



ERASMUS+ KA2 Strategic Partnership  
2017-1-HU01-KA202-035953  
Business MENTOR training and CERTification

---

# Training materials

## Agro-food Sector

MENTORCERT project  
Work Package 3

Porto, 2019

---

This project has been funded with support from the European Commission.  
The European Commission support for the production of this publication does not constitute endorsement of the contents which reflects the views only of the authors, and the Commission cannot be held responsible for any use which may be made of the information contained therein.



## Content

Content.....	2
1. Introduction and learning objectives .....	3
2. Sector Overview – Agro-food Sector.....	5
3. Strategic planning .....	15
3.1. Long case.....	15
3.2. Short case .....	19
4. Value Creation models .....	22
4.1. Long case.....	22
4.2. Short case .....	27
5. Understanding the ecosystem .....	30
5.1. Long case.....	30
5.2. Short case .....	38
6. Value Creation models .....	40
6.1. Long case.....	40
6.2. Short case .....	47
7. Additional materials.....	50



## 1. Introduction and learning objectives

These training materials have been prepared for the MentorCert Project. They aim to help business mentors or potential business mentors acquire knowledge and skills associated with the development of knowledge in specific business sectors. They are to be used as a resource to underpin the development of (1) project related e-learning materials (2) Face to face training.

### Aim of the materials

The aim of the materials is to support business mentors and potential business mentors to achieve the 'hard' skills identified in the MentorCert skills card and outlined in the table below

Learning outcome
To understand options available to identify the scale and scope of the sector
To be able to identify relevant value creation models and apply at least one in a relevant sector context
To understand options available to map the sector eco-system and to apply at least one
Hypothesize about the future of the sector

### Structure of the training materials

The training materials are ordered in the following way:

- A brief introduction to the Agro-food Sector
- Examples of techniques that can be applied in the sector to achieve the learning outcomes (including case studies)
- Short case studies to be used in face to face teaching and learning
- Further references and resources

The training materials contain eight case studies to encourage work-related learning.

Long cases (to be used in the on-line training materials)

(1) Company: ACHEESE, Ltd – Producing Cheese of Author

Title: A strategy to deal with a Start-up in the Cheese facing growth problems

Method Used: Force Fields Analysis (Kurt Lewin)



- (2) Company: ABH – A Biological Honey Co, Ltd  
Title: Competition & Honey production decrease  
Method Used: Ishikawa Diagram
- (3) Company: Trendy Foods, Ltd.  
Title: The new paths for our industry  
Method Used: Context Map
- (4) Company: After Sweet Kompany, Ltd. (ASK, Ltd.)  
Title: The future of Convent-made sweets  
Method Used: Balanced Scorecard

Short cases (to be used in face-to-face training)

- (5) Company: The Shiitake Mushrooms Lda  
Title: A business strategy for a shiitake production facility
- (6) Company: FuFood IN – Tradition & Innovation, Ltd.  
Title: A more efficient future in agro-food industry
- (7) Company: FreshMeat, Ltd  
Title: Antibiotic-free, grass fed, happy cows
- (8) Company: JamCoop, CRL  
Title: Jam's Future

## Time and materials needed

These materials should be used in combination with other resources developed during the MentorCert Project and the TRUST ME project:

- A methodology handbook introducing a selection of thirty two tools and techniques that can be used to identify the scale and scope of the sector, value creation, eco-system mapping and hypothesise about the future of the sector
- A TRUST ME Handbook for trainers

To complete the full e-learning module should take about fifteen hours in total (eight for the methodology module and seven for the FinTech module). It will take about 4 hours to complete the face to face element of the training.

## 2. Sector Overview – Agro-food Sector

### I. Brief overview of the sector

The agro-food industry can be defined as the sector which includes all operations related to processing, preserving, preparing and packaging of agricultural and food products carried out in industrial production units (Mulder, 2008).

The European Union has become the largest global exporter of agricultural and agro-food products, with an export turnover totalling more than €120 billion, i.e. 7.2% of the EU's total exports, since 2009 exports overcome imports – figure 1. Almost 70% of these exports are processed goods, which highlights the importance of including these two sectors when mapping out a trade strategy for the European Union (Copa – Cogeca, 2018).

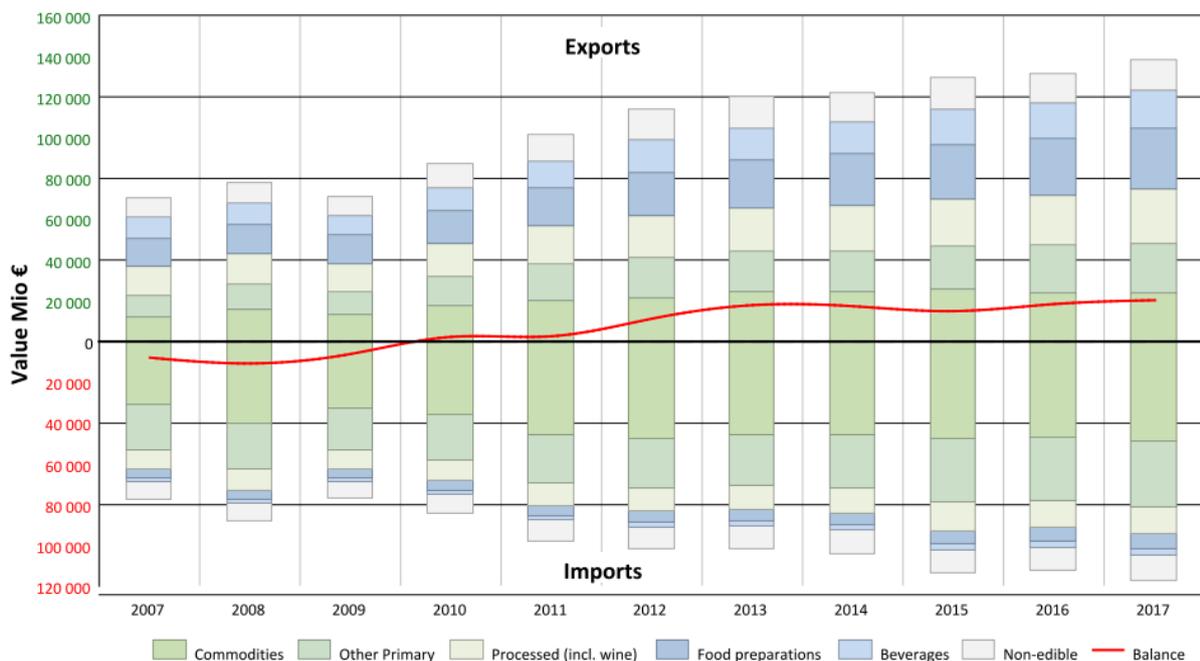
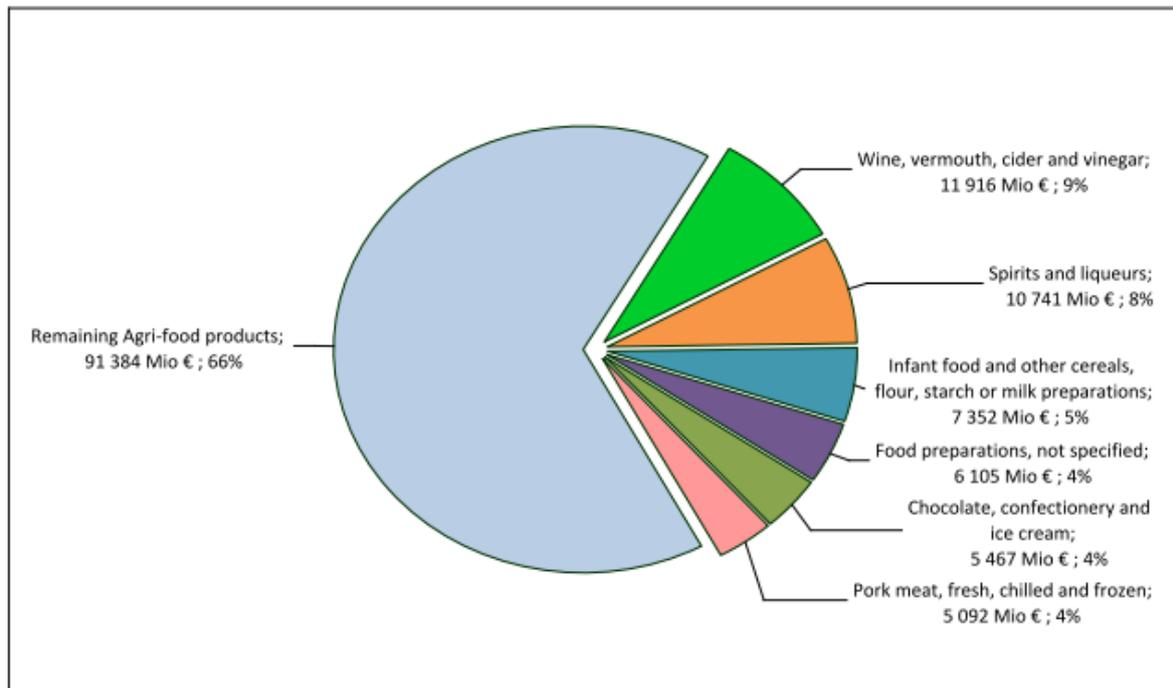


Figure 1 - Structure of EU Agri-food trade with Extra EU 28, 2007 – 2017 (DGARD,2018).

Additionally, more than 60% of the raw materials processed by the agro-food sector are of European origin, which demonstrates the close ties between the European and the global market and major exporting categories include wine and spirits (17%) or infant food and other cereals (5%), pork meat (4%) and chocolate (4%) – figure 2 - (Copa – Cogeca, 2018).



*Figure 2 - Top EU Agri-food exports to Extra EU 28 in 2017 (DGARD, 2018).*

The Agrofood market can easily be divided into two groups: on the one hand, a big share taken by a small number of large companies; on the other, many small agro-industrial establishments, owing a small market share (Ajuntament de Barcelona, 2014).

Today, about 99% of food and drink companies in Europe are small and medium sized enterprises (SMEs). These generate about 50% of the sector’s turnover, and provide two thirds of its employment, mostly in rural areas (European Technology Platform Food for Life, 2016).

The European food and drink sector is unique in its very high regional and continent-wide cultural diversity, which is not only a point of pride for many citizens, but also provides a framework ideally suited to foster creativity and innovations. The great variety of regional culinary traditions that have developed across Europe over the centuries ensure that the food and drink sector is deeply rooted in society. The sector profits from



a high quality science ecosystem in the food, nutritional and related disciplines formed by top level industry players, academic and research institutions, and players have a proven capacity to carry out ground-breaking research and development activities. Through this industrial and science ecosystem, the sector is supplied with a highly motivated well-educated workforce. Europe is also highly proactive in the development and implementation of effective regulations to ensure that its food supply complies with the highest safety and quality standards, benefitting from its excellent scientific and educational ground (European Technology Platform Food for Life, 2016).

SMEs are often more flexible than large scale enterprises and are therefore able to react more quickly to market changes, making them first indicators of potential future developments (European Technology Platform Food for Life, 2016).

