree programmes cannot just be developed by universities hoping that they will suit the needs of the industry. It is very important to include different stakeholders into the process. Therefore, the first phase in the design of the training programme was to identify and align the skills needed in green entrepreneurship and business by researching the stakeholders' perspectives. These skills provided the basis for selecting and designing the training programme and its contents.

In the first set of research activities, the existing documents, for example national and regional strategies, sector reports, related curricula, and other relevant documents were reviewed. In the second set of research activities, every project partner interviewed green entrepreneurs and organisations involved in green entrepreneurship in their country. In the following, the process of identification and aligning the skills is introduced in detail.

### Step 1

The first step in identifying and aligning the skills of green entrepreneurship and business was to conduct a secondary research in Central Baltic Area (Estonia, Finland, Latvia and Sweden) to understand what issues regional strategies and sector reports bring out as development needs, challenges and skills gaps in the sector. Altogether 49 different documents were analysed related to the following sectors: health and well-being, green care, nature-based tourism, handicrafts, natural products, non-timber forest products, local food, recreational services, beauty and biocosmetics, spa and sauna, textiles and clothing but also agriculture in a wider sense. In addition, students' theses, related to the use of natural resources, were surveyed and used in the analysis.

Most of the documents emphasized rather similar aspects but the focus was slightly different in each country. When in Finnish documents the demand-oriented product development, product diversification and cooperation in value chains where the key words, the Swedish documents concentrated more in depth on certification, understanding sustainability issues and producing locally and ecologically, but also considering animal well-being. The Latvian and Estonian strategy documents mentioned the usage of latest IT solutions, sustainability principles, effective energy management, water usage and waste management as development opportunities. The key topics identified from all partner countries' documents are:

- sustainable development and green economy: its meaning and importance, topics related to circular economy, waste management, saving water and electricity;
- management of green company e.g. business plan/model, objectives, resources;
- design of green products and services;
- creating the green brand e.g. USP, stories;
- marketing e.g. knowing the client and important target groups, pricing, sales, communication, packaging and
- using IT solutions for green entrepreneurship.

Most of the strategy documents of the four countries did not concentrate much on micro-entrepreneurs but rather on general green business and management skills.

## Step 2

Secondly, information about vocational and higher education curricula (n=22) related to the use of natural resources and sustainability in environmental and business studies was collected in all partner countries to see what areas are already covered in teaching these topics. As a result, it was noticed that the existing VET curricula approach the use of natural resources in business development from a traditional, product-oriented viewpoint. The curricula emphasise the skills and knowledge related to production process management - understanding the characteristics of an ecological, sustainable and economically efficient production process and products. There are very few specific degree programmes with a focus on green entrepreneurship.

## Step 3

The third step of the research concentrated on semi-structured interviews with micro-entrepreneurs (n=47) and business development organisations or other target groups involved in green entrepreneurship (n=26) in each country. The findings suggest that green entrepreneurship is a combination of natural resources, values of society and economy. Green entrepreneurs base their business on their environmental knowledge and values, which are also reflected in their products and services. Physical and mental well-being, both of people and animals and nature in general, is their primary motivation to be engaged in green entrepreneurship.

The results showed that green entrepreneurs have developed their business based on their environmental and ethical values, with their products and services including the same values. In addition, their employees, consumers and even retailers share the same values. The entrepreneurs are experts in their field and have a strong desire to inspire people with their products and services. However, they frequently lack resources – financial, time and human.

To provide products with high quality, it is important to know how to manage the supply chain. Some of the micro-entrepreneurs already have a good product but they do not know how to market it as a green product supported by a brand story. Market knowledge in general should be improved and the knowledge how to create and manage a strong green brand around the products and the company is needed. Sales and consumer communication skills could be improved for most of the green micro-entrepreneurs, and for the companies with a wish of

exporting to the neighbouring markets quality management and knowledge about accepted eco-labels is necessary.

In brief, skills that should be developed further are mostly related to marketing, branding and communication, sales and relationship building. There is a need for improved skills that can help to increase profitability and obtain ideas how to develop value-added products and services. Some entrepreneurs noted that they could use more information about certification schemes, licencing procedures and financial management. The entrepreneurs expressed their needs to have hands-on training, to meet face-to-face instead of online training, and to learn from what others have done, what went well and what did not.

Results from Estonia, Finland, Latvia and Sweden were first analysed separately in each country and then combined into eight topics that would benefit green entrepreneurs. The topics can be seen on Figure 1 below.

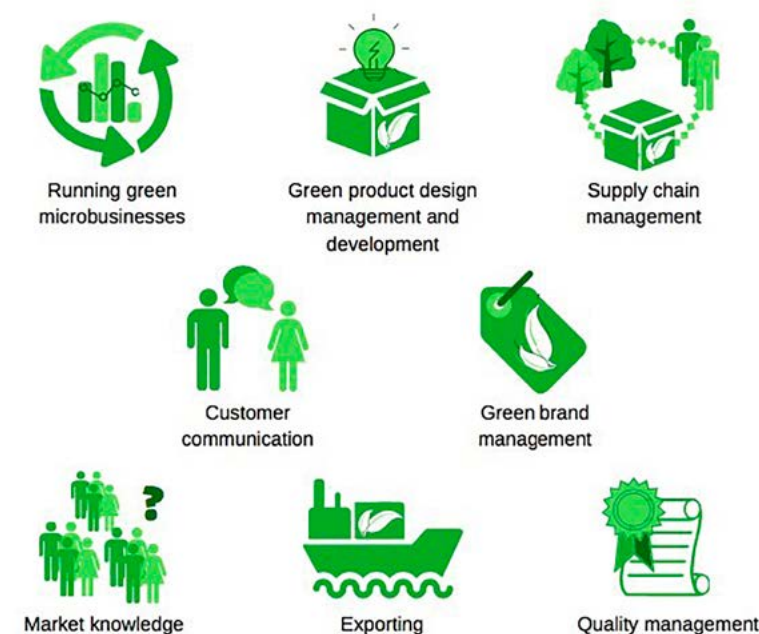


Figure 1. Skills needed by green micro-entrepreneurs

## CHAPTER 2: Contents of the NatureBizz training programme

### Training programme and its modules

When the skills needed in green entrepreneurship and business were identified, the next phase was to convert the skills into a training programme and its contents. The training programme builds on the special characteristics of the green consumption and green entrepreneurship and business. The name of the new training programme is “Training Programme for Green Entrepreneurs – Business from Nature” because of its rationale and purpose. The rationale and the purpose of the professional training programme is to increase business skills necessary for green micro-entrepreneurs to respond to the needs of integrating sustainability into business activities and the new consumer demands and markets for environmentally friendly, natural and healthy products and services. By increasing their skills, green entrepreneurs should be able to exploit business opportunities and to convert innovative business ideas into profitable and sustainable business activities.

The training programme is targeted at established and future micro-entrepreneurs exploiting business opportunities and implementing business operations based on the resources found in nature. The benefits of participating in the programme are the following. The programme

- enables them to deal with business problems and run more sophisticated but profitable business.
- supports them in adapting to a changing business environment.
- increases their ability to run a market-oriented and value-driven business and make sustainability values a part of the entrepreneurial decision-making, business operations, product and service offering and business relationships.
- increases their competence, confidence and tools to develop and grow their business.

The modules (figure 1) form a solid basis for green micro-entrepreneurs to develop their business. In the first module, Managing Green Micro Business, participants design their business models and identify their most relevant business issues. Based on the needs analysis, they choose relevant modules from the training programme to develop their business.



Figure 1. The eight modules of the NatureBizz training programme



The training programme consists of the following eight modules, which are presented next.

1. Managing Green Micro Business
2. Understanding Green Consumers
3. Building a Green Brand
4. Steps Towards Sustainable Quality
5. Green Product Development and Service Design
6. Managing Supply Chains in Green Micro Business
7. Communication in Customer Journey
8. Green Entrepreneurs Go International

### Module 1. Managing Green Micro Business

**The purpose** of this module is to build a better understanding of green micro business and its strategic planning and management.

**Keywords:** Core elements of green micro business, sustainability-driven philosophy, strategic business planning and management

**Learning outcomes:** Each participant will be able to identify the core elements of green micro-business, to analyse current development needs and to set a sustainability-driven philosophy for their own micro enterprise. They learn to work strategically to develop their business.

### Module 2. Understanding Green Consumers

**The purpose** of this module is to increase competencies in green consumerism, consumer demand and identifying industry trends.

**Keywords:** Green consumerism, sustainable consumption, demand, trend identification

**Learning outcomes:** Each participant will understand the concepts of green consumerism and sustainable consumption. They will understand the consumer and consumer demand and how to develop their own business responding to the demand. They will be able to identify and analyse new trends of the industry with different methods.

### Module 3. Building a Green Brand

**The purpose** of the module is to increase competitiveness and growth of sustainability-driven green micro-entrepreneurs by being able to create a green brand plan and a strong green brand for a green micro enterprise.

**Keywords:** Green branding, green brand planning, identifying the strengths of green brands, brand strategy, green brand positioning

**Learning outcomes:** Each participant will be able to develop an understanding of the central ideas and concepts, processes and activities of green branding in a sustainable micro business context as well as to identify green brand strengths of their own micro enterprises.

### Module 4. Steps towards Sustainable Quality

**The purpose** of the module is to increase the understanding of and to explore if and how quality and quality management, as well as a quality and/or environmental certification could fit into the business model and strategies of the own micro enterprise.

**Keywords:** Quality and quality management, sustainable quality, models and strategies for managing quality and/or environmental certifications

**Learning outcomes:** Each participant will be able to develop an understanding for general principles of quality and quality management, as well as for quality and environmental certifications in green micro enterprises. The participants will also develop know-how of the variety of eco-certifications available in the Central Baltic market (FI, ES, LV, SE). The issue if, why, or why-not, and how quality and quality management, as well as a quality and/or environmental certification would suit the business model of one's own will also be explored.

### Module 5: Green Product Development and Service Design

**The purpose** of this module is to learn how to incorporate green concepts and service design principles in product and service design and development in a green micro enterprise.

**Keywords:** Green product and service, service design thinking, the framework for green product and service design and development

**Learning outcomes:** Each participant will be able to understand the holistic picture of green products and services. They will understand the core principles of service design thinking, service design phases and processes and know how to use the tools of service design. They can create a buyer persona of the green product and service, to analyse the product life cycle and be able to develop a guidance plan on value added green product and service design and development for their business.

### Module 6: Managing Supply Chains in Green Micro Business

**The purpose** of this module is to study the concept of supply chain management, learn to evaluate the core fundamentals and trends of logistics and to explore the relationship between domestic and foreign goods supply in a green micro enterprise.

**Keywords:** Supply chain management, fundamentals and trends of logistics, transportation decisions, relationship between domestic and foreign goods supply

**Learning outcomes:** Each participant will be able to understand the definition, complexity and key issues of supply chain management and the differences between centralised vs. decentralised systems. They will understand the value of information and the concepts of supply chain integration, the Bullwhip effect, the push-based and pull-based systems as well as the basics of transportation decisions and apply this knowledge in their business.

### Module 7: Communication in Customer Journey

**The purpose** of this module is to explore different communication activities, channels and tools in different stages of a customer journey to attract customers and motivate them to buy value added green products and services of a green micro enterprise.

**Keywords:** Communication strategy, customer journey, value adding communication

**Learning outcomes:** Each participant will be able to understand the holistic picture of communication activities, channels, tools and sales opportunities on the different stages of a customer journey. They will learn to recognise different aspects in communication that can influence customer experience and use suitable means of communication on each stage of the customer journey. The participants will know how to plan a communication strategy for their business.

### Module 8: Green Entrepreneurs Go International

**The purpose** of this module is to provide knowledge and understanding to develop an export plan based on the company and perform a target market analysis, in order to prepare to go international with a green micro enterprise.

**Keywords:** International business strategy, international marketing, target market analysis, choice of logistics and transportation services, cost-revenue analysis international communication

**Learning outcomes:** Each participant will be able to understand the difference between going local or international, the concepts of target markets, segmentation and cost-benefit analysis. They will know how to prepare an export plan for their business.

## NatureBizz Toolbox

Each module includes a practical tool to support business development. Together, these tools form the NatureBizz Toolbox (figure 2). *In the first module*, participants get familiar with the Business Model Canvas as a strategic management tool and as a template for developing new or documenting existing business models with sustainability-driven philosophy. It also supports them in identifying relevant business development needs. *In the second module*, the participants learn about methods how to identify and analyse new trends in consumer market affecting their business development.

*In the third module*, the participants are presented with methods to compose a green brand strategy as well as to integrate it into their own business model and communication activities. *In the fourth module*, principles and methods for integrating and implementing quality and quality management as well as a quality and/or environmental certification in business models and strategies are introduced.

Brainstorming, buyer persona and life cycle analysis and guidance plan on value added green product and service design and development are tools included *in the fifth module*. Green supply chain modelling is the tool to reduce inefficiency, optimize resources and streamline processes introduced *in the sixth module*.

Customer journey map to help the participants to understand how a customer relates to the product, business or brand over time and a tool to plan the company's communication taking into account the different steps of a customer journey are the tools *of the seventh module*. An international or export strategy, a strategy for competing in two or more countries simultaneously, is the final tool provided *in the eighth module*.



Figure 2. The NatureBizz Toolbox

## CHAPTER 3: The ABC of providing training to micro-entrepreneurs

### Experiences of the project team

In the NatureBizz project, the new training programme was piloted in the four participating countries: Estonia, Finland, Latvia and Sweden during spring 2020. Training days exploring the content of the modules were organised for future and established green entrepreneurs to increase their business skills. After the training days, feedback was collected to evaluate the project team members' and the participants' learning experiences.

The project team members felt that it was very interesting to explore and learn more about these vibrant and growing green industries in the Central Baltic Area. The members experienced that they had increased their understanding about integrating sustainable values in business and striving to run business operations in a sustainable way. In their opinion, there are various inspiring green enterprises with amazing products and services making their living from using natural resources in a sustainable way. They were very impressed with the personal values these entrepreneurs have and which they use to guide their business. In addition, it was interesting to notice how fast many green micro enterprises have grown

*”Green aspects have become more and more important. Still, green business is in quite an early stage but there are also a few very good existing examples already.”*

*”It is not the same thing to design and deliver a successful training program for target groups outside the traditional academic curriculum formats. Entrepreneurs are not students who follow a schedule and do the assignments that they are told to do.”*

by focusing on online distribution, building appealing brands and a loyal customer base.

Furthermore, the project team members expressed that they had learned greatly about developing and providing a training programme for entrepreneurs as a target group.

When developing training, one of the main lessons learned was to consider carefully the needs of the target group. Therefore, it is very important to involve and receive input from the entrepreneurs to develop the programme.

The established and future entrepreneurs were a very good target group for such a project, as they easily identified themselves as a part of the target group and the modules covered quite basic and well-needed information from their perspective. However, a factor hindering the training programme delivery was the limited time of the entrepreneurs. Many of them, even if they were interested, ended up not participating because of their lack of time.

When providing training, the entrepreneurs preferred a very relaxed atmosphere allowing them to have joint conversations, change experiences and learn from each other. Peer support was an essential part of the training programme, i.e. the entrepreneurs greatly enjoyed learning from concrete and inspiring case studies. The project team members learned that it was essential to include case company presentations in the programme of the training days and to explore theory by using these practical cases. In addition, the schedules must be very flexible to allow joint discussion when needed.

### Experiences of the participants

In Estonia, many entrepreneurs mentioned that they wanted to learn and hear the experiences of other green micro-entrepreneurs, how they manage and run their business. Therefore, it was important to include good case studies and invite entrepreneurs to speak as well as to organise opportunities to discuss issues with other entrepreneurs. In addition, the training sessions were considered inspiring because of the locations and entrepreneurs invited to speak. During each training day, the students had an opportunity to visit a company that offers their products or services considering green principles and values.

*”The participants valued highly that already existing entrepreneurs shared their experiences, everyday work, their ups and downs and gave good points of views and new ideas.”*

The entrepreneurs' main objective for participating in the NatureBiz training programme was to develop their knowledge about green economy and learn more about how to start and manage a green business. A few participants mentioned that it had been useful to have a wider picture of green entrepreneurship, instead of seeing only their own product. One participant added that the course had given him a lot of courage and faith to take steps to become greener.

**In Finland**, the following words were repeatedly mentioned in the participants' feedback: inspiration, insight, new ideas, new perspectives, empowerment, motivation, field-specific knowledge, job opportunities, assurance to own career choice, more structured approach to business. The respondents expressed that the training provided new channels, ideas and perspectives for their entrepreneurship. They mentioned that they had received new insights how to develop their entrepreneurship and business and assurance that they had chosen the right career.

In addition, they stated that they now have a wider perspective related to green entrepreneurship and its fields as well as how to chase their dreams and also be employed outside their own business. They mentioned several times that the training was very inspirational and motivating as well as that they received new energy to start their business. Furthermore, they commented that they had received support in their business planning and understanding about funding possibilities.

**In Latvia**, the participants expressed that the training provided new channels, ideas and perspectives for their entrepreneurship. Their understanding of green

*”The biggest insights were new ideas and encouraging thoughts about my own entrepreneurship.”*

*”I understood that I have skills and I can pursue entrepreneurship. There are many different options to be employed.”*

entrepreneurship became clearer. They acknowledged that “they have become completely green” – production is green, processing is green, information to clients is green and also the well-being or lifestyle is green”. All participants stated that during the seminar they experienced inspiration for new ideas for their business – how to become greener. Both in Finland and in Latvia the participants suggested to add more time for joint group discussions, and to have more active study assignments when having longer training time and days.

**In Sweden**, the training programme was piloted with two separate groups. An analysis of the entrepreneurs' answers from Gotland indicates that all the responding participants considered that the meetings with lectures, presentations, discussions, feedback and networking had contributed to their learning and to further development of their own business. One recommendation was given to make the training programme a yearly recurring activity.

*” I was able to clarify my entrepreneurial vision.”*

Based on the questionnaire results from the other group consisting of upper secondary school pupils aged 17–18, about half of the pupils seem to have been satisfied with having participated in the programme and they also seem to have learned something, while the other half of the pupils were more negative. The pupils wrote that they had learned about coming up with their own business ideas, working with others in groups, thinking about how to finance their business ideas and reflecting environmentally friendly or sustainable business practices. They had also learned how they could work as entrepreneurs in the future, reach customers and work with quality. Some of the pupils wrote that they thought the training programme might have contributed to necessary knowledge for their potential businesses in the future.

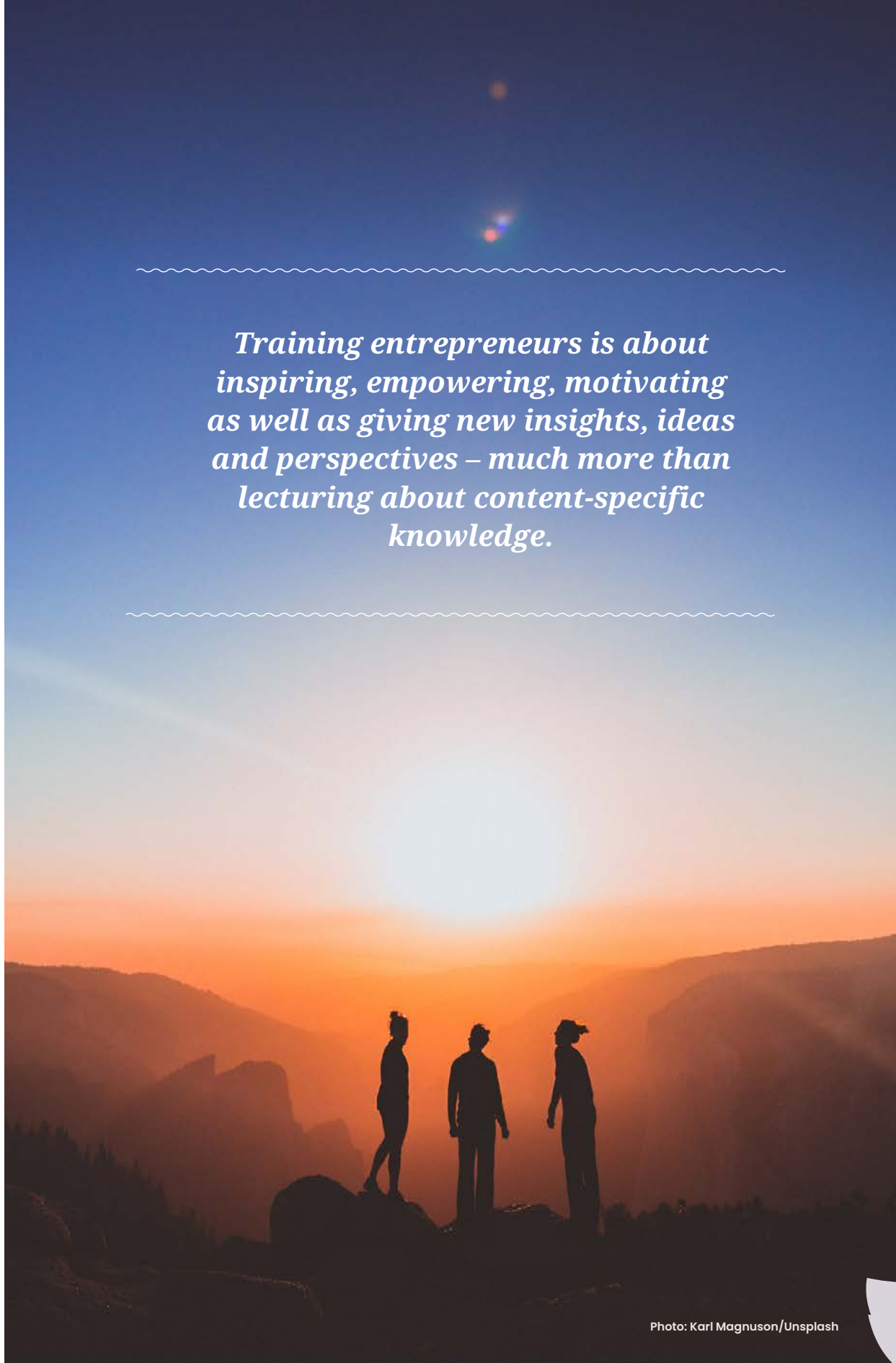
### Lessons learned

As a conclusion, a keyword in all four countries seemed to be inspiration, both among those who participated with the purpose to develop their existing companies, as well as among the potential future entrepreneurs. Furthermore, insight, new ideas and new perspectives were mentioned repeatedly. For those entrepreneurs who are just establishing or have recently established their business these kind of training sessions give assurance in their own career choice: ensuring that they have selected the right career path. In addition, the participants also appreciated field-specific and business knowledge, which