## II. Global trends and challenges

### Key Global Challenges

Macro trends that have the ability to shape the needs for research development and innovation identified by European Technology Platform Food for Life (2016) as the following:

#### 1. Consumer Engagement, Consumer Behaviour and Perception of Food

Surveys show that consumers increasingly distrust the food sector as a provider of food solutions that they want or need. This is not necessarily fault of the players currently involved. The digital revolution has fundamentally altered the way we interact with each other or with industry and how we approach and perceive new technologies and products.

#### 2. Demographic Changes

The global population is undergoing a rapid change, not only in terms of size, but also with respect to composition. Modern medical achievements, paired with successes of the food sector, have led to tremendous increases in the average lifespan of a person.

#### 3. Resources

Even though there are currently sufficient or, in some cases, even abundant resources available to produce food - a fact that in turn has led to a decrease in undernutrition (and conversely a rise in overnutrition) - this situation will likely not persist for much longer. With the number of natural resources that are gradually being depleted going up and



the global population continuing to increase, securing a continued supply of high quality raw materials will surely become one of the great challenges of the 21st century.

#### 4. Sector Maturity

There is a certain 'fatigue' within the sector as a result of its maturity. The industrialization of food manufacture dates back to the beginning of the 19th century following advances in chemistry and metallurgy which gave rise to great productivity increases in agriculture. As a result of a growing raw material supply, there was a need to develop new machinery and technologies to process and preserve agricultural products. As a consequence, food became widely available which, in turn, caused prices to decline.

#### Challenges to SME

Concerning the development of the competitiveness and innovation of the European SMEs the following challenges have been identified by the Food Drink Europe (2017):

##### 1. The Single Market

Every year 500 million European consumers spend €1 trillion on food and drink products. The European Single Market is the EU food and drink industry's main market, with around 90% of turnover generated within the EU.

Exporting to other Member States is an important source of growth for SMEs. Exports account, on average, for more than 25% of the turnover: this share reaches more than 50% in Member States where the domestic market is small (e.g. Belgium, the Netherlands).

For the past 25 years, the Single Market has been one of the EU's greatest achievements. It is of vital importance for SMEs that it functions correctly, creating an environment with harmonised rules to ensure high quality products across the board, which is beneficial for companies and consumers alike.

##### 2. Innovation for growth

Food and drink SMEs are highly diversified when it comes to the products they make, the regions and countries in which they're located and where they sell beloved brands and products. They are equally diverse when it comes to how they approach innovation. Indeed, across the sector, innovation can take different forms: using technology to better assess consumer preferences, improving production efficiency, making business practices more environmentally sustainable, etc.

Micro-companies (i.e. up to nine employees) account for 79% of the food and drink SMEs. With such limited human resources, some SMEs struggle to make innovation a core part of their businesses, and less than 1/3 of them have innovation activities in place. While



their small scale and diversity enables them to develop and test novel solutions, they also face challenges because SME presence is often limited to local and regional markets, where they can lack personnel with a strong scientific or technology background. SMEs face particular challenges in relation to accessing funding to support innovation and collaboration with other entities.

### 3. International markets

EU food and drink SMEs are actively engaged in international markets across the world. In 2014, almost 19,000 food and drink SMEs exported to markets outside the EU, generating 25% of the total value of food and drink exports.

However, SME participation in international trade could be improved. Studies suggest that an SME's decision to internationalise can lead to better performance in terms of profitability, productivity, innovation and growth. It is important for food and drink SMEs to benefit from the EU's strong international reputation for safe, high-quality and innovative products, not to mention the growing international demand.

At the same time, the financial and human resources constraints that many SMEs face are very real. Such things can make it challenging to explore new markets and take advantage of overseas business opportunities. Access to finance, information and expertise on third country markets, geographical and cultural considerations, and complex import/export regulations are often limiting factors to SMEs' participation in international trade.

This is also true for trading for some European countries. Divergent product requirements and technical regulations may also result in burdensome trade barriers and higher market entry costs to which SMEs are particularly sensitive.

### 4. Employment and skills

4.2 million people are employed by the food and drink industry in the EU, with 2 out of every 3 jobs being generated by SMEs.

Because of their reliance on local communities for both human resources and raw materials, many SMEs run apprenticeship programmes with local vocational schools and universities, in order to ensure recent graduates have the right skills. However, identifying and recruiting new employees can be difficult, especially if the candidates don't have the educational background and skills necessary to fit the industry's changing needs. This can have an impact on the industry's labour productivity and, therefore, on SMEs' future growth.

### 5. Upstream and downstream relationships in the food chain

The food supply chain, including farmers, food and drink companies, wholesalers and retailers, is highly intertwined in Europe's social, cultural and economic fabric. The food



supply chain is a major source of jobs and growth, especially in rural areas; it accounts for 6% of the EU gross value added and employs 24 million people across the EU.

Closely linked to places of agricultural production, food and drink SMEs are the cornerstone of the food supply chain. These 285,000 SMEs count on:

- The availability of agricultural raw materials of the appropriate quality, quantity which are also competitively priced;
- Good business relations with upstream and downstream partners, in particular with retailers.

### III. Best practices of answering to the challenges

Addressing Key Global Challenges, following recommendations from European Technology Platform Food for Life (2016), are according to these key ideas:

1. Increasing the Engagement and Involvement of Consumers:
  - a. Improving Insights in Consumers;
  - b. Making Food an Activity ;
  - c. New Food Production and New Delivery Models to Provide Better Access;
  - d. Consumer Engagement in Sustainability;
  - e. Modular Food Production and Distribution.
2. Providing the Basis for a More Personalized and Customized Food Supply:
  - a. Appreciation of Diversity in Food and Eating;
  - b. Dietary Approaches for the Prevention of Non-Communicable Diseases;
  - c. Intelligent and Communicating Packages;
  - d. Understanding Food Digestion;
  - e. Food Meets Gut Microbiome;
  - f. New Concepts and Technologies to Assure Consumer Health and Wellbeing.
3. Developing a More Flexible, Dynamic and Sustainable Food System:
  - a. Integrated Food Safety as a Unique Selling Point;
  - b. Food Structuring for Better Health;
  - c. Towards Sustainable Packaging Systems;
  - d. Alternative Food Sources;
  - e. Generation Strategies for Food Safety Assessment;
  - f. Towards Less Refined, More Natural Food Ingredients.



## Addressing Challenges to SME

### 1. The Single Market

The Single Market has created great opportunities for SMEs to grow. Nevertheless, SMEs still struggle with obstacles that cross-border business can face, including having to adapt products to local technical rules, which creates unnecessary administrative burdens. For an SME, the cost generated in compliance can hamper the company from extending its activity.

Re-nationalisation of policies, different interpretations of EU rules and gold-plating of EU directives often create unnecessary barriers for food and drink companies within the Single Market. In the context of an ambitious and comprehensive Single Market strategy, relevant recommendations are:

- Prevent the proliferation of national initiatives that foster an anti-EU-wide approach;
- Ensure properly harmonised application and enforcement of EU legislation.
- Simplify and clarify the functioning of Mutual Recognition.

### 2. Innovation for growth

Food and drink SMEs are exposed to the same global trends and challenges as any other member of the food value chain. However, their business may struggle to meet innovation demands due to limited resources in particular. SMEs need support to encourage and foster their innovation activities, hence it is important that they are brought into the research and innovation (R&I) cycle in a manner tailored to their needs: FoodDrinkEurope supports these recommendations and thus asks EU policy makers to:

- Make consumer, social and business sciences accessible to SMEs.
- Provide funding and financial tools tailored to SMEs.
- Create synergies between start-ups and SMEs
- Exploit complementarities with other disciplines.
- Accelerate the diffusion of solutions to SMEs, and create access to enabling facilities, tools and services.
- Develop human resources through enhanced knowledge transfer and training programs for SMEs.

### 3. International markets

Facilitate SMEs' access to new markets would require policymakers to: At global level, promote coherence of international food and drink related regulations and standards facilitators of international trade and a strong, rules-based multilateral trading system administered by the WTO. At EU level:



- Recognise the strategic importance of promoting the SMEs' internationalisation;
- Address tariffs and non-tariff barriers to trade;
- Recognise SMEs' specific needs in bilateral trade agreements;
- Support an efficient promotion policy covering a large variety of EU food and drink products and activities such as the EU's high-level trade missions;
- Facilitate SMEs' access to information in relation to regulatory requirements and market intelligence, and strengthen business support services at EU and Member State levels.

#### 4. Employment and skills

National and European authorities should explore the following activities:

- Future private and public initiatives aimed at addressing misconceptions about the food and drink sector should encourage more SMEs to attract young talent;
- Sharing of best practice examples of the labour market should be facilitated at national and EU level;
- The full potential of apprenticeship programmes needs to be harnessed across all EU countries, with specific support to SMEs;
- More effort should be made to support food and drink businesses, especially SMEs, to better anticipate the need for skills in specific sectors. This will contribute to the achievement of a better match between skills and the labour market, as it is encouraged through the European Sector Skills Councils and highlighted in EU's Agenda for New Skills and Jobs.

#### 5. Upstream and downstream relationships in the food chain

In order for SMEs to benefit from the whole spectrum of the Single Market and develop opportunities in non-EU countries, well-functioning and balanced supply chains are essential. Right at the centre of the food supply chain, SMEs need policymakers to:

- Address unfair trading practices which affect SMEs' ability to innovate and invest;
- Promote an efficient, sustainable and diverse agriculture supported by a market-oriented CAP;
- Support the development of rural areas with public investment in infrastructure and services via the European structural and investment funds for the benefit of the competitiveness of the supply chain;
- Further support a circular economy approach, in particular through food waste prevention and management (ex: [www-ex-tax.com](http://www-ex-tax.com));
- Promote dialogue in the food chain, for a better functioning food supply chain.



#### IV. Lessons for the curriculum development

The Food System of Tomorrow will have to use nature's resources in a responsible and sustainable manner, and be dynamic, flexible, fully transparent and accessible to all. Progress will be made by bridging modern social and natural science and technology approaches to benefit the greater public, making healthy and sustainable food alternatives not only effortless and affordable to all consumers, but also desirable and exciting (Anderson, Jack & Connolly, 2014).

The more qualified professional profiles that can be found there range from pure sciences (with degrees in biology or chemistry) to business management and marketing, with some food and industrial engineers as well. The following are some of the university qualifications required in the agro-food industry's areas of activity: Food Sciences Technology; Biotechnology; Biology; Winemaking; Food Technology and Management; Human Nutrition and Dietetics; Agro-Food Engineering; Biological Systems Engineering; Industrial Technologies Engineering; Chemical Engineering; Chemistry; Pharmacy Business Administration and Management; Marketing and Market Research; and Marketing and Commercial Management. In an industry as dynamic as that of food, in which consumers are increasingly demanding regarding the quality of foodstuffs, their effects on health, how easy they are to eat, and their effects on the environment, among other issues, continuous learning and retraining through professional life is important. Masters, postgraduate diplomas and PhDs are some of the options for extra training, specialisation and updating knowledge and skills designed to provide the industry with the knowledge that it requires, in key areas like: food innovation, nutrition, agro-food biotechnology, eco-friendly agriculture, aquaculture, management of food companies and the commercial management of food wholesaler (Ajuntament de Barcelona, 2014).