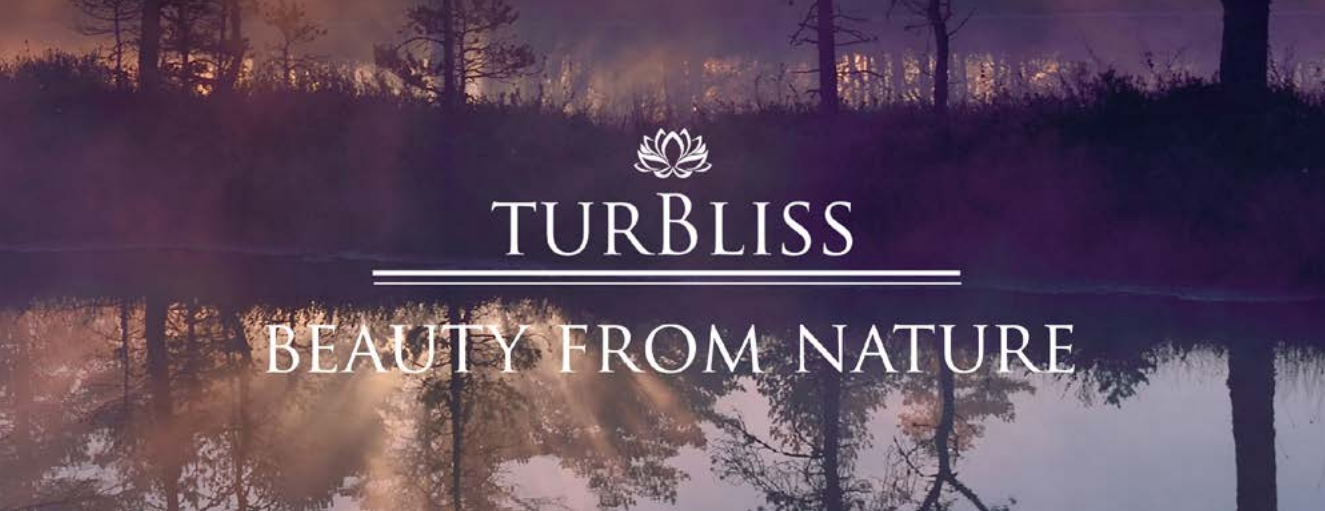
enabled them to adopt a more structured approach to their entrepreneurship and business.

In brief, the next issues should be considered when providing a training programme to micro-entrepreneurs:

- A.** Cooperate with the entrepreneurs when designing the programme, its contents and delivery.
- B.** Create a relaxed atmosphere in training sessions. This is essential to be able to have open discussion, to share knowledge and experiences.
- C.** Be flexible with the schedule within the training days.
- D.** Include possibilities to get peer support and feedback, network, discuss and learn from other entrepreneurs during the training days.
- E.** Include case company presentations and field-trips to these companies in the programme of the training days. The training days can be organised in the premises of micro enterprises.
- F.** Invest time in joint group discussions and activating study assignments during the training sessions.



*Training entrepreneurs is about inspiring, empowering, motivating as well as giving new insights, ideas and perspectives – much more than lecturing about content-specific knowledge.*



# TURBLISS

## BEAUTY FROM NATURE

*“Turbliss was born out of the dream to give more value to a very special natural resource using the knowledge of our grandmothers in combination with modern science. Together with scientists and bog specialists, we have worked out unique methods how to find, dig, analyze, and process balneological peat in order to turn it into an easy to use functional cosmetic product for a modern human being.”*

Estonia is a land of forests and bogs, which hold a treasure – peat. Peat is one of the most important natural resources of Estonia, a well-known heating and gardening product that in addition to the industrial value, contains hugely beneficial substances for human organism. Estonia is situated in a place where geology, biology, and weather have collaborated to create a layer of balneological peat so rich in humic substances that it can be used to produce high quality natural cosmetics. At the beginning of the process, it became clear that for peat cosmetics the peat must always be harvested by hand. This is one of the fundamentals of production.

Peat works as an effective anti-age treatment and an enzyme peel, it deep cleanses and balances problem skin, alleviates psoriasis and eczema, stimulates skin microcirculation and metabolism, so it is a perfect ingredient for nourishing the face, body and hair. Some products also contain eco-certified flower waters.

Turbliss produces mostly bioactive face masks, but the selection also includes articles for body and hair (like scrubs, oils, cremes, illuminating waters). The cosmetics are now sold in several countries (Italy, Denmark, Greece, Hong Kong, Ukraine, Hungary) and the products have been recognised by world famous beauty and lifestyle magazines like Vogue. People turn back to the nature.

Find out more about Turbliss on their webpage: [www.turbliss.eu](http://www.turbliss.eu)



*“Our every Myssy is knitted by a real Myssy Grandma in Pöytyä. We get our unique hand-dyed yarn from our own herd of Finnsheep. Everything is organic and original in our farm and nothing is cool in Pöytyä. Except when winter hits these parts.”*

Myssyfarmi is a farm-based design company from Pöytyä, Finland. The farm has belonged to our family since the early 19<sup>th</sup> century and the brand was established in 2009.

Myssy is the Finnish word for a funky wool hat. The one thing that makes Myssy products very special is the wool. Our Myssy wool hats are much more than just ethically made of organic materials. We create well-being – everything is locally made here in Finland. We can trace all the wool back to the organic Finnish sheep farms, the yarn is being spun in Finland. The yarn is hand-dyed at the farm and products are hand-knitted by local grannies.

Myssymummot, the local Myssy grannies, knit all the products by hand. These cheerful grannies create the essence of our brand. They are modern grandmas and retired ladies who are passionate knitters, but they also know how to have fun while dancing, skiing and travelling with the money they make by knitting. We believe the grannies knit part of their wisdom into every Myssy they make.

Today Myssys are sold in 16 countries, we have gotten a lot of media attention, and been awarded on our work. We believe in what we are doing and that we can change, if not the whole world, at least a little bit of the Finnish farming culture and the county of Pöytyä. For us, it feels like a natural step to go back to the roots where it all started – all around the world of yarn.

Text and photos: Myssyfarmi



# Module 1



## MODULE 1: Managing green micro-business

### Strategic business planning in micro-enterprises

As a green micro-entrepreneur, you need to develop and manage your business strategically to be able to perform well and to 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 business. This is vital for a sustainable and successful long-term performance.

A competitive advantage is difficult to reach only with products and services, but with a good business model it is possible. A strategic business planning includes developing all processes of the business and especially those that are most relevant to the enterprise. A competitive advantage is often described as 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 your personal, ethical values. The idea and the aims of the business are aligned with your values as a green micro-entrepreneur. Many of the green entrepreneurs can be featured as life-style entrepreneurs, whose main purpose is to seek freedom and improve the quality of one's own life and well-being. Beyond this, you have to satisfy the market needs and be profitable.

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

To be trustworthy is essential for the 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. In general, green enterprises are 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 giving a proof of your sustainability.

Finally, digital tools are essential in the market nowadays, and more and more information is available in a digital form. The development of common digital platforms and systems has been fast. This, in turn, has created new conditions for products, services and behaviours 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 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 increase sustainability and quality. The possibilities of digital tools are continuously increasing.

### Sustainability and Sustainable Development Goals (SDGs)

Sustainability can be understood in several ways. Therefore, in this handbook we have chosen to combine the concept of sustainability with the contents of the United Nation's (UN) Sustainable Development Goals (the SDGs). The SDGs is a framework for 17 goals (figure 1) and 169 targets to tackle the world's social, economic and environmental challenges in the lead-up to 2030. The goals are based on the work of the UN and are adopted by all UN Member States. Governments are responsible for delivering the SDGs, but the success relies on action and collaboration of everyone.

Enterprises are vital partners in achieving the goals, for example, by acting as a driver of innovation. The SDGs provide enterprises with a well-known

framework to contribute to sustainability, and a common language to communicate about their activities. Businesses both contribute to and benefit from the SDGs.

Enterprises from different industries integrate and apply SDGs in a business context, and acknowledging and reporting of the SDGs is popular, especially in the world's largest enterprises. In addition to the SDGs, large enterprises usually commit to the international standards, environmental programmes and quality labels to achieve sustainability. These commitments are supposed to exceed the requirements of laws and regulations, and are 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 cannot approach the goals in the same way 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 with your business and where they have the biggest impact on. The SDGs also allow you to capitalize benefits, for example, by identifying future business opportunities and creating successful business models.



Figure 1. Sustainable Development Goals of United Nations

## Business planning of green micro entrepreneurs

There is a distinction between an existing business and planning a totally new business. In the existing businesses, forecasting and planning are possible, because the business and the business environment are familiar. On the contrary, when creating a new business, the focus 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 with a market demand. To start a new business, a business idea is needed, alongside with 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 demand changes in your products or production processes, and require costly investments or renewing the products. Another example could be a change in the political or social attitude towards a certain type of nature-based services, which affects your business.

### Business model canvas

The **business model canvas** in this handbook (figure 2) 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 plus measurement. The business model canvas is a widely used tool for designing new business models, as well as for renewing the existing ones.

1. The **mission of the green micro-business** defines why the enterprise exists.
2. **Customer segments** are the different groups of people or organizations the business aims to serve. A green micro-business aims at a market niche, a well-defined part of the market.
3. **Value proposition** is the bundle of products and services that creates value for the customers and stakeholders, including also environmental and social values.
4. **Channels** are all means of transparent communication and distribution to reach the consumers and stakeholders to deliver value proposition for them. Communication channels include also digital tools to reach the customer. The distribution and sales channels are links to the customers, and they can be direct or indirect with intermediaries.
5. **Customer relationships** are 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** represent the cash, the income, which is generated from customers in many different ways. Maximizing the revenue streams and minimizing costs increase profits.
7. **Key activities** are the procedures, tasks and operations which make the business model work and offer value. The challenge in green micro-business is to maximize value and minimize negative environmental and social impacts of the business.
8. **Key resources** are necessary resources 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** are the network that makes the business model, including the entrepreneur and his/her team, business partners, customers, suppliers, investors, NGO's, local community, all who contribute to the objectives of the enterprise.
10. **Cost structure** means all costs, fixed and variable, to operate a business model. The cost structure is directly related to the key activities and resources.
11. **Impact & measurement.** Assessing the impacts of the business model need effective indicators, easy to measure. These are related to the mission and 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).

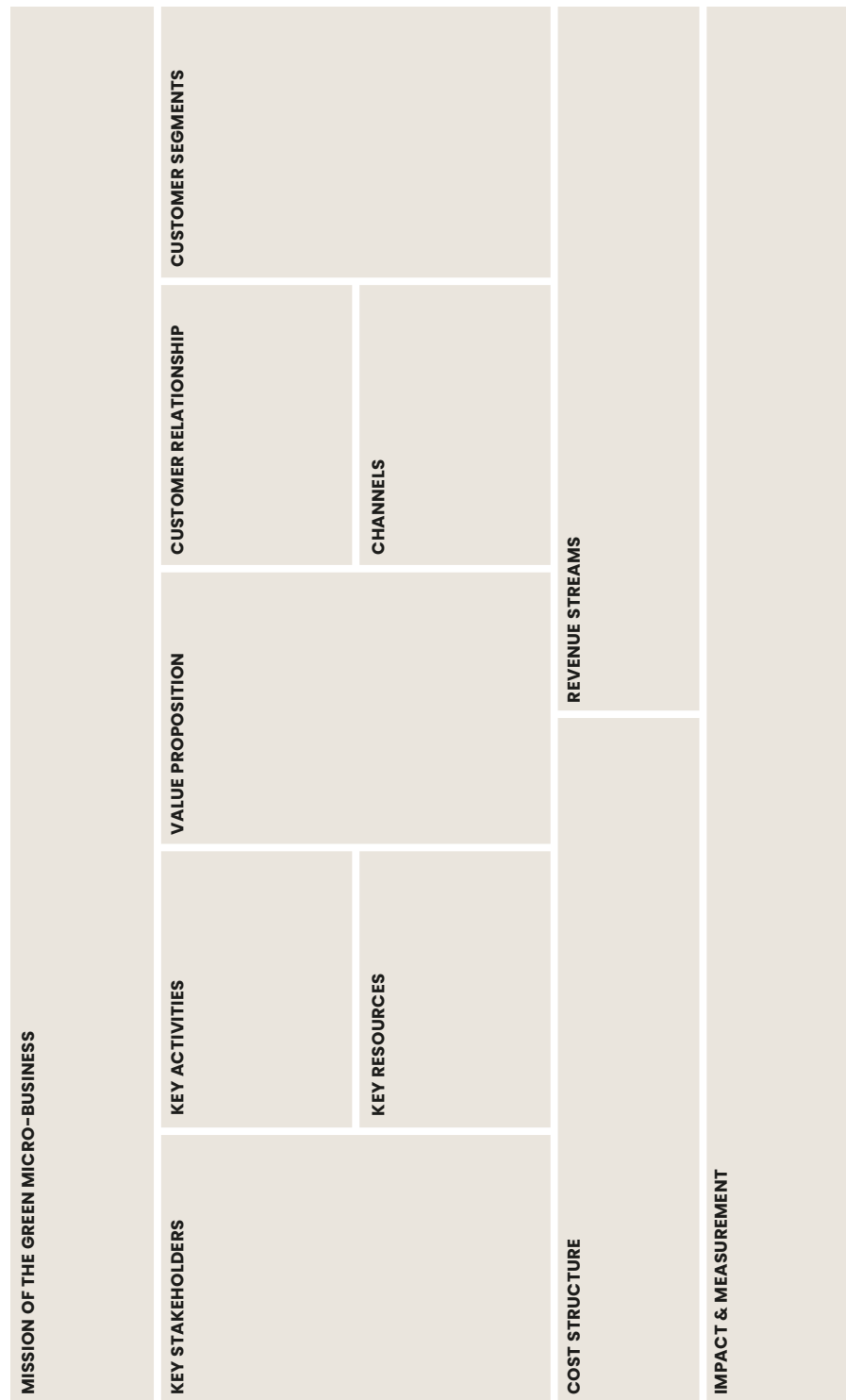


Figure 2. Business model canvas

## Assignment

### Basic information of your business

- Name of enterprise, contact person and contact details
- Summary of the business idea (what, for whom, how, why)
- Values, objectives and mission of your green micro-business

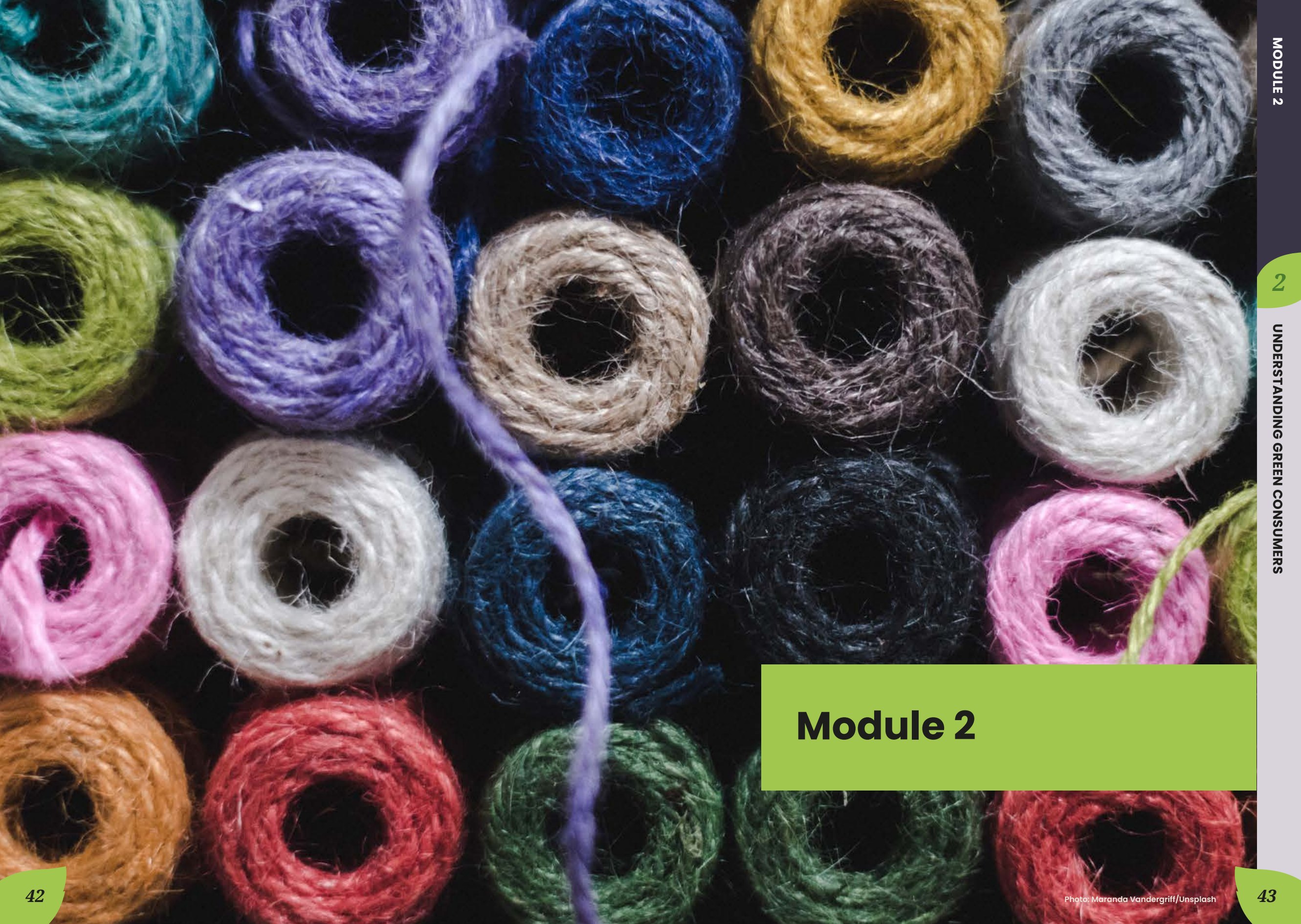
### Fill in the canvas

The idea in this handbook is that, in this first module, you describe your business model in the canvas only roughly. Then, **you will refine and iterate it in each following module**. The first version of your canvas is a quick draft to build a basic understanding of 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 which **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 for operating the business model.
3. Define how you measure the impact of your business model. This is 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. Finally, based on all these items, identify the main business development needs for your business.







# Module 2

## MODULE 2: Understanding green consumers

### Green consumers

The **target market** is a group of customers to whom the entrepreneur wants to sell the products and services, and to whom he/she directs the marketing efforts. **LOHAS** is an acronym for Lifestyle of Health and Sustainability and describes consumers who aim at healthy and sustainable lifestyles. It is worth 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 is also an important motivator for many, as well as the impacts of the products and services on their own well-being.

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

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

### Issues about green consumption

An increasing interest in consumption of green and sustainable products and services is local and global. 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 in 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 for 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 still prefer a low price and easiness to buy. Consumers' ethical motivators may conflict, too, and consumers balance, for example, between local production and Fair Trade products. Sometimes the availability of green products is limited and that hinders customers from buying.

As a green entrepreneur, you need to remember that consumers' attitudes towards green products and services are critical. You need to communicate clearly and reliably about the sustainability of your products and your business. Green marketing communication should preferably contain a proof of sustainability. Distrust often leads to consumer passivity and almost always to a boycott and 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, the KonMari method (a Japanese minimalism-approach to tackle stuff and concentrate only on owning few items that spark joy), or the zero-waste movement. A growing number of consumers aim at minimizing their consumption and focus on a meaningful, healthy life and well-being. Consumers pursuing these lifestyles minimize their consumption to only the 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. Slight 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 haircare brands doubled in a short period.







# Module 3

## MODULE 3: Building green brand

### 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 oneself. The brand profile can be described as a portfolio with attributes from the brand identity, chosen to be communicated. The image is how others perceive the brand and it 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 the pressure from a growing number of consumers, who are willing to pay more for the 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** (figure 1). 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. Green brand plan

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

The initial stage in creating a green brand plan is to analyze the current situation and to define your brand identity attributes (table 1). The first step in this analysis is a self-analysis, guided by questions related to the business concept, and the internal visions and goals, which 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 which the competitive or substitutive brands are and what their most attractive attributes in relation to your brand are. This analysis can be concluded by listing the most relevant attributes of all included brands in a competitive green brand chart. 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, in a short and concise form, including values of greenness and sustainability. 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 position your brand in relation

to competitive brands only with two attributes, so make sure they are related to your brand's USP.