The soft skills required depend on the level of responsibility held in an organisation. Generally speaking, the ability to work alone or in a team (often multidisciplinary) is important, as is a capacity for analysis and anticipation, in order to understand and foresee changing habits and demand preferences; the ability to adapt to new technologies; flexibility in carrying out new duties; dynamism and innovativeness; a critical outlook; the ability to evaluate the social, ethical and environmental implications of the professional activity; an aptitude for communication; the availability to collaborate; a capacity for negotiation; and the ability to retrain and acquire new knowledge throughout professional life. As levels of responsibility increase, leadership, the effective delegation of responsibilities and strategic orientation become important skills (Mulder, 2008).

Innovation in the agro-food sector will require mentors to support the identified key areas of soft skills such as problem solving, analytical skills, creativity, team work and communications skills. Some key areas identified as needed for managers include, planning and organising and people management (Anderson, Jack & Connolly, 2014).



Also to be considered as relevant are the key business factors determining skills needs into the future, namely for managers. New technology and equipment, expansion of operations, new products and services, new working practices and increased competitive pressure were identified as the key areas in driving skills needs in the future (Anderson, Jack & Connolly, 2014).

## V. References

Ajuntament de Barcelona (2014). Agri-food industry Sector Report 2013. Barcelona, Espanha: Ajuntament de Barcelona.

Anderson, D., Jack, C., & Connolly, N. (2014). Innovation and skills: implications for the agri-food sector. *Education + Training*, 56(4), 271-286. doi:10.1108/ET-11-2012-0122

Copa – Cogeca (2018). Role of The Agricultural and Agri-Food Sector In the European Economy. BILAT(15)4347:4 – AP/ey. Available at: <http://www.copa-cogeca.be/Download.ashx?ID=1463504>

DGARD (2018). AGRI-FOOD TRADE STATISTICAL FACTSHEET European Union - Extra EU 28. Available at: [https://ec.europa.eu/agriculture/sites/agriculture/files/trade-analysis/statistics/outside-eu/regions/agrifood-extra-eu-28\\_en.pdf](https://ec.europa.eu/agriculture/sites/agriculture/files/trade-analysis/statistics/outside-eu/regions/agrifood-extra-eu-28_en.pdf)

European Technology Platform Food for Life (2016). Food for Tomorrow's Consumer. Brussels, Belgium: ETP 'Food for Life'.

Food Drink Europe (2017). Priorities for a Policy Framework to Support SMEs - White Paper. Brussels, Belgium: Food Drink Europe.

Mulder, M. (2008). From Tradition to Innovation. Skill Needs in the Agri-Food Sector. Paper presented at Agora Thessaloniki XXVII 'Skills for Europe's future' on February 21, 2008. 15 pages.

<https://www.mmulder.nl/wp-content/uploads/2011/12/2008-02-01-Future-Skills-Needs-in-AgriFood.pdf>



## 3. Strategic planning

### 3.1. Long case

Company: ACHEESE, Ltd – Producing Cheese of Author

Title: A strategy to deal with a Start-up in the Cheese facing growth problems

Method Used: Force Fields Analysis (Kurt Lewin)

#### A1. Company and case

##### A1.1 Introduction

The present case study (fictitious, although based on real entrepreneurial experience) is designed to illustrate how the Force Fields Analysis Method can be used as a powerful tool in strategic planning and decision making, highlighting the results obtained by the usage of such a tool.

##### A1.2 The Case and the Problem

ACHEESE is a start-up with one year of existence facing growing problems that need urgently to be addressed in order to overcome the “Death Valley” typically affecting companies at this stage.

Two years ago, a group of 5 professionals with either a career on the cheese sector or a liking for this sector, decided to get together and create a company to produce a unique cheese made with cow milk and a vegetable coagulating agent (*thistle cynara cardunculus*) not produced by anyone in Portugal. Their idea was to produce an Author’s Cheese, not linked to any place but to the Author of the cheese which was not person but the company itself.

These five professionals and their experience, are:

*Alberta* – 60 years, grandmother, second generation owner of an old-established cheese factory with only “cash cows” cheeses. Near retirement, with no foreseen third generation followers, but very conscious of the importance of innovation, accepted to join the project making her factory available to produce this cheese under the supervision of her friend Ursula, a biologist specialized in cheese bacteria;

*Jack* – 59 years, professor of veterinary at a well-known university, specialized in cow’s wellbeing is the connecting element of these 5 professionals. He has a very professor like attitude, too self-confident;

*Saul* – 58 years, veterinary specialized in cow’s nutrition with a long experience in producing recipes to feed cows as to produce more milk has an expertise in PowerBI and bigdata management;



*Ursula* – 58 years, civil servant, working in a new public department once the public laboratory where she worked for more than 20 years was shut down. This left her frustrated for not being able to go on developing a long investigation activity. She saw in this new company the opportunity to implement the cheese recipe she had been investigating for a long time.

*Damian* – 56 years, Chemical Engineer working as a consultant in organization and management of companies, in its own company, is a cheese aficionado and joined the company as a minority shareholder.

Having founded the company, its management was given to Alberta and Jack. Ursula was given the responsibility of production. Saul the control of data and Damian overall bureaucratic support.

None of them are true salesman and they are profiting from the old company's logistic and distribution channels.

A2. Leader: personality, attitude, communication, etc.

Alberta and Jack are leading the company. Although Alberta is aware of the importance of innovation, she has reached a stage in life where she does not want to change her comfort-zone, blocking any change in the process. All her products are "cash-cows" so she is very concern in not spoiling them thus preventing any process innovation. She is very confident with her old-style management and totally averse to risk and boasts with the fact that she "dismisses" not good paying customers. Her business has no credit bad debts. This attitude is blocking the growth of the new cheese.

Jack, a strong personality, a longstanding teacher in his university, has a huge ego and having been the connecting element of these group of professionals is desperately trying to change Alberta's attitude towards a more aggressive positioning of this new cheese.

A3. Content of explanation of the case:

Closing the accounts of the first year has proved that the business is sustainable with a zero Profit & Loss Statement. With a small effort on sales, even so, due to the quality of the product, costs have been covered by sales. This situation has not allowed though the payment of the small interests initially established to reward the investment capital each shareholder has provided.

Jack realised clearly that if nothing is done, the company will not dye in the short terms as costs are well under control, but the return of the investment will also take much longer that initially foreseen.

Jack discussed this situation with Alberta, and both agreed to hire a Mentor to help the company face its actual challenges. It was also agreed that the mentee would be Jack.

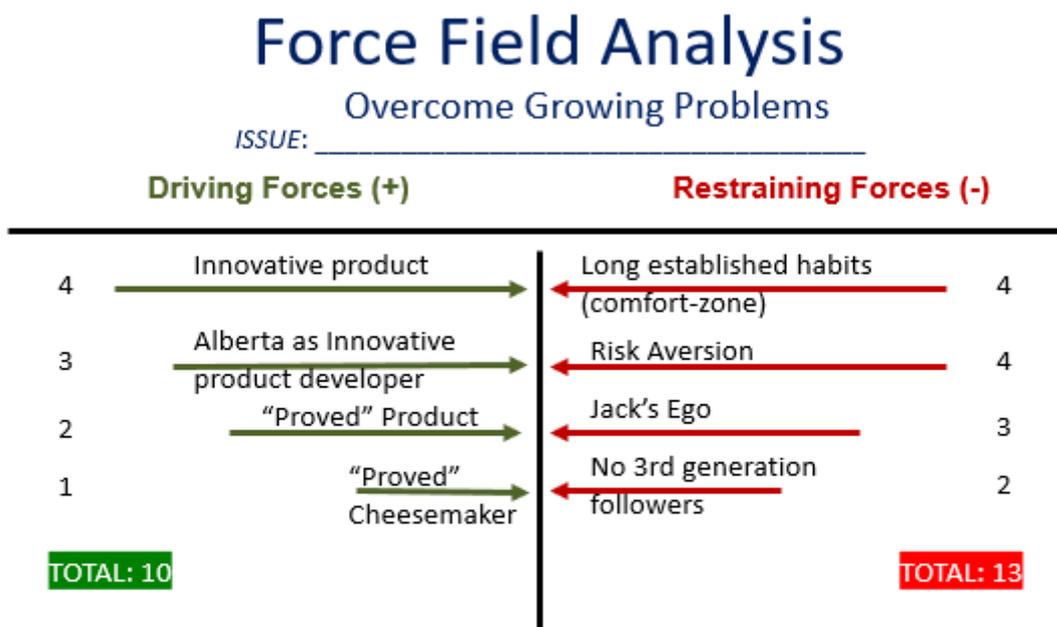


A3.1 How to apply the chosen method: Presenting how the given method can be applied to that company, to that given situation

After an initial discussion between Jack and the Mentor both agreed to use the Force Fields Analysis to address the issue. The Mentor presented the method to Jack (see Annex of the present document) and both used this tool to have a better understanding of both driving and restraining forces and therefore to reach to actions and conclusions.

The goal of usage of this method was well established: to overcome Alberta's resistance to growth; the current situation is well known to both Jack and Alberta; choices are clear, either the sales of this product grows or the project will be a failure; and the gain commitment is clear: decision of launching this new product was the correct one and no frustration will come up.

After a long morning of debate between Jack and the Mentor, they reached to the following Force Fields Analysis:



**Conclusion:**

- Slowly but firmly address restraining forces by pushing forward driving forces



A3.2 How to get acquainted with the leader and how to „manage“ him (communication, treatment, etc.) properly, in an effective way

Once drawn the Force Fields Analysis Jack realised that he had to let Alberta have the notoriety he was expecting for himself. In order to reach to this stage, the Mentor had to get the trust of Jack and confidently lead him to understand the added-value of such an intelligent attitude, showing him that as a good manager it was his role to allow other colleagues to have their own space, without losing control over the situation.

Jack, then, decided he would offer Alberta the “stage” as the Innovative Entrepreneur. He will support her inviting her to events where she would have to present herself their Innovative Cheese, showing that hers was an innovative company that had the ability to risk creating new markets.

A proposal would be presented to Alberta to hire a Consultant in Innovation Management of her trust to make an Analysis of the Potential of the Company, in close collaboration with her accountant.

Jack would get Alberta’s agreement to enroll their cheese in competitions with Innovation Awards in the sector, thus giving it notoriety.

It was also decided that an analysis of sales tool Power-BI would be implemented by making usage of Saul’s expertise in PowerBI and bigdata management. This will allow Alberta and the other partners to be aware of growth developments and closely monitoring sales.

## 3.2. Short case

Company: The Shiitake Mushrooms Lda

Title: A business strategy for a shiitake production facility

A1. Company and case

A1.1 The Company

The Shiitake Mushrooms Lda is a new company that has a production facility of shiitake mushrooms, based on indoor oak logs (Figure 1).



Figure 1 – Shiitake facilities.

This company took advantage of the fact that healthy products, vegetable protein sources and bio products are current market trends. In the coming years it is expected that the consumption of vegetable and alternative foods to meat will significantly increase. The worldwide consumption of products with mushrooms incorporated, namely shiitake, are clearly increasing (Figure 2).