Figure 2. 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?			
<b>Business concept</b>	Selling qualitative, tasty and certified ecological potatoes		
<b>Internal visions and goals</b>	Grow and sell 30000 qualitative, tasty and ecological potatoes and increase this number with 10% every year		
<b>Organizational values</b>	Offer a qualitative product and service, as well as combine a good profit with values associated with ecological and social sustainability		
<b>Brand promise</b>	Trustworthy delivering of ecologically grown tasty potatoes of good quality		
<b>Green attributes</b>	Certified ecological potatoes		
<b>Brand identity attributes:</b> qualitative, tasty, certified ecological potatoes, social sustainability, trustworthy delivery			
Customer-analysis: what makes your brand attractive?			
One primary customer segment (50%) is local green consumers, who 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 are important for the visitors. They are buying both a product and an experience. A second primary customer segment (50%) is local grocery shops, where we deliver potatoes every morning. 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, ecologically certified, tasty. A secondary customer segment is 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.			
<b>Most attractive attributes:</b> 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
<b>Our brand</b>	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
<b>Competitive brand A</b>	1 Euro/kg	International brand, not local, found in the local, national and international grocery shops.	No eco-certification and not local.
<b>Competitive brand B</b>	1,2 Euro/kg	International brand, not local, found in the local and national grocery shops.	Eco-certification, but not local.
<b>Most unique attributes:</b> The local attribute, but also the eco-certification is special.			
<b>What is your brand's USP?</b> "We are the sole supplier of ecological potatoes in Norrtälje"			

## Creation of 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 behaviours. These goals should be linked with 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 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 to communicate the brand. Examples of marketing tools can be social media or online media, newspaper 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 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 and systematically writing notes, archiving materials, advertisements, snapshots of social media, keeping records of sales and other external interests in your business, together with your plan. A good idea is to divide your strategy into monthly periods so that you keep track every month 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

Systematize the brand communication: a fictional case of the potatoes producer's strategic June plan with notes.			
Activity	Target groups	Deadline	Goals/Results
Create a website	Customers, suppliers, local community and other local interest groups	1/6	<p><b>Type of goals:</b> Increase information, knowledge, availability and attitude.</p> <p><b>Goal 1:</b> Motivating or changing behaviours – increase visits.</p> <p><b>Results:</b> 0, 5 % increase in June.</p> <p><b>Goal 2:</b> Affecting visitors' attitude, to make visitors write positive reviews.</p> <p><b>Results:</b> One positive review in June.</p> <p><b>Comment:</b> The website might have increased the number of visits and customer interaction. The website will remain, and we will continue to update it.</p>
Start a blog on the website + write one blog post	Customers and the local community	5/6	<p><b>Goal:</b> Increase information, knowledge and curiosity of the brand.</p> <p><b>Results:</b> A school asked for a guided visit the following autumn, after 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><b>Comment:</b> 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>
Five Facebook posts	Customers, suppliers and the local community	1/6; 8/6; 15/6; 22/6; 29/6	<p><b>Goal:</b> Increase information and curiosity of the current 200 followers.</p> <p><b>Results:</b> The visibility has been good, especially when a film from our farm shop was posted.</p> <p><b>Goal:</b> Increase engagement through more interaction, e.g. through comments and likes.</p> <p><b>Results:</b> The film from the farm shop gained most "likes" and brought about a few questions about our opening hours.</p> <p><b>Comment:</b> 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?

- What 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, 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 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. Controlling to maximize 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 you write and leave, it is a document to update and use constantly.

**Finally, revise your business model!**





# Module 4

## MODULE 4: Steps towards sustainable quality

### Understanding quality

We often use the word “Quality” in our daily lives when we refer to different value creating offerings (products and services). 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 between the cost or price and value?

Some definitions of quality tend 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 a holistic, well-integrated and efficient way.

The **definition of quality** used in this handbook is as follows: “Quality is how your enterprise’s offerings are defined by customers, employees, partners, networks and stakeholders. The concept of quality also reflects 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 future generations.”

The view of what is good and bad quality varies from individual to individual, and also from situation to situation. This sets a lot of demands on you as an entrepreneur when it comes to planning, managing and monitoring to repeatedly deliver offerings of good quality. A basic idea of quality is that you can have the most fantastic intentions to design value-creating offerings of high quality, but your customers are the ones with the mandate to decide whether you have succeeded or not. An illustrative example is the following: For a Friday dinner, some customers decide to select a three-star Michelin restaurant. Some others choose a great wood-oven baked pizza from a 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 the rest choose to prepare the Friday dinner at

home with organic products from their favourite local farm shop, where they are regular customers. What joins all these customers and potential customers is that they will probably select the enterprise that they expect will meet their expectations of delivering good quality, maybe based on previous experiences.

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 deliver constantly 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 way, which is also resource efficient. To do this, it could be of value for you to make sure you have created an organizational culture (values, work methods, tools) that nurture sustainable business decisions and activities of high quality, repeatedly and over time.

In this chapter, you will be introduced a little further to a few aspects of managing quality in such ways.

### Designing 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 (assignment in module 3), and the value of your brand in the view of your customers (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 you and of using the offerings. In addition, the methods introduced related to designing green products and services in module 5 could be used here.

It is a difficult mission to live up to every customer’s individual expectations constantly and over time. A dentist may, for example, offer excellent access and availability upon booking, have a professional, emphatic and trustworthy attitude, and give seemingly reliable advice. But nevertheless, the quality of the treatments may still, in a short term or 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 evaluating “Customer-experienced quality” should be performed at different intervals 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 (figure 1). 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 the offering to be delivered, and how it is experienced to function during the usage process (Functional quality).

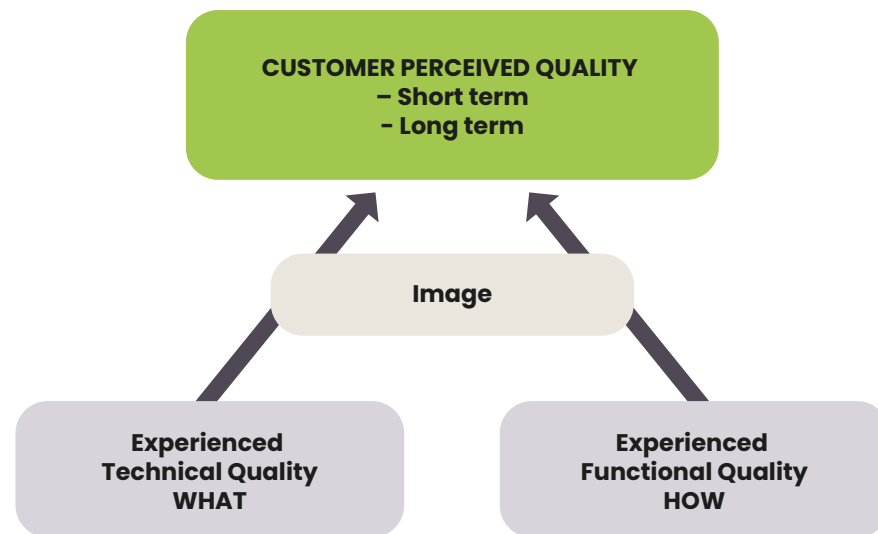


Figure 1. What and How – two critical quality aspects

Another model that could be used when designing sustainable offerings of high quality, 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 (figure 2). The enterprise creates sustainable value by selling and serving organic food and beverages. 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 example below 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- and long-term perspective.

Besides designing quality dimensions, it is important that you design value creating processes. From a process perspective, close collaboration between individuals and departments is needed in order to create continuous 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”.

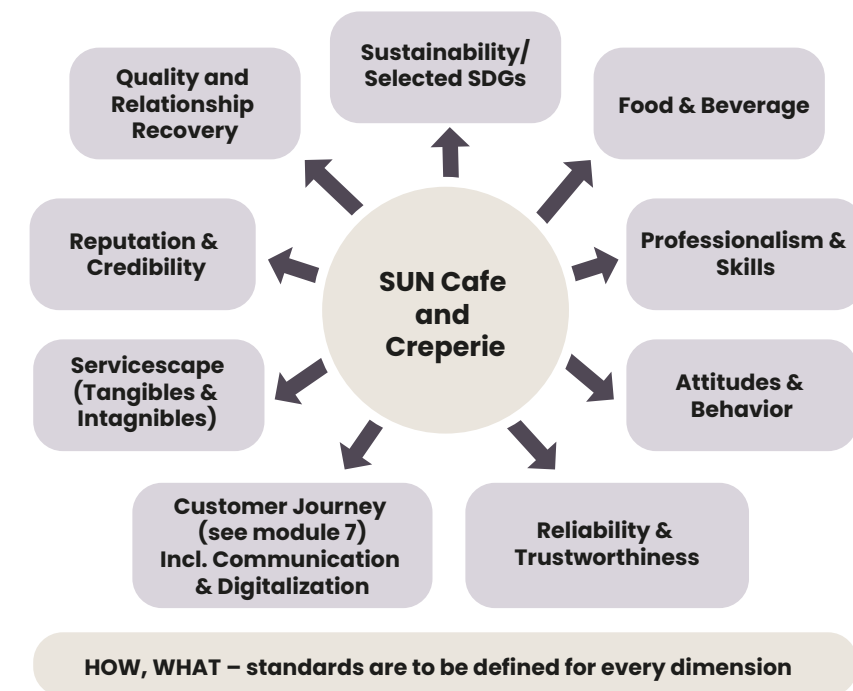


Figure 2. An example of possible quality dimension “Sun Café and Creperie”

With regard to the concept of customers, which is very important also in the context of quality, broad and sustainability-oriented definitions seem to become more common. One such a broad and inclusive way to define your enterprise's customers is: “All those for whom we want to create value, and all those who are effected by the processes, activities, products, services and offerings created by our enterprise today, and for future generations”. Such a broad view of

customers include people inside and outside your organization. Sometimes the concept of internal and external stakeholders is used for some of these groups or individuals, such as employees, suppliers, partners, neighbours, 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** to choose from. 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 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 decisions based on facts.

An example of a quality management system is the ISO 9000-series (the internationally most widely used management system for managing quality). At national and local levels, there may be similar systems. One example is the integrated Swedish management system FR2000, which is aimed at 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, like 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 a third-party assessment, and/or external certification. Some of these systems arrange also annual 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. No system is for everyone. It could be a good piece of advice to investigate what is used in your industry and among your competitors, and preferably to learn from others' experiences. Enterprises which 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 way 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 eco-label for goods and services. The Swan mark is subject to both environment and climate requirements, and the organization works on behalf of the Swedish Government for sustainable production and consumption. The EU Eco-label is Europe's counterpart to the Nordic Swan Eco-label, which is one of the world's top eco-labels. The Green Key is an international eco-label 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 concerns organic food 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, which are adopted for the needs of micro-enterprises, is poor. 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 handbook 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, central 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).

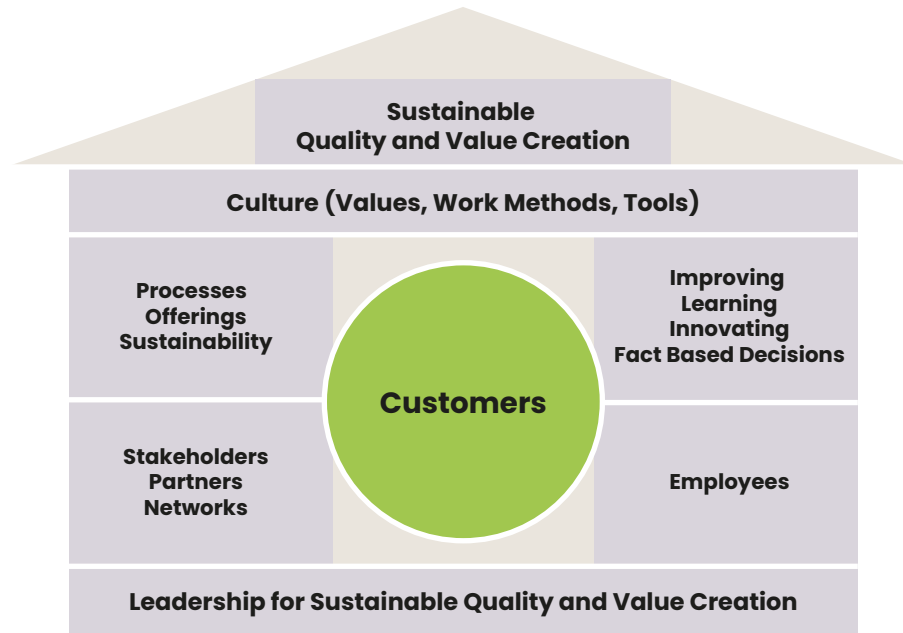


Figure 3. Modified Cornerstone Model for Sustainable Quality Management in green micro-enterprises

From a quality perspective, you need to work in a systematic way to improve continuously 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 is presented a self-evaluation process for working with the quality system management model and its quality cornerstones (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 values, working methods and tools, and how do you use them regarding...?
  - b. To what extent are the chosen values, working methods and tools applied? (E.g. Fully systematically/Fully integrated; Partly systematically/Partly integrated; Not systematically at all/Not integrated at all)
  - c. What results are achieved regarding...?

d. How do you evaluate, monitor, learn from and improve what you do regarding...?

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 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, 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 with the above figure 3.



## Assignment

The assignment consists of making a self-evaluation, 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-sized enterprises.

### 1. Plan

How could you 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? make a self-evaluation
- What could be done?
- Who would 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 modules 1 and 3)

What are the mission, vision, purpose and value creation of your competitors? (Retrieve from module 3)

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

What characterizes your enterprise when it comes to culture? (values, working methods, tools)

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

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 modules 1, 2 and 3)

What characterizes the leadership?

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

#### Employees

Map the employee structure of your enterprise.

What characterizes the employees?

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

#### Customers

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

What characterizes the customers?

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

#### Partners, networks, stakeholders

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

What characterizes the partners, networks and stakeholders?

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

#### Innovation, learning, continuous improvement

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

#### Basing decisions on facts

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





# Module 5

## MODULE 5: Green product development and service design

### 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. The **product and service system** (figure 1) is a system of products, services, supporting networks and infrastructure designed to be competitive, to 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.

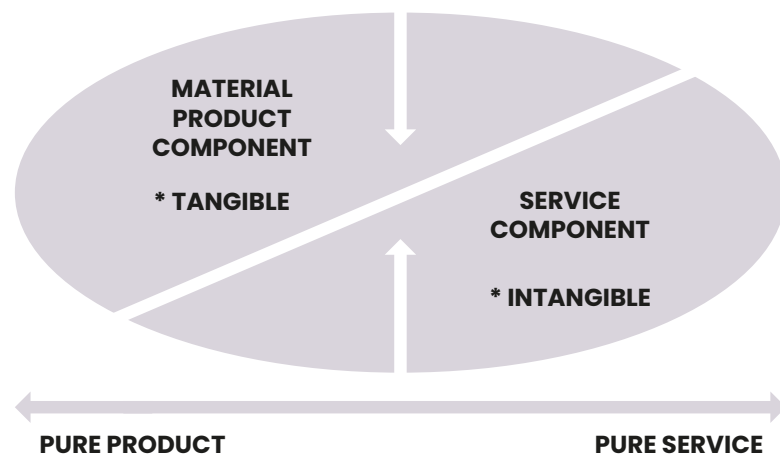


Figure 1. Product and service system: mix of both products and services

**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 amount of resources and energy required during production, delivery and consumption, and by reducing the number of products which 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 its 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 comprise multiple categories. However, a product that falls into three categories is not necessarily any greener than a product that falls into only one category: 1) green process, 2) improved sustainability, 3) recycled contents, 4) recyclable, 5) low toxicity, 6) biodegradable (table 1).

Table 1. Green and sustainable product characteristics

Category	Description
<b>Green process</b>	The product is manufactured with consideration for exposure to chemicals by employees, source of materials, energy-efficient production methods, use of recycled materials in packaging, reclaiming manufacturing waste, and prudent use of energy.
<b>Improved sustainability</b>	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.
<b>Recycled contents</b>	The product is fabricated with post-consumer materials or post-industrial by-products.
<b>Recyclable</b>	The product can be re-used or reprocessed and refabricated after use.
<b>Low toxicity</b>	The product is less toxic than comparable products used for the same purpose.
<b>Biodegradable</b>	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, which 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 empathetic understanding of customer needs to design products and services. The five core principles, which should form the foundations of service design thinking are:

- 1) user-centered,
- 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.

**The product and service design process** has five stages: discovery, interpretation, ideation, experimentation and evolution (figure 2).



Figure 2. The five phases of design process

**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 environmental-friendly 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** (figure 3). The persona is a representation of your most common target audience and helps you standardize the needs and get solutions faster. It is based on real data, gathered in a previous research, such as a user interview. You can think of it as a folder with similar users like you, who have their own name, photo and a brief description:

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

Figure 3. Example of green product and service user persona

The most important piece of advice you should remember when creating personas is never to “box in” your user. They are multi-faceted, emotional human beings, who believe that you are worthy 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, which takes into account the environmental and social benefits, and at the same time, offers a number of value creation opportunities for the business.

There are several ways to analyze the life cycle of the product and service. 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, which is not infinite. Not all products and services follow all stages of the life cycle (table 2). 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

No	Stage	Characteristics
1.	Introduction Stage	Product launched into the market. Sales grow slowly. Informative advertising is done. The firm might not earn a profit at this stage.  Price skimming may be used if the product is a new invention and has no competitors. Competitive pricing may be used if it already has a lot of competitors.
2.	Growth Stage	Sales grow rapidly. Persuasive advertising may be used. Prices may be reduced if faced by stiff competition. The 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 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.

Another way to analyze your product's life cycle is using a tool called 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).



Table 3. Green product and service life cycle design

No	Stage	Questions to answer
1.	Use of raw materials	Which raw materials are 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 used and how recyclable are they? Which means of transport are used for the product's distribution?
4.	Product use	How energy-efficient is the product in its use phase? Is the product easy to maintain? How long is the product's 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 recyclable?

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 (SDGs) 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 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. Analyze the life cycle of your green product and service. 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 analyze the life cycle of your green product and service. Using the figures, data of your business, prepare a table comparing the use of energy resources, mineral resources and renewable resources at different stages of your green product's and service's 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 for value-added and sustainable green product and service design and development**  
Use the table (Table 4) and develop your business a guidance plan/ solution for a value-added and sustainable green product and service design and development.





## Module 6



## MODULE 6: Managing supply chains in green micro-business

### Core of supply chain management

In our daily routines we often ask: ‘What’s for lunch today?’ No matter what the answer is, none of the dishes 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 at the basic level, but also with its attitude towards being greener.

A **supply chain** is the network of all the individuals and organizations working together, resources, activities and technology involved in the creation and sales of a product, from the delivery of source materials from the supplier to the manufacturer, through to its eventual delivery to the end-user (figure 1). The simplest definition is that it is about the management of the flow of services and goods from the point of origin to the point of consumption.

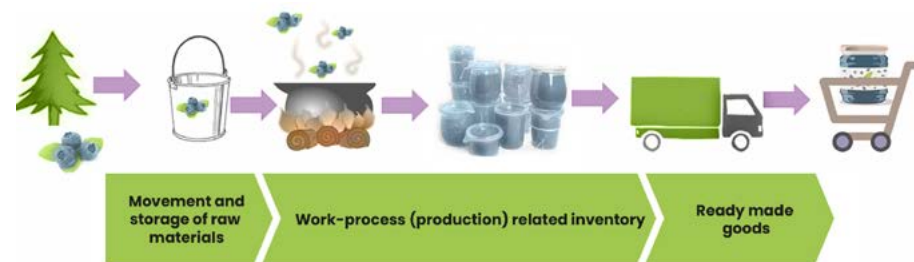


Figure 1. Conceptual model of supply chain

Supply chain management exists in every industry. It entails the planning and management of all activities involved in sourcing and procurement, conversion

and all activities of logistics management. It also includes coordination and collaboration with partners, who can be suppliers, intermediaries, third party service providers and customers. It 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 managing supply chains is an important issue for every business, as it is one of the tools to increase competitiveness and ensure higher levels of customer satisfaction.

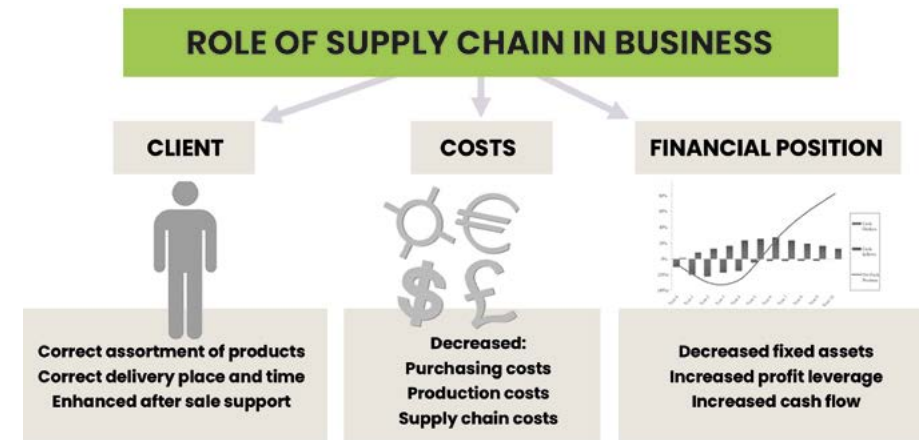


Figure 2. Role of supply chain management in business

Besides direct benefits for the entrepreneur (figure 2), supply chain management plays a significant societal role. It helps to defend and sustain human life, it improves healthcare, protects from climate extremes, defends freedom and protects delivery of necessities. In addition, the 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 decreasing energy consumption and pollution.