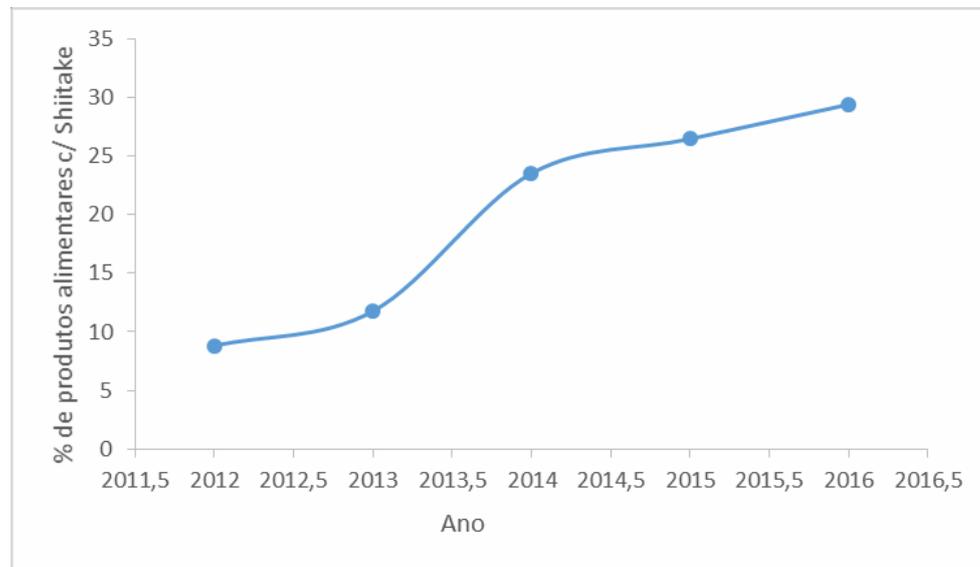


Figure 2 – Percentage of food products released in Europe in the last 5 years that have Shiitake as an ingredient. Source: Mintel GNPD.

The indoor production facility has:

- 600m<sup>2</sup>
- 100 ton of oak wood (maximum initial load)
- Production cycle of 5 years
- Number of mushrooms: 10% of the fresh wood load

The production parameters of John's current facility have already been optimized in order to reach its full capacity of shiitake production.

### A1.2 The Case

John, the business owner, is focused on selling the fresh shiitake just on regional markets where he controls distribution channels and gets higher margins for his mushrooms. His customers are all retailers.

Focusing on high margin products he has achieved good results so far, as the company is already profitable.

Nevertheless, he is facing the challenge of only 75% of his production being sold. Therefore, he must think on the strategic approaches to improve sales and total revenues, not by new investments but rather by decreasing current product losses, reaching 25%.



A2. Leader: personality, attitude, communication, etc.

John is a very focused, result oriented personality. He identified this business opportunity in a facility that he already had and without great additional investment he managed to monetize.

On the other hand, he is a risk-averse person and intends, with this mentoring, to find solutions to maximize the profitability of the business.

A3. Ask the participants (Mentors) to:

- a) raise one problem for face-to-face in the material without any solution
  - What are the possibilities John has of improving sales (from the level of 75% of the production to 100%)?
  
- b) ask them to raise other problems for the face-to-face
  - What would be needed for John to improve the sales of the fresh product?
  - Shouldn't other alternatives, though less profitable, like dried shiitake or shiitake powder, be taken into consideration?
  - From a strategic point of view is it wise for John to look for new markets?
  - Is John's production capacity enough to look for external markets and start exporting to other high demand markets?
  
- c) ask them to think over which methods can be applied
  - What method could be used with John to design the most suitable business strategy?
  
- d) ask them how they would treat with that leader style
  - Beyond John, which other stakeholders would you involve in the development of the chosen method?



## 4. Value Creation models

### 4.1. Long case

Company: ABH – A Biological Honey Co, Ltd

Title: Competition & Honey production decrease

Method Used: Ishikawa Diagram

#### B1. Company and case

##### B1.1 Introduction

ABH – A Biological Honey Co, Ltd is a well-established honey production firm in Portugal. Its manager has a lot of experience in the sector and did some research reaching to its below picture.

On the one hand, the International trade of natural honey, valued by exports, totalled US \$ 2.3 billion in 2015, representing an average growth of 38% compared to 2011. The European countries represented the highest value of these exports in the amount of 826, 4 million dollars or 35% of international sales of honey. This percentage compares to 29% of Asian exporters, 16% of suppliers in Latin America and the Caribbean and 9.9% of Oceania and North America. Spain is one of the largest honey producers in the world and is among the 10 largest exporters (data from 2015).

On the other hand, several of the European countries are among the top 10 importers, namely Germany, the United Kingdom, France, Italy, the Netherlands and Switzerland (2015 data).

In the Agro-food sector current trends taking place globally and, in particular, in the European Union, placing Honey as an important food product linked to human health, have to be seriously taken into consideration. Nowadays, consumers are much more knowledgeable about food products, and are looking for products with less calories, with a natural origin and this needs to be explained in each context and even more so in the case of Honey. The potential benefits of food for human health is of increasing its relevance, and being Honey a traditional product used for medicinal or therapeutic purposes, although with difficulties in claiming its health effect, it cannot, however, be put aside once the use of Honey for human consumption is applied in about 25% through the food industry in a diversity of products, and 75% in direct use by consumers.

The use of Honey by consumers has, therefore, a great potential for innovation in the proposals of use by different actors in the value chain of the sector. In the case where production capacity indicates a niche segment orientation, opportunities for innovation may be related to the product itself, more liquid or creamy, with colour, aroma, texture, but also with a "history" , transparent, enabling consumers to know the products they



consume, in particular in terms of environmental impact, human and animal welfare, and sustainability and origin. In this respect European certification of denominations of origin or denominational initiatives with local or regional character, may be differentiation strategies.

Consumers have been increasingly sensitive to aspects such as the free production of GMOs (Genetically Modified Organisms), ethical and fair-trade conditions in human terms, but also in ecological terms. Several regulations and certifications may be relevant here because they are mandatory or appropriate to business strategies. What has been a trend in production and consumption in Europe shows a declining capacity to maintain European Honey production levels (for reasons associated with agriculture intensive use of pesticides and diseases in bees), covering less and less consumer needs (Europe has a self-sufficiency of only about 60%). Honey, as a naturally sweetened product, is faced with the challenge of ensuring that its qualities, besides sugar, are smeared, which implies the use of gravitational methods and not of heat, not "killing" these properties. It is these same properties that make this product so "appetizing" for applications with higher added value. The globalization of food distribution puts a strong emphasis on the importance of the origin of products, namely, authentic, natural, ethnic products with "History." Today's products are available anywhere in the world, so the consumer no longer seeks the generic product, but it makes the difference through its origin. Artisan sophistication is a clear differentiating element, namely through sophistication of the revenues of these products, limited editions and reference to the year of harvest. Honey, using certifications of origin, can be differentiated, valuing the region from which it comes and take advantage of both the environmental quality of the region and the wealth of its "History".

## B1.2 The Case and the Problem

ABH – A Biological Honey Co, Ltd is a family firm with 20 years of existence that has been very successful until now. A rapidly growing start-up at its beginning, it was established in the northernmost region of Portugal in an isolated area, just by the border of Spain. Almost 99% of its production was sold to its neighbour Spanish honey cooperatives. Due to the very good ecological and environmental qualities of the region, the honey ABH produced was sold immediately, even before production. Pharmaceutical companies also "discovered" ABH, buying all the honey the company could produce.

Last year, without any immediately foreseen reason, production decreased drastically. Mr Garcia, the owner, a well experienced entrepreneur, with a good knowledge of the honey sector, as stated in the introduction, decided to take quick actions. So, in order to help him look for the reasons of this problem with external "eyes" he decided to resort to a mentor.



B2. Leader: personality, attitude, communication, etc.

B2.1 Leader's personality and communication

Mr. Garcia, the founder of ABH, is a 56 years old entrepreneur, married to a lady that has been helping him in promoting his brand in fairs and small shops, apart from bulk sales to big customers. The couple has two teenage children, a boy and a girl that are very keen on the business and help also in the small industrial plant Mr. Garcia has built by their house.

Being an open-minded personality and, although with some difficulty in communicating, he can express himself understandably to any Mentor who may be willing to hear him.

B2.1 How to get acquainted with the leader and how to „manage“ him (communication, treatment, etc.) properly, in an effective way

As a result of the above described personality of Mr. Garcia, if, on the one hand, the main aspects to be taken in consideration by the Mentor are his ability to be empathetic and able to be a truly active listener of Mr. Garcia. On the other hand the Mentor should have a strong knowledge of the sectorial issues in order to be able to ask relevant questions, legitimating his mentoring role with this experienced entrepreneur.

Through these attitudes he "won" Mr. Garcia and was able to let him be totally open.

B3. Content of explanation of the case:

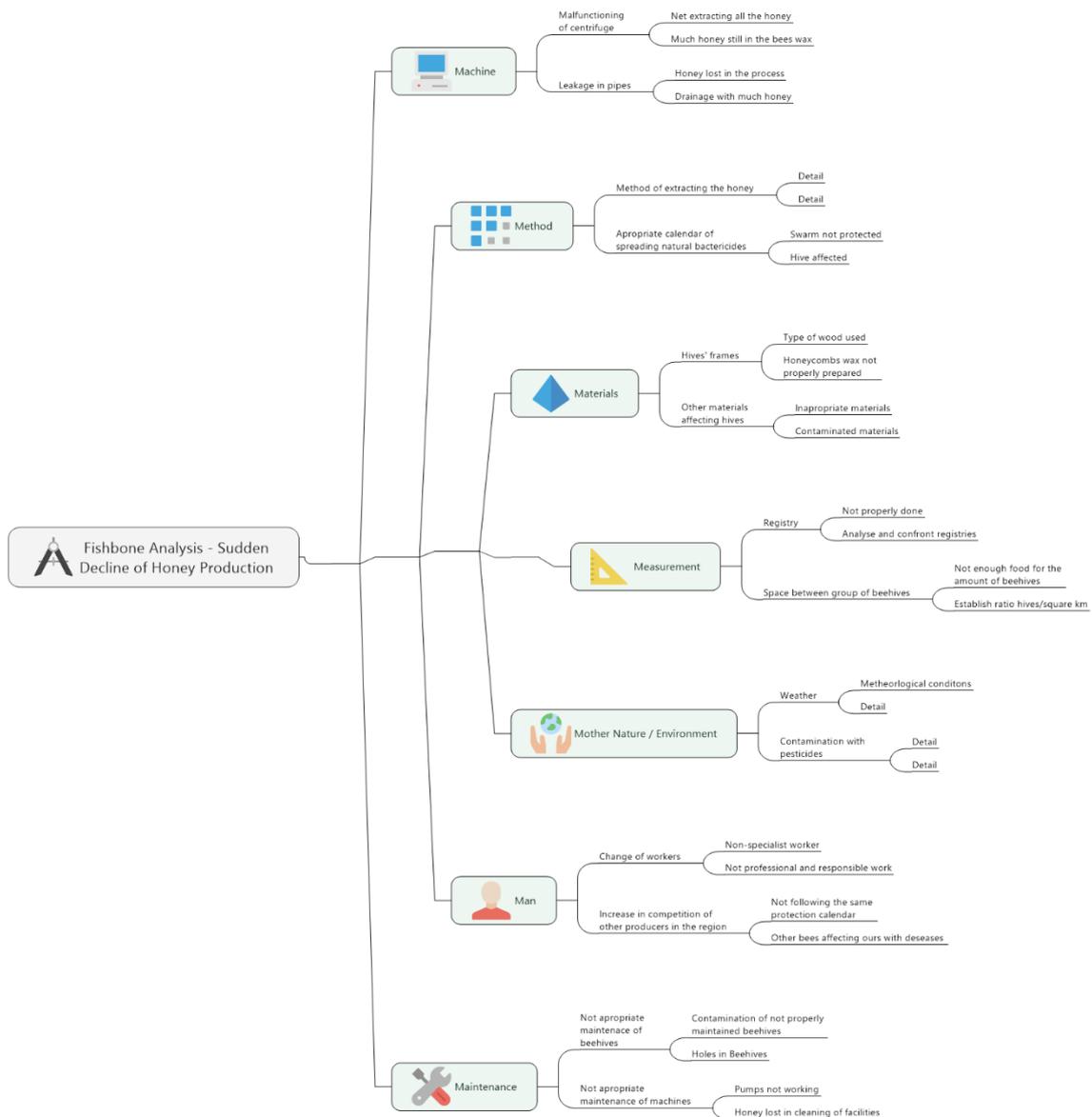
After reaching an understanding, Mr Garcia, with his mentor support, concluded to initiate a mentoring process.

Some days later they sat in the production facility and the Mentor proposed they would analyse the problem ABH was facing, recurring to the Method ISHIKAWA DIAGRAM.

B3.1 How to apply the chosen method: Presenting how the given method can be applied to that company, to that given situation

The Mentor started to present to Mr. Garcia the Ishikawa Diagram (as presented in the annexe of this document) explaining him how it worked.

Then they started to produce the diagram based on the Six Sigma's 6M's and reaching to the below result.



#### B4. Conclusions reached and actions taken

After some discussion over the results reached with the Ishikawa Diagram, both Mr. Garcia and the Mentor concluded that the main factor responsible for the loss in production was the chaos reached in the region with the huge increase of honey producers not willing to follow best practices to protect bees and its performance.

Machine, Method, Materials Measurement and Mother Nature were not the cause of the problem. Man was the problem. Not co-workers of ABH which are already experienced



**ERASMUS+ KA2 Strategic Partnership  
2017-1-HU01-KA202-035953  
Business MENTOR training and CERTification**

---

and responsible but rather the irresponsible competition. So, once Mr. Garcia would be able to spare some of his time in favour of the sector, he decided to ask for the support of the local authorities. This, to promote the creation of an association of honey producers of the region. The association would deal with the teaching of best practices to its associates and start an awareness campaign of the benefits to all of ensuring a consistent and coordinated calendar to apply bactericides and other biological accepted protection products of beehives and bees.

With this solution, value is expected to be created for all the production sector of the region helping to increase its visibility and promote its economic impact there.



## 4.2. Short case

Company: FuFood IN – Tradition & Innovation, Ltd.  
Title: A more efficient future in agro-food industry

### B1. Company and case

#### B1.1 The Company

FuFood Industry (FuFood IN) is an innovative industry that considers new food systems, nowadays characterized by the coexistence of modern and traditional supply channels. Since these systems are rapidly changing because of a growing reliance in many regions on global supply chains and large-scale distribution systems (ex: supermarkets), the FuFood IN is also starting to integrate vertical supply chains thus responding to new evolving demands for food and dietary preferences of the market. The FuFood IN has got 13 years of existence.

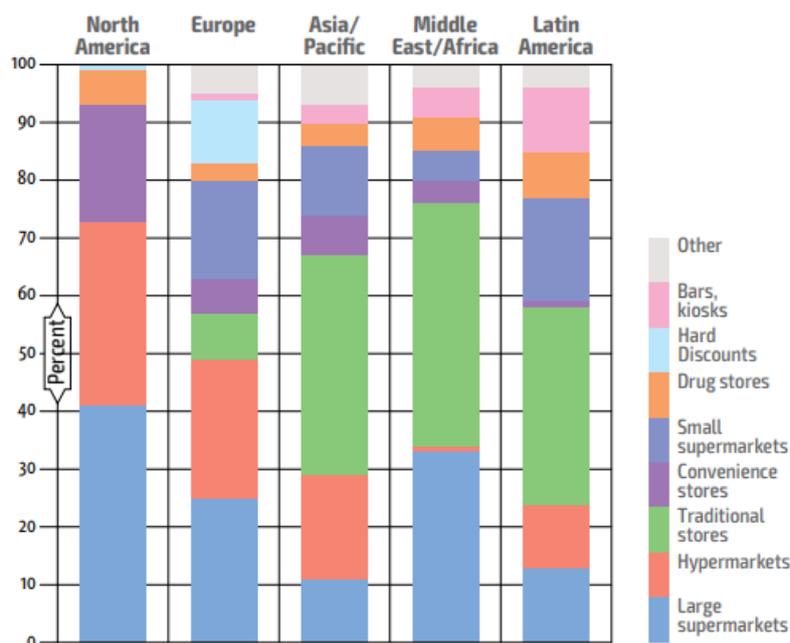


Figure 1 – Share of the food retail trade, by channel and region. Source: The Nielsen Company, 2015.

Some information about the business:

- Indoor production facility: 11.000m<sup>2</sup>
- New products (research and development):



- Products per year: 8 (2016); 11 (2017); 6 (2018)
- Product profitability: 12% (2016); 7% (2017); 11% (2018)
- Here we have new health food products, for instance.
- Top selling products (the "cash cow"; ):
  - Products per year: 3 (2016); 7 (2017); 4 (2018)
  - Product profitability: 19% (2016); 17% (2017); 36% (2018)
  - These products are going through a crisis in the next 3 to 5 years since they are not aligned with efficient food systems and to the new needs and concerns of the market. Here we have meat and dairy products, for instance.

The production parameters of FuFood IN products (selling and new ones) have been improved during the years. Nevertheless, choosing new products is proving to be very difficult due to insufficient financial tracking and fragile emerging consumer demands.

## B1.2 The Case

The biggest priority of FuFood IN is to develop and distribute products that are supported by more efficient food systems, therefore responding to the needs and concerns of the market:

- High-calorie, but low-nutrient content of many food items;
- The high levels of food loss and waste;
- Food safety problems;
- Higher energy intensity and heavier ecological footprint associated with the lengthening of food chains.

To do so, FuFood IN decided to reinforce linkages between farms, markets and consumers because those connections can be an important source of brand and income growth.

Johanna Ristreto (CEO - Chief Executive Officer) and Malcom Venture (CPO – Chief Product Officer) defined a strategy based in social responsibility and in the circular economy (strengthening the brand). At the same time, they want to start structuring supply chains by increasing efficiency of product flows: from inputs of farmers to consumer feedback from consumers. The food security is also a very important issue in FuFood IN.

Johanna and Malcom want to increase profitability of the new products, but it still is a very difficult question to answer: First, the market is growing confidence in many regions on global supply chains and large-scale distribution systems (good for FuFood IN because



keep customers buying their products); Secondly, even though the new products respond to the new evolving demands for food and dietary preferences of the market, the market is still not buying enough as to support 2% of the R&D costs in FuFood IN.

B2. Leader: personality, attitude, communication, etc.

The CEO Johanna Ristreto and Malcom Venture, the CPO, started working together 21 years ago and they have always worked very well as a team. However, Johanna has a very strong personality and is results driven. She is person crossing an apprehensive period because there are countless changes happening (ex: food systems are rapidly changing; vertical supply chains will have to change but there are not certain paths to follow yet). The mentor should have the ability to unblock Johanna's decisions therefore allowing her to make the most suitable decisions and increase new products' profitability.

B3. Ask the participants (Mentors) to:

- a) raise one problem for face-to-face in the material without any solution
  - What could be scenarios for FuFood IN's business development?
- b) ask them to raise other problems for the face-to-face
  - What will be the constraints that can negatively impact the business (more efficient food systems; high-calorie, but low-nutrient, content of many food items; the high levels of food loss and waste; food safety problems) and how can FuFood IN manage these impact?
- c) ask them to think over which methods can be applied
  - What method could be applied with Johanna's collaboration to analyse the relevant creation models in FuFood IN's sector?
- d) ask them how they would treat with that leader style
  - How would you help the CEO Johanna strengthening her energy, focus and leadership, thus engaging his colleague and FuFood IN's company employees?
  - How would you involve Johanna to develop the selected method?
  - Who would you recommend to the CEO to participate in the implementation of the chosen method?



## 5. Understanding the ecosystem

### 5.1. Long case

Company: Trendy Foods, Ltd.

Title: The new paths for our industry

Method Used: Context Map

#### C1. Company and case

##### C1.1. Introduction

The present case study is designed to illustrate how the Context Map can be used as a powerful tool to understand the ecosystem and to help decision makers to choose the best business development process for Trendy Foods, Ltd.

Trendy Foods, Ltd. (Trendy Foods) is an industry with more than 65 years of existence. It produces poultry meat and sells its products in Europe. Over the last 7 years, when the new Agro-Food products started emerging (and therefore new opportunities arrived), Trendy Foods started developing its production cycles, vertically integrating the supply chain, and also producing other complementary products of the poultry meat incorporating spices and exotic condiments; eggs with special treatment for conventual sweets, produced in monasteries of nuns).

##### C1.2 The Case and the Problem

Today, new opportunities and fast developing trends are occurring in the Agro--Food sector. This change is taking place in various regions in the planet like North America, Europe and Asia Pacific. Having reached more than \$1,2 billion in 2018, it is expected that the global Agro-Food product market will keep on growing over the next four years. The industry is fragmented with the top 10 companies totaling less than 25% of the market share. Rising income of general consumers with corresponding consumer spending, increasing awareness of health and wellness factors, increasing of population and expanding urbanization are the major drivers of the industry. Small industry players are focused in strategies such as product differentiation and higher service level delivery to customers, to compete with the large players that enjoy economies of scale.

The following figures/charts can help business decisions in the Agro-Food.

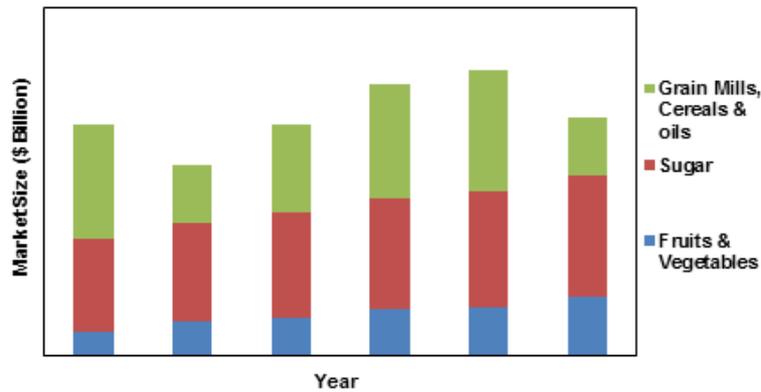


Figure 1: Global Agro-Food Product Industry Segment Forecast (2013-2018) in US \$B

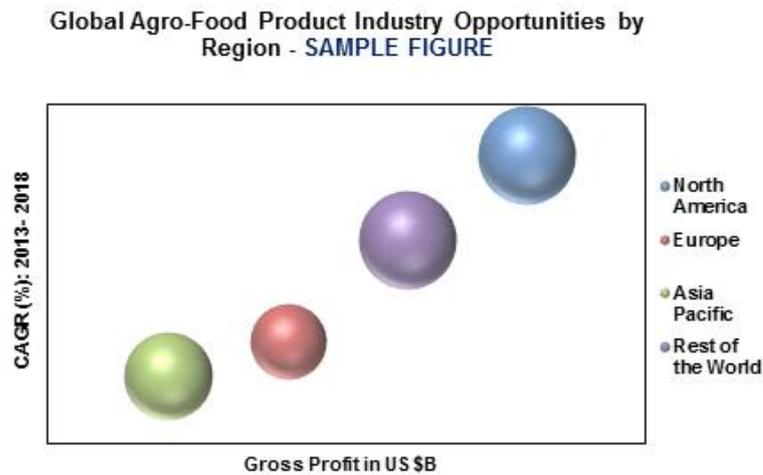


Figure 2: Global Agro-Food Product Industry Opportunities by Region (2013-2018)

It is also important to consider that the Agro-Food sector is not just a cluster of businesses for its industries since current policies and investments are making it more competitive and sustainable. For instance, we can see a more stronger EU food supply chain, more resilient food systems and a more effective targeting of the EU regional funds on growth and jobs, especially through the numerous SMEs and micro-companies that make up this chain.

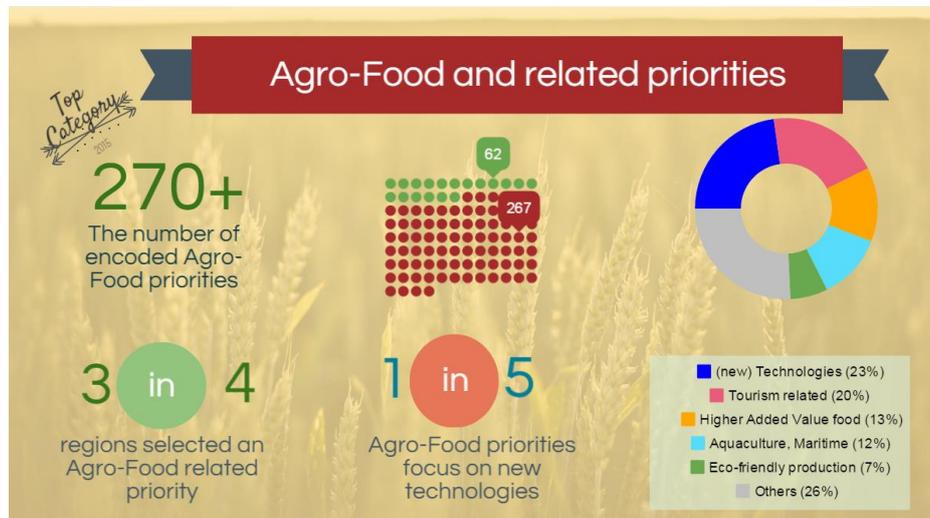


Figure 3 – Agro-Food priorities and systems (EU).

However, this information has proven that the Agro-Food sector has a lot of potential for the future. To Trendy Foods, Ltd., this ocean of opportunities is becoming a preoccupation owing to the need of selecting the best opportunities and considering the most suitable one for the company's business strategy. To do so Trendy Foods. Along with a mentor, decided to use the tool "Context Map" to study and analyze the new paths for its industry.

Keeping a business model up to date and profitable in the Agro-Food industry is a great challenge in a rapidly changing world. The market orientation of the poultry meat sector allows the industry to correlate rapid responses to consumer demands and to adapt in case of a crisis.

The amount of data available with a huge number of variables, the increasing number of legal and governmental organizations, policies and legislation across several regions are becoming an issue to Trendy Foods. Even though Trendy Foods is a very innovative industry focused in future trends, today it is facing an inability to transform this data and information into important knowledge and ideas that would develop its business with high profitable products.

C2. Leader: personality, attitude, communication, etc.

Mr. Coincidence Southbourne is the son of Mr. Joseph Southbourne, the founder of Trendy Foods, Ltd. Mr. Coincidence is the current Chairman of the company and recently named one of his four sons Jason, 33 years old, the new CEO.



To thrive a company that is now in the third generation, some decisions had to be taken and the decision of calling the grandson Jason aimed to be a new starting point for business innovation and management.

Both father and son have well-matched perspectives in some areas, but in some fields like the future vision and innovative strategy they seem to never understand each other. The customs and traditions of Mr. Coincidence and the innovative and fast execution spirit of Jason brought many doubts and some shock into the business paths for the future. Still, both decided to make a market study with internal teams and employees from the company that could have an important contribution to the understanding of Agro-Food sector ecosystem and trends, therefore allowing father and son to take together the decisions about their company's future.

C2.1 How to get acquainted with the leader and how to „manage“ him (communication, treatment, etc.) properly, in an effective way

Although the mentor will work with Jason, it is important he takes care that Jason's decisions should consider its internal impact in the company, due to family matters in its management. Family relations are a very delicate issue in many companies and in the Trendy Foods it is a very important one because he could compromise the good understanding now existing among the family and influence negatively the best decisions to be taken.

In spite of the fact that Jason is a forward and innovative manager, thus bringing fast responsiveness to Trendy Foods's business, the mentor should also consider that his youth and desire to thrive and prove his point of view (to his father and the family), should not compromise the business needs and requirements.

### C3. Content of explanation of the case:

Trendy Foods' main product is poultry meat representing almost 65% of the business profit. The global business ratios are good, but three years ago were almost excellent comparing to other regions in the world meat market and with other competitors to poultry meat (bovine, pig and ovine meat).



	2014	2015e	2016f	% change (2016/2015)
Production	315.4	319.6	320.7	0.3
Bovine meat	68.0	67.9	68.4	0.8
Poultry meat	111.0	114.9	116.2	1.1
Pig meat	116.9	117.2	116.4	-0.7
Ovine meat	13.9	14.0	14.1	0.7
Trade	30.6	29.8	30.6	2.8
Bovine meat	9.6	9.1	9.3	1.3
Poultry meat	12.8	12.3	12.7	3.5
Pig meat	7.0	7.2	7.5	4.4
Ovine meat	1.0	1.0	0.9	-3.2
<i>e estimate, f forecast</i>				
<i>Source: FAO</i>				

Figure 4 – World meat market (million tonnes)

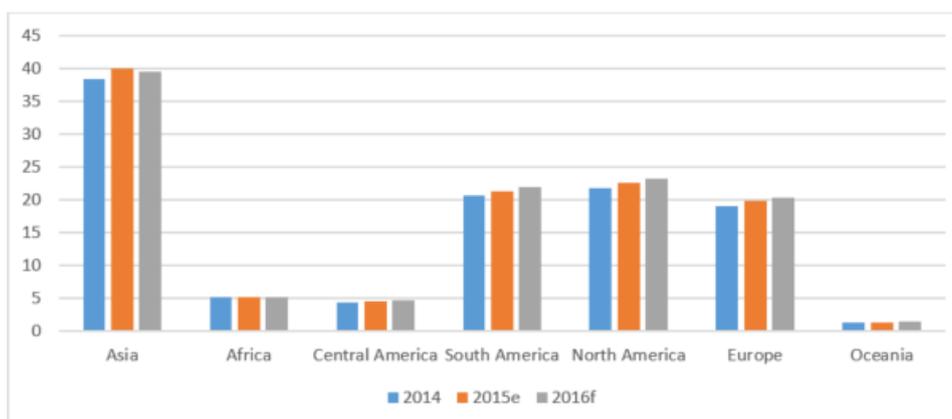


Figure 5 – Poultry meat production (million tonnes)

The company sold almost 1,3 million tons (2016) of poultry meat but is planning to make investments in other kinds of meat (bovine, for instance) and in alternative Agro-Food products to balance environmental, industrial and sustainability challenges.

Some of the ideas for new products consider insects (animal food) and lentils (legume/vegetable food) as news products, which have high-proteins and will aggressively compete with meat products in the next 10 years.

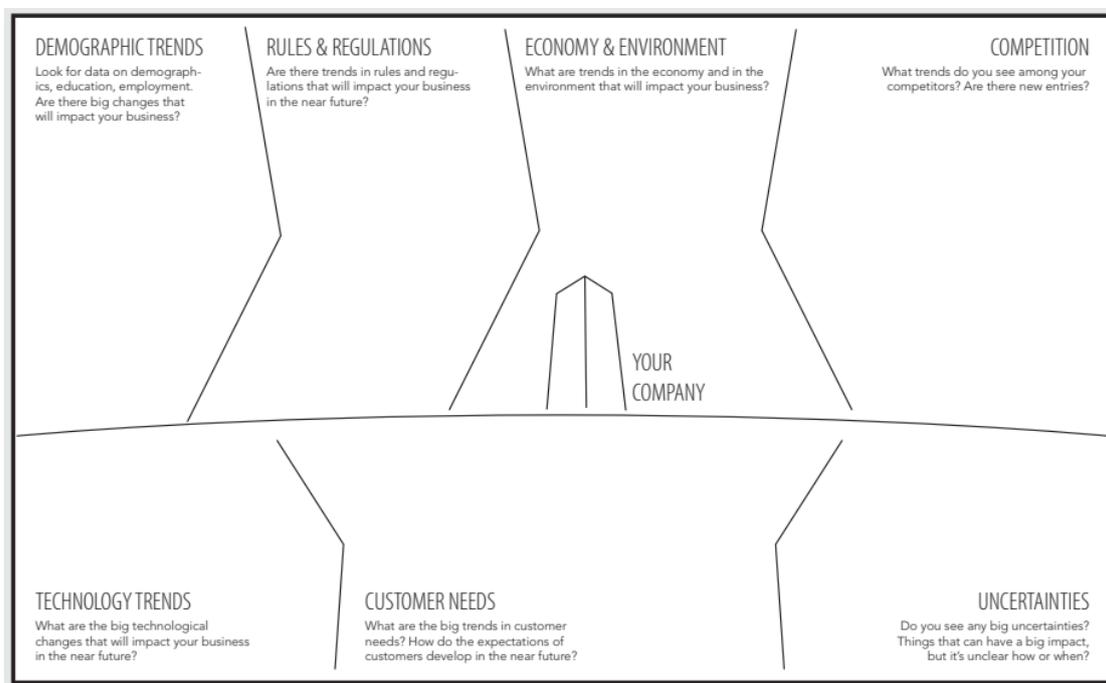
Trendy Foods needs to (wisely) understand the ecosystem and to do so decided to use the tool Context Map which should help the decision makers to choose the best path for its future.



C3.1 How to apply the chosen method: Presenting how the given method can be applied to that company, to that given situation

The Context Map is a tool designed to show the external factors, trends, and forces at work surrounding an organization. Due to having a systemic view of the external environment we are operating in, we are better equipped to respond proactively to that landscape.

During the Context Map usage in Trendy Foods, a holistic view of the external business landscape was structured (Agro-Food sector and its trends) and that allowed the group to see where to focus their efforts and get a higher strategic performance.



During the designing process within the Context Map the following steps and conclusions have been reached:

- A. Demographic Trends:
  - a. Population is increasing; resources and raw materials for human food production is becoming limited; people with 35 to 55 years old have a higher purchasing power than other ages.
- B. Rules and Regulations:
  - a. Legislation and industry regulation are very strict; new food products are stringently monitored; rules and regulations are still being established in alternative products that Trendy Foods are studying (lentils and insects, for instance).



C. Economy and Environment:

- a. There is a market opportunity for products that are bio and eco (more expensive products) and economic ones (low quality products with a lower cost/price, for instance); customers are starting to seek for environmental products even if its prices are high.

D. Competition:

- a. The food industry is very aggressive; new products are being launched every month; products launching period are different according to types of products (there are products that need more time of research and development and/or testing).

E. Technology Trends:

- a. GMOs (genetically modified organism - ability to increase the nutrition by modifying the raw materials or food itself); Precision Agriculture (satellite farming, is a form of farming that includes using GPS tracking systems as well as satellite imagery to keep an eye on weather patterns); Data Analysis (analysing data that allow to determine which foods actually promote human nutrition); Waste Not, Want Not (few companies have started to take food waste and turn it into cosmetics); 3D Printed Food (edible insect food exiting an electronic printer; for instance, making candies using pure sugar and a 3D printer).

F. Customer Needs:

- a. Economic food: depends on the chosen market;
- b. Bio (personal philosophy; lifestyle) and Eco (sustainable) products: pay more for those products;
- c. Simple and fast products preparation (at home, for instance) for consumption ("ready to eat").

G. Uncertainties:

- a. Food legislation and rules in some kinds of products;
- b. Future trends are not consensual even though there are some data and knowledge that can guarantee success for some products (for instance, high proteins, "ready to eat" buzz; bio and eco sustainability).

### C3.2 Conclusions reached, and actions taken

After the Context Map sessions took place the steering committee has decided to follow the below action plan:

1. Strengthen actual partnerships with biotechnology universities to gather a more secure knowledge and guarantee a more sheltered product development;



**ERASMUS+ KA2 Strategic Partnership  
2017-1-HU01-KA202-035953  
Business MENTOR training and CERTification**

---

2. Establish new partnerships with other meat industries (bovine, pig or ovine) to evaluate new markets;
3. Establish partnerships with new high-tech start-ups to enhance worldwide competitive products.



## 5.2. Short case

Company: FreshMeat, Ltd

Title: Antibiotic-free, grass fed, happy cows

### C1. Company and case

#### C1.1 The Company

FreshMeat, Ltd is a company dedicated to the breeding and slaughter of cattle of a specific Portuguese breed (*Minhota*) in the northeast coastal region of Portugal.

Due to increasingly production costs, FreshMeat is facing big challenges in keeping the production of this meat. It already started to raise other breeds, more productive and financially interesting.

#### C1.2 The Case

Although the quality of the meat of this breed is particularly looked for and considered of high quality, its breeding has a too high cost to compensate going on producing it.

FreshMeat, having a lot of know-how in this particular breeding, it is clearly faced with economic difficulties in keeping its production.

At the same time, it is well-known that the main factors that nowadays drive meat consumption are: health, ease of use and pleasure. International trends seem to indicate that in the future consumers will be more demanding as regards the origin of products, in particular products of animal origin, being more selective in their choice. This selectivity could include the acquisition of meat from organic production, from extensive production (open-field production) as well as the greater demand for traditional / handmade products due to greater consumer awareness of the quality factor, thus opening the way for several value-added products. In Europe, market growth and the emerging middle class will create demand at the product variety level, including changes in the size and *premium* supply where this meat can be included.

### C2. Leader: personality, attitude, communication, etc.

Mr. Alfonso, a 56 years-old Portuguese breeder of *Minhota*, son of Galician immigrants parents long established in the north of Portugal that have come to live in the country during the II World War, is now highly demotivated as he is facing big difficulties thinking even of shutting down the business.



Belonging to a second generation of a hard-labour family their 2 sons are already studying in the University of neighbouring Galicia and it is not foreseeable that any of them will carry on the business.

Before taking the hard decision of shutting down the business, Mr. Alfonso decided to ask a mentor to help him understand the fresh meat ecosystem and how he could build on the tendency he is aware of such as of antibiotic-free, grass fed, happy cows that his production already meets.

He is clearly aware that without having a clear wider vision any decision he might take will be an emotional one and not a rational one.

C3. Ask the participants (Mentors) to:

- a) (raise one problem for face-to-face in the material without any solution)
  - What are the perspectives / scenarios of the business development that Mr. Alfonso foresees?
  - Is Mr. Alfonso aware of the sector's ecosystem in which his business is operating?
- b) (ask them to raise other problems for the face-to-face)
  - What are the constraints that you imagine will come up facing Mr. Alfonso discontentment?
  - What are the major constraints the sector is facing?
- c) (ask them to think over which methods can be applied)
  - What methods could be used in order to characterise the fresh meat production sector?
- d) (ask them how they would treat with that leader style)
  - How would you help Mr. Alfonso, address his problem, enhancing a teamwork leadership and eventually engaging other producers to looking for solutions?
  - How to engage other producers into a coopetition?
  - How would you involve Mr. Alfonso in the development of the selected method?
  - Who would you recommend to Mr. Alfonso to participate in the implementation of the chosen method?



## 6. Value Creation models

### 6.1. Long case

Company: After Sweet Kompany, Ltd. (ASK, Ltd.)

Title: The future of Convent-made sweets

Method Used: Balanced Scorecard

#### D1. Company and case

##### D1.1 Introduction

The "After Sweet Kompany, Ltd" (commercial brand "ASK") produces conventual sweets that were perfected over the centuries in monasteries of nuns. The intensely rich and sweet traditional desserts are based on egg yolks and sugar and its recipes were highlighted by delicate artisanal procedures over the years.

ASK is a company that was created out of the rich and valuable knowledge based in a monastery of nuns, as a way of ensuring its sustainability. Besides the rich and sweet traditional desserts with secrets kept during centuries, new generations are also looking for innovation and new experiences.

With this philosophy in mind, the Company name is written with a "K" and not a "C", as "C" comes first in the dictionary, but "K" is clearly more recent, satisfies the same goal and points to the forefront of innovation. To face new and global market challenges, the company adopted a new attitude by becoming closer to its customers and creating new consumer experiences. Today's slogan is "ASK for your SWEETNESS".

In ASK there are some conventual sweets products that have been developed and perfected during decades, like conventual sweets, cookies and biscuits. For instance, some of the most appealing conventual sweets are based on eggs and suitably named "pumpkinEgg dreams" and "visit flvEgg heaven". The products of ASK are sold in the region but also in other regions or countries whenever possible, according to food safety legislation and transportation processes.

##### D1.2 The Case and the Problem

Should ASK company keep following the same business, by selling the same range of products and following the conventional and traditions? Or, should ASK change the products to fit into the most commercial attractive ones? Is ASK's marketing and sales strategy adjusted to new consumer' trends or should it be developed according to the most important market changes (for instance, customers are not local anymore, but tourists from all around the world that visit the region; sales are now made differently and with digital channels)?



ASK needs to decide about the products that should be strengthened to seize the global market opportunities but also to readjust the internal processes that will develop the business.

To do so, ASK's CEO decided to hire a Mentor to help him managing the situation globally, including the sisters' relation to obtain a global acceptance of a shared perspective for the future.

D2. Leader: personality, attitude, communication, etc.

Oliver Martin (CEO) is a person with a natural talent for management and leadership. He is also a person with a great vision in the innovation field. Those were the top reasons why he was chosen to lead ASK company in a fast-changing market that is happening today. Upon becoming ASK's CEO he became also a shareholder of 20 % of the company's shares.

He has got a strong character aligned with values of the business and products. Since he is an atheist, but also a wise person, he uses very carefully his beliefs when managing the company, opinions and decisions. For example, the decision of implementing the *Balanced Scorecard framework* is a very sensible matter because, if not well managed, might be seen as a threat to the artisanal and ancient values, followed in the monasteries over centuries by the nuns. Sometimes, Sister Patricia and Sister Emilia disagree about his actions and say that he is following a path that will compromise the ancient values and recipes (for instance, optimizing the sweets recipes or implementing new human resources techniques). Oliver is making a strong effort to pull-in these Sisters into the new ASK's journey and it demands a lot of energy from him every day.

Oliver and the Mentor decided, then, to use the strategic method *Balanced Scorecard* owing to its capability to strategize and manage the business at all levels: i) internal and external analysis; ii) business perspectives (learning and innovation > processes > customers > financial); iii) strategic plan definition; iv) performance management.

D2.1 How to get acquainted with the leader and how to „manage“ him (communication, treatment, etc.) properly, in an effective way

Although Oliver has a great social ability, therefore giving him good skills to manage teams, the board and other stakeholders, he his faced with financial responsibilities that sometimes make his management decisions harder.

Even though he is a positive person who naturally seeks for challenges, assuming the leadership of a company that has a deep-rooted culture and traditions and, in some way, a religious legacy, increases his anxiety.

It is also important to say that Oliver is a family person, father of 9 children and married to a wife that has never worked. As a couple they have decided that his wife would stay



at home taking care of their children and Oliver would work to get financial resources. Sometimes he fears unsuccessful decisions because they might compromise not only ASK's business as well as his financial provisions for the family.

The Mentor started to understand the real motivations and potential of Oliver but also consider his fears that might not be as important as he thinks. For instance, some Sisters from the "Artisanal Production" department are talking about Oliver's faithless and although with no influence, it might make him start doubting about himself. The Mentor focussed on Oliver's main abilities and on how he could develop an effective business strategy, excluding all affairs that are considered personal or unfounded.

### D3. Content of explanation of the case:

In spite of the fact that ASK has been very successful selling its conventual and traditional sweets (top selling product that represent 75% of the revenues), cookies and biscuits, the new CEO of the company, Oliver Martin, has been gathering a team to develop the business by seizing new global changes and opportunities. To accomplish this mission Oliver should analyse a set of internal and external variables so that a good strategy plan can be put into action.

To support better innovation and management decisions about consumption patterns (local consumers and of tourists), ASK has contracted studies that revealed the following facts and figures:

- In the last five years in Europe, the most frequent label for traditional pastries and cookies has been "no additives / preservatives" appearing in 21% of new product launches. "Ecological and organic package" also appears in prominent positions and despite appearing in just 7% of the products in the last three years we have seen 62% growth between 2015 and 2016. On the other hand, "low / no / reduced trans-fat" seems to be losing popularity.
- While "no additives / preservatives" is present in traditional product launches and biscuits in most countries, the "organic" label appears to be the most popular in France and the Netherlands. Spain and the Czech Republic give more attention to "without allergens" and "seasonal" appears more in Italy and Germany. The UK, as in other product categories, prefer the label "vegetarian" and finally, most of Russia's labels on new product launches are based on "no genetically modified organisms".
- Over the last 3 years in Europe, most traditional cake and cookie launches have been "without a specific flavour". Chocolate, butter and almond were the most popular flavors for new product launches in this category. However, cocoa is appearing in 9th place, it is the flavour in the top 10 that gained more popularity with a 41% change from 2015 to 2016.



- Baking and pastry products contributes to our daily diet and should be varied, balanced, and combined with physical activity. Quality sweet products and cakes complete our menu and give pleasure and well-being.

The after-analysis decisions expected with the Balanced Scorecard are about the products to keep, abandon and start producing. Simultaneously, some decisions about the target-marketing should also be considered because the productions of old/new products could need a new or adjusted approach (according to with new customers' profiles or preferences, for instance).

Creating an effective and dynamic team through a good leadership is also a huge challenge for Oliver and so the Mentor took this valuable issue into consideration. Nowadays, AKS has got a team made of "Artisanal Production" (15 nuns that produce and supervise production; 25 production technicians; 2 production engineers); "Research and Innovation" (3 engineers that focus on study, research and test and new products); "Sales and Marketing" (2 marketing developers and 2 communications deputies); "Finance and Reporting" (2 economists); "Sweet Heaven Shop" (22 salesladies distributed in the regions where ASK has got its shops: 4 in the north (Capital); 2 in the centre; 2 in the south. The ASK's Board comprises 5 members such as: Oliver Martin (CEO), Richard Flintstone (Financial Officer), Patricia Maverick (Innovation Officer), Rebecca Yanicht (Communication and Institutional Officer), Sister Patricia (Technical Officer) and Sister Emilia (Inspirational and HR Officer).

D3.1 How to apply the chosen method: Presenting how the given method can be applied to that company, to that given situation

The Balanced Scorecard method (BSC) is the guide during the strategy formulation for ASK company which the Mentor used. It helps working the case in different perspectives and including a balance of measures in the four domains or perspectives but will also help planning the business strategic actions.

During the BSC framework usage there were some steering committees' meetings that have been made to align business activities to a vision and strategy of an organisation, improve internal and external communications and monitor organisational performance against strategic goals. This last action will only happen in the future since the BSC implementation is in the planning phase

After the meeting and working sessions, the analysis looked like this:

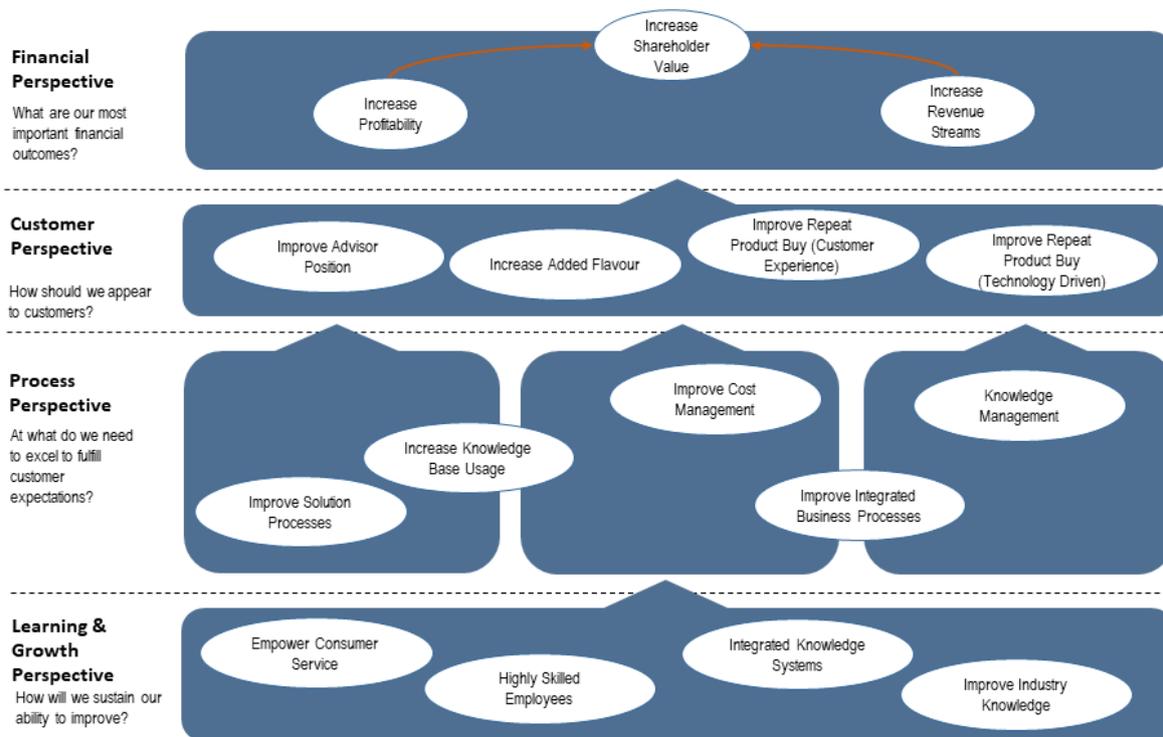
- 1) ASK's Strategy:
  - a. Becoming closer to its customers
  - b. Creating new consumer experiences



- c. Improve actual products (top sales) and develop new ones (desired and most profitable)
  - d. To be remembered over the time ("ASK for your SWEETNESS")
- 2) Perspectives:
- ↑ Financial
  - ↑ Customers
  - ↑ Internal Processes
  - ↑ Learning and Growth
- 3) Strategic Goals:
- ↑ Financial:
    - i. Increase Shareholder Value
    - ii. Increase Revenue Streams
    - iii. Increase Profitability
  - ↑ Customers:
    - i. Improve Advisor Position (Customer Intimacy)
    - ii. Increase Added Flavour (Customer Experience)
    - iii. Improve Repeat Product Buy (Customer Experience – ex: Shops)
    - iv. Improve Repeat Product Buy (Technology Driven – ex: Website)
  - ↑ Internal Processes:
    - i. Increase Knowledge Base Usage (Methods and New Technologies)
    - ii. Improve Cost Management (Better Resources Management)
    - iii. Improve Solution Processes (New Products)
    - iv. Improve Integrated Business Processes (ex: Online Order Inputs to Internal Production Order)
    - v. Knowledge Management (Processes and Recipes)
  - ↑ Learning and Growth:
    - i. Empower Consumer Service (ex: Shops and Website)
    - ii. Integrated Knowledge Systems (ex: New Products' Training and Procedures)
    - iii. Improve Industry Knowledge
    - iv. Highly Skilled Employees (ex: Employee Of The Month)
    - v. Enhance Career Planning
- 4) Strategy Map (visual representation of "Perspectives" and "Strategic Goals")



**ERASMUS+ KA2 Strategic Partnership  
2017-1-HU01-KA202-035953  
Business MENTOR training and CERTification**



**D4. Conclusions reached and actions taken**

After designing and discussing the Balanced Scorecard the Mentor gathered Oliver's commitment for its implementation.

The BSC's first stage action plan:

Perspective	Action Plan (Initiatives)
Financial	<ul style="list-style-type: none"> <li>○ Online payment automatization;</li> <li>○ Costs control;</li> <li>○ Renegotiate financial conditions with banks (equipment and vehicles).</li> </ul>
Customer	<ul style="list-style-type: none"> <li>○ Define new online sales strategy, specially focused no top sales products ("conventional and traditional sweets");</li> <li>○ Monitor expectations and loyalty's levels of current customers;</li> <li>○ Eliminate unprofitable customer portfolio;</li> <li>○ Launch innovative marketing campaigns "ASK for your SWEETNESS".</li> </ul>



**ERASMUS+ KA2 Strategic Partnership  
2017-1-HU01-KA202-035953  
Business MENTOR training and CERTification**

---

Processes	<ul style="list-style-type: none"><li>○ Implementation of management by objectives procedures;</li><li>○ Processes' resources analysis to gain productivity;</li><li>○ Automation of production processes;</li><li>○ Improve budgeting capacity;</li><li>○ New products testing and development with universities (Research, Development and Innovation).</li></ul>
Learning and Growth	<ul style="list-style-type: none"><li>○ Innovation and creativity training;</li><li>○ Individual performance management;</li><li>○ Enhance career planning.</li></ul>



## 6.2. Short case

Company: JamCoop, CRL

Title: Jam's Future

### D1. Company and case

#### D1.1 The Company

JamCoop, CRL is newly functioning family cooperative, based on superior horticultural production and organic. In 2015 it expanded its offer, focusing on the production of Jams from its own production as an extra source of usage of its products not suitable to be sold fresh.

JamCoop, CRL has its production base associated with the region of Murcia, south of Spain, that claims specific natural conditions and a diversity of horticultural production, potentiators of the production of high-quality Jams and its derivatives. The farms of the cooperative are in the north-west of the region, whose diversity of the environment and the climatic conditions (many hours of sunshine) guarantee an optimum maturation of horticultural products, taking advantage of irrigation from the Segura river, which is so important in this area of Spain.

Agriculture in the region of Murcia represents a strategic sector in the regional economy. Its importance is reflected in the value of agricultural production of 1.440 million euros (fruit and vegetables), employing 10% of the active workers of the region (data 2007). Of the total surface area of the region 50% (566,623 ha) is marked by agriculture, of which 67% are harvested with rainfed crops and the remaining 33% with irrigated crops.

Traditionally and by necessity, the Murcia farmer has been innovating and technically developing his production systems. This has made Murcia a very competitive region, capable of competing in very demanding markets such as the US, Japan, Germany and Scandinavia, among others.

Currently, the concept of quality (in this case fruit and vegetable) should include, organoleptic qualities, product safety, health of workers involved in their production and respect for the environment in their production processes. These principles have become an important R&D&I point for all the companies in the region related to Agro-Food technologies, a differentiating factor in the region. Murcia has a great tradition in organic, agriculture, being pioneer in Spain, with the production of fruits, vegetables and rice. In the decade of the seventies it began implementing such practices in several areas.



The agricultural area under the organic farming control system in the Murcia region has grown steadily since 1996, where the initial 284 hectares cultivated stands now at 20,674. The cooperative maintains a relatively narrowly intentionally focused supply of products including Jams and Preserves from its fruit and vegetable products.

## D1.2 The Case

George and James are two fruit producer farmers of the region of Murcia that decided to get together to create a cooperative. Being friends and getting along with each other, they have been confronted with an old problem of the tight periods of validity of the fruit they produce resulting in huge annual losses.

As a way of overcoming this problem, aware they are of this difficulty that affects them and other producers, they came with the idea of creating a cooperative specialized in producing jams, jellies, marmalades and purees, making usage of their spare production. They know that, for this new entrepreneurial project to succeed and not affect their current business, some analysis of the future of the sector of jams, jellies, marmalades and purees had to be done, based in information and studies they have collected:

- International trade;
- Export and import countries and respective quantities;
- Major sales of each of the jams, jellies, marmalades and purees products;
- New product launches;
- Major consumption tendencies of the sector, namely linked with human health and environment:
  - Sugar amounts;
  - Biological products
  - GMO – Genetically Modified Organisms
  - Allegations shown on the product.
- Marketing trends, namely place of origin, history and story of the product;
- Which are the main competitors that could affect them;
- Image of the product;
- Safety and security questions;
- Quality warranty;
- Health questions both of products and workers;
- Water consumption
- Amongst others.

Being experts in producing of biological horticultural products but not having any knowledge in selling these new products, they realised their limitation.



They have several other farmer friends producing fruits and vegetables that could also benefit from this initiative lowering lateral costs and increasing the approach to the market.

It was agreed that George would lead the growth of this cooperative. In order to help them, they agreed to call for the support of a Mentor.

D2. Leader: personality, attitude, communication, etc.

George is a 50 years old farmer with long experience in fruit and vegetables production and sale to big surface chains which have ensured him a stability of his business.

He is an assured personality that has worked his way up along the years and sometimes not so flexible, although he is aware of his limitations.

Due to his strong character he can show sometimes difficulties in communication.

D3. Ask the participants (Mentors) to:

- e) (raise one problem for face-to-face in the material without any solution)
  - What are the perspectives / scenarios of the business development that George should take care of as to grow the project?
- f) (ask them to raise other problems for the face-to-face)
  - What are the constraints that you imagine will come up within George's business development strategy?
  - Is a cooperative culturally speaking, a good choice for the development of George and James's business?
- g