Supply chain management entails two types of flows of the same importance. First, **physical flows**, which involve transformation, movement and storage of goods and materials. They are the most visible pieces 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 need detailed data about both flows.

From the physical flow viewpoint, the 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 packages. The spectrum behind these processes can be wide – from the raw material providers and designers till the packaging material and machines. Transportation and raw material storage should be included. In **producing** or “making”, raw materials are turned into a final product, parts are assembled into a product, which could be sold to a customer. This is usually associated with a 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 the idea to link the product with delivering it to the customer. This process implementation needs a specifically equipped place (storage, packaging line), and an elaborated quality standard. **Delivering** is carrying out the order (delivery to the store, sending directly to a customer etc.). Services and aspects that should also be considered are transportation, customer services and 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 strongly associated with development of the message or contents (e.g. ordering data, information about leftovers in storage) and tools and channels. The last aspect is nowadays 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 (the client calculates the quality and quantity), while **push** strategies are driven by long-term projections of customer demand (the producer calculates the quality and quantity).

In the table 1, you can see a short glossary for the supply chain management.

Table 1. Short glossary for supply chain management

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

## Challenges in supply chain management of micro-enterprises

When the micro-business owners were asked, why they find supply chain management challenging, the most common causes mentioned were:

1. Time and capacity (small number 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 a one-way process), especially in strategic planning, sales, training of employees,
3. Lower bargaining power and limited financial resources. This can lead to technical and infrastructural limits.

Other factors to consider are lack of frameworks, to establish alliances, and underestimated role of digital solutions (considered as a tactic, not a 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 the supply chain, which usually is associated with extra expenses and energy towards solutions.

- **Overproduction** occurs when the production quantity exceeds the ability to sell. This means concerns about how to store, manage and protect overproduction. It happens, if you produce goods just based on a forecast, not understanding of consumption, or the batch size is based upon a minimum order (quantity, “standard pack”).
- **Transportation**. Each time a product is moved out of the storage, 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 or ingredients during the 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 a pick-list, part sorting, handling and receiving shipping documents, and data transfer of purchase and supply order.
- **Waiting** is the time spent by workers waiting for resources to start and accomplish their work, which can occur if forecast responses from the

customers or suppliers are late, also waiting for the parts, ingredients, purchase and supply order amendments or agreements.

- **Over-processing** is the usage of more expensive resources than needed for the task, or adding features not needed by the 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 on a “waiting line” to be finished, assembled, packaged etc. Typical examples are the safety stock buffer and excess and obsolete management of materials.
- **Defects** are deflections from quality or predefined standards that could affect the end-result. This can be associated with incoming parts and ingredients, also rejection from the supplier or return from the customer, errors in documents (outgoing, incoming), damages in transit.
- **Unutilized skills or 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, or if new practices are implemented too slowly, but manuals and documentation are excessive, or the employees are disengaged from planning.

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

1. **Make it simpler**. Complexity of the supply chain caused by a large number of vendors and partners is often 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. This way you will reduce the time for paperwork and the time and resources spent on management.
2. **Taylor a reliable network**. For a micro enterprise it is not always necessary to use financially consuming services or contract another service provider. Sometimes personal contacts and public space usage can be helpful. Friends, neighbours or good business partners can help with collecting or transporting raw material. Micro-business supply chain management is more than the contracts. Select your network partners based on similar values, potential for capability or strategic goals.

3. **You can move faster.** For a micro-business it will always be easier to adapt to changes (termination of contracts, setting up new production space), because the decision making chain is rather short. If there is a need to change something, just go for it.
4. **Consider the time, consider the environment.** Along with 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 resources 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, 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 styles and mind-set principles. Collaborate on a 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 the supply chain risks while improving the bottom line. However, developing and implementing environmentally friendly practices and processes require a certain kind of motivation or drivers. The drivers may come from inside of the organization or from outside (municipality, environmental agencies, trends in consumption, quality certification system owners). Green supply chain management and green strategies themselves 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 the end-of-life management of the product after its useful life.

Green thinking as a 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, in other words, the question what happens after the products have been used by the customer.



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 (figure 3). 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/wheat grown from organic seeds. Preference should be locally produced materials and ingredients. Sourcing should be ethical. For example, extensive forestry has a large impact on the local society and eco-systems.

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

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

**Green packaging** is based on the reduction of packaging, or no packaging at all where possible, or usage of biodegradable materials and care about post-consumer process with the intention to reduce landfill and to recycle and re-use packaging.



A good practice includes fair communication with consumers about the green aspects of your product. The consumer should be able to do an upstream tracking of the product. If the client has to assemble the product by him-/herself, this should be as simple as possible. High quality products are durable, their life can last longer (for example, a crib for a baby can be passed further within the family, even for generations).

The role of digitalization in the green supply chain management is very important. Usage of some, even rather simple tools, can influence the supply chain management. It can be helpful with efficient time usage and shortening the cycles of purchase orders and the lead time of delivery, which could mean fresher products delivered for the client, less effort and resources for preservation, storage and protection. This can help to increase the 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 and production scheduling.

The green supply chain management entails social aspects and values that represent sustainable thinking. This includes 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 the development of infrastructure objects. Sustainable thinking means legal discipline, timely and legally payed taxes and charges and transparency of incomes as the basis of tax calculation. A common part of activities is investments, support and charity to local community, participation in NGO'S, and local and regional (also national and cross-border) development initiatives.

Other important ideas 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 are 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 as smart planning. For example, if energy is used in 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 the situation in particular business environments cannot be 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 what their impact on the environment is. If you add the stakeholders' (customers', suppliers', employees') values to this evaluation, you will have a more objective picture.
- 3. Start from inside and assign responsibility for the environment.** Green supply chain management cannot be built in a day, everyone involved has to know what you expect 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 of them. It can also be used in recruitment. Talk about it with other stakeholders, share your prospects, tell your doubts and concerns. Maybe they have solutions. Talk to clients. Especially the young generation is aware of environmental 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, checking if their values and efforts match with yours in real life, not just in words. You may include in the agreements a section about sustainability standards, or at least, that your partners would provide you with data so you could know 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 to demonstrate your commitment to sustainability by getting a green business certificate.





# Module 7

## 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 a customer relates to the product, business or brand over time. It tells the story through different contact points when a customer interacts with an enterprise. The journey maps can visualize an existing experience of a client or present the future – so called idealistic versions of the maps. So, the customer journey map can also be seen as the quality measure of how each customer of the enterprise should be treated during the process. Traditionally there are three stages on 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 figure 1).



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 it takes for a persona to reach your product/service) of the “story” and write down the stages of your customer’s journey. (You can use the worksheet or create your own.) Add additional rows if necessary (different stakeholders influencing 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 understand what the customer sees, thinks, feels etc.
3. Analyze 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, he/she 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 on the radio and on television. When the Internet first appeared, it was also a one-way publishing platform for an enterprise. The consumers were able to read about the enterprise and its products. Now the Internet is an important distribution channel, and the social media offers new and efficient ways of engaging both enterprises and customers.

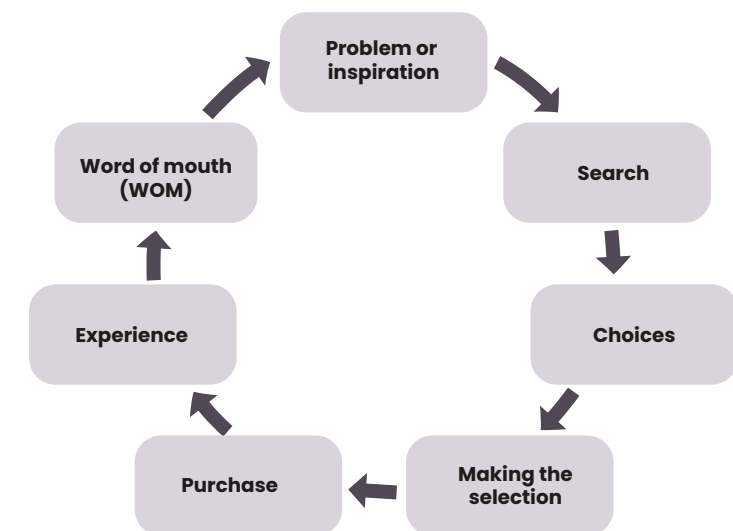


Figure 2. Customer journey from communication point of view

Green customers rely heavily on the recommendations of other people (word of mouth – WOM, see figure 2) and trust less the 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 printed 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 others and communicate actively, the journey could also be seen not in a linear but in a 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 in your product design and communicate it back to them (through different channels, make them talk about you). A good example is the Estonian eco ice-cream La Muu. The active communication happens mostly in Facebook, where they talk about their ice-cream, but it is also about things happening in the factory and shops, inviting customers to competitions (one was, for example, an opportunity for their fans to invest into the enterprise) and covering 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 your customers are and how they make the decisions. Over the years, more and more consumers care about their ecological footprint and therefore prefer buying products which they know are environmentally friendly, made from fresh natural ingredients and come from enterprises that have committed themselves to social values. In order to have information about your product, the green generation researches before buying. A good quality product makes you transparent. Therefore, it is important to communicate your green activities and follow through the promises given to your customer. Greenwashing is not in any form acceptable with this target group. They will not forgive you if you lie to them.

Customers appreciate when they can learn something from you. Training in a herbal farm, for example, will help the visitors understand how they can use herbs for their benefit. Bring out concrete facts why the product is good for the consumer (e.g. tested by scientists, supported by a study etc.). Informing and educating your customers will help creating loyalty. Values play an important role in today's communication. Green consumers buy 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 SDGs in your communication, in case your enterprise, for example, does something to save energy or water, avoids plastic in packaging etc. A green customer appreciates social responsibility.

In addition to WOM, when people talk about you, without you being able to influence the contents, there are several channels where you can share your values and stories. Start 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, on the radio, on billboards or TV, depending on the budget. Communication at different steps of a customer's journey will not work alone. It has to be supported by a holistic green marketing mix containing a green marketing strategy. (Please see figure 3.)

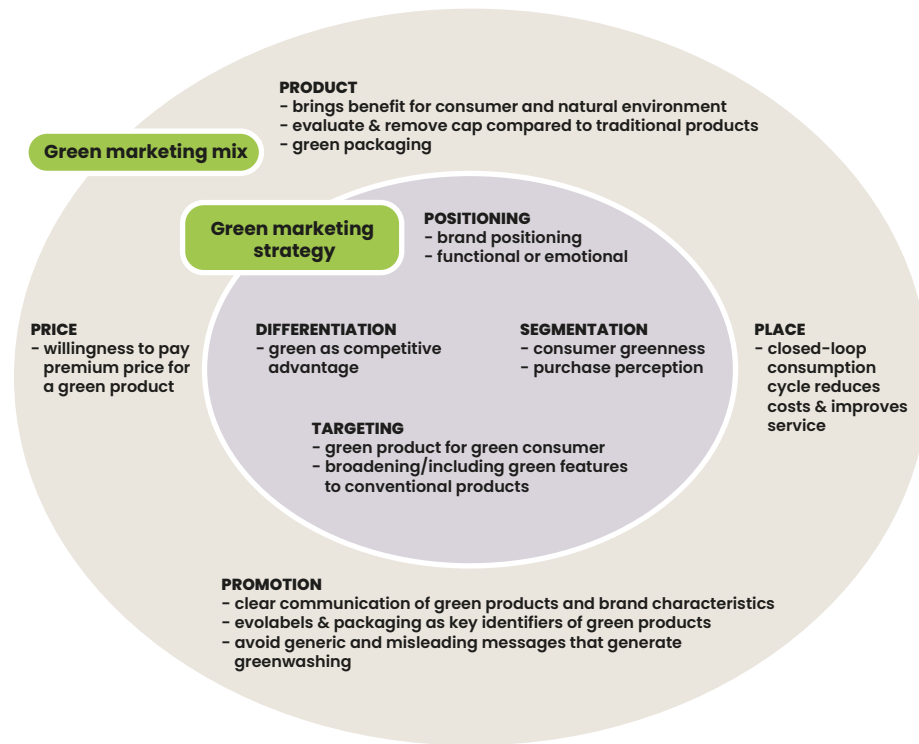


Figure 3. Green Marketing Strategy and Green Marketing Mix

The Finnish enterprise ilona LUONKOS has a very short text in English on their web-page bringing together the above-mentioned. They are convinced that they have the best product in the world, so they are not afraid of talking about it, bringing out the benefits of the product, mentioning packaging, but also the values they rely on, finishing it all up with references to the 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 analyze 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 1).

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 group's expectations</b>	To have a good sleep, get rid of neck pain.
<b>Value offered to the target group</b>	The 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, the 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 number of products, it is helpful if you write down all the marketing activities that you will do each month and the channels you will use. To accomplish the goals, the marketing should be done through channels your target group uses. Let's take the same buckwheat pillow example to see how to plan the company's communication (see example in table 2).



Table 2. Example of communication plan

Time	Channel	Activity	Target group	Cost
January	Webpage	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 a 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 the target group	100 €
March	Personal meetings/ internet research	Collect information about massage salons in your area which 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

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







## Module 8

## MODULE 8: Green entrepreneurs go international

### Strategy to go international

Enterprises have always a choice – to work for the local market or to try to enter the international markets. The most popular reason to look for new customers is that the local market has become too saturated. The second reason is to lower costs of production, or 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 analyzing the situation in your enterprise, you see here the five most exploited reasons, which are identified by Thompson, et.al:

1. To gain access to new customers
2. To exploit core competences further
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 the foreign markets, not only during the studies but more seriously when you want to implement exporting in real life. Because at some point it becomes also a good motivation tool for your sales team.

You may also observe that there are troubles or difficulties in cooperating across the border as well. Risk identification gives a chance to plan activities to minimize their impact on 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 cooperating across borders

### Choosing target business – export or import

There are 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 on export of products (also meaning brand export).

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

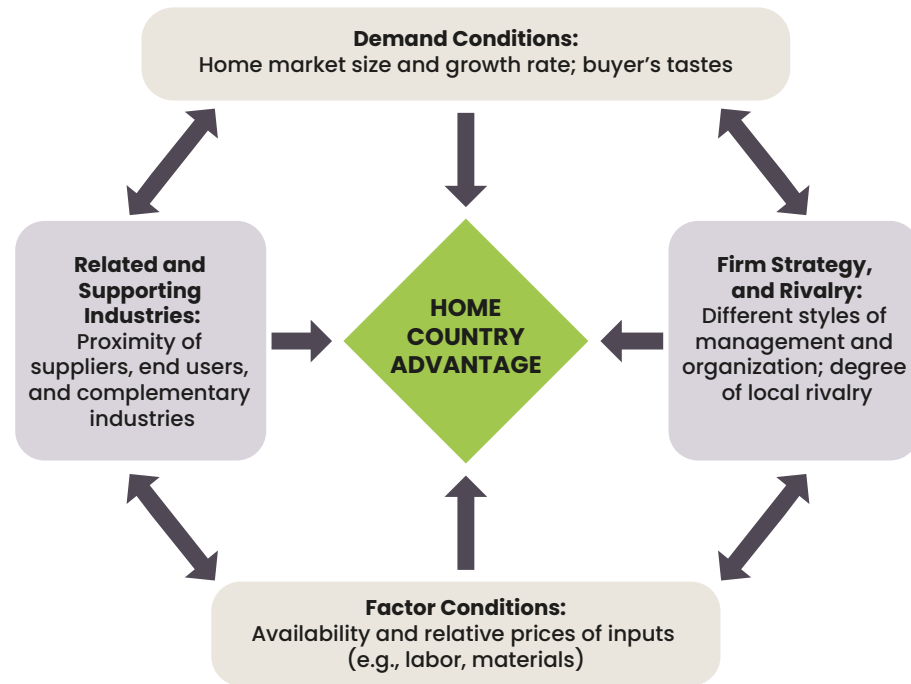


Figure 2. Diamond of national advantage

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

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

		Source of Competitive Advantage	
		Low Cost	Differentiation
Competitive Scope	Industrywide	Cost Leadership	Differentiation
	Single Segment	Focus	

Figure 3. Competitive advantage for choosing matrix

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

### Choosing right country and right segmentation

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

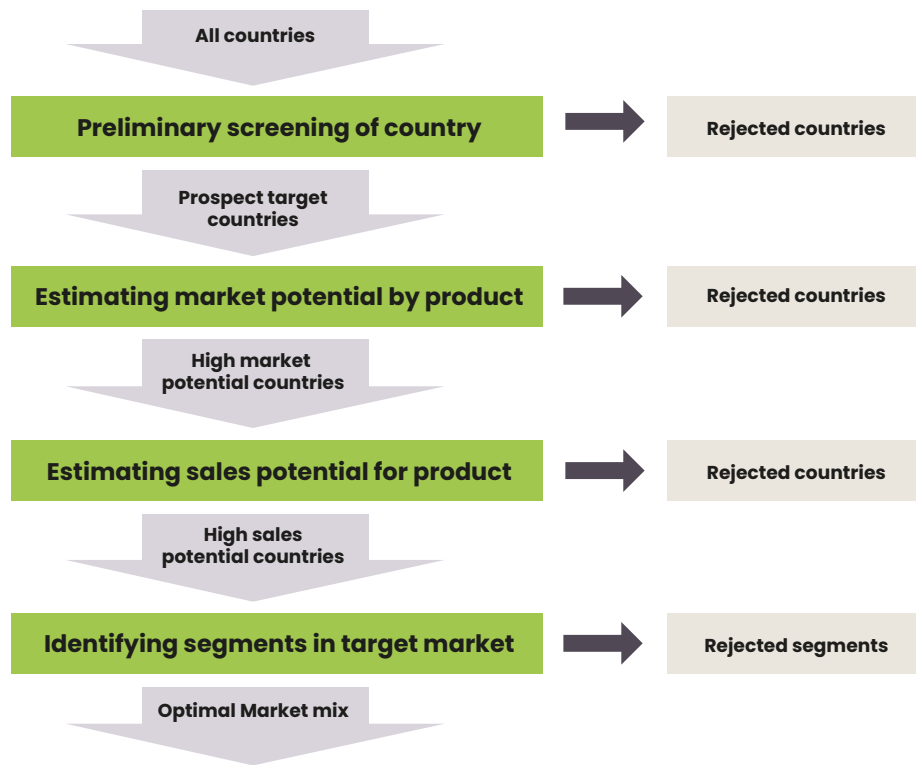


Figure 4. Optimal segment mix in target market

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

### Adapting product, competitive advantage

This part includes identification of all the necessary additional information, which usually demands a change of the existing product/brand.

These features are identified and best described as follows:

1. Local, regional and national characteristics
  - a. Government regulations
  - b. Non-tariff 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 adaptation
- d. Policies
- e. Organization
- f. Resources

There are rare accidental situations when enterprises do not have to change a lot. That means that the market choice has been successful, and production and packaging will not require additional effort, time or money. You may consider trying your luck the first time and allow your product to enter the 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 the theoretical literature:



- A **multidomestic strategy**, in which a firm varies its product offering and competitive approach from country to country in an effort to be responsive to different 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**, in which an enterprise uses 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 a 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 the strategy, there should be a developed, operational plan or action plan, which would support implementation of the developed export strategy. The main parts in such a 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 to international markets:

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

## Assignment

### Export strategy plan

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

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. Analyze the market/competition by using the diamond of national advantage or the Porter analysis.
  - b. Perform internal analysis (a part of SWOT analysis).
  - c. Describe the competitive advantage by using information in figure 3.
3. **Choose export country/partner country and customer segment**  
by using figure 4, describe stages 1–4.
4. **Market description of the target.**
  - a. Analyze and adjust target segments of export market
  - b. Analyze 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 to the target market for the product/services.**
  - a. Describe one potential delivery method
  - b. Describe country-related regulations/specific requirements
6. **Conclusions and recommendations.**  
Present conclusions about the analysis done and the decision to go or not to go international (yet?). What needs to be changed/improved?

You can write an action plan how to proceed with the plan implementation (see table 1).  
**Finally, revise your business model!**





# Authors

## Authors

### **Aligned skills in green entrepreneurship and business:**

Marit Piirman, Lecturer, University of Tartu, Pärnu College

### **Contents of the NatureBizz training programme:**

Sanna-Mari Renfors, Principal Lecturer, Satakunta University of Applied Sciences

### **The ABC of providing training to micro-entrepreneurs:**

Sanna-Mari Renfors, Principal Lecturer, Satakunta University of Applied Sciences; Karin Dahlström, Senior Lecturer, Södertörn University; Anna Nyquist, Lecturer, Södertörn University

### **Module 1:**

Jaana Ruoho, Senior Lecturer, Satakunta University of Applied Sciences

### **Module 2:**

Jaana Ruoho, Senior Lecturer, Satakunta University of Applied Sciences

### **Module 3:**

Anna Nyquist, Lecturer, Södertörn University

### **Module 4:**

Karin Dahlström, Lecturer, Södertörn University

### **Module 5:**

Heli Tooman, Associate Professor, University of Tartu, Pärnu College

### **Module 6:**

Ilze Grinfelde, Lecturer, Vidzeme University of Applied Sciences

### **Module 7:**

Marit Piirman, Lecturer, University of Tartu, Pärnu College

### **Module 8:**

Maira Lescevic, Professor, Vidzeme University of Applied Sciences





The handbook introduces the NatureBizz training programme designed to green micro-entrepreneurs to develop their business skills. It provides information about the design and content of the training programme as well as guidelines for future lectures. The handbook presents the eight different modules of the programme with practical tools.

The handbook is targeted at trainers and supports them in adopting the NatureBizz training programme. Micro-entrepreneurs can utilise the handbook for self-study purposes.

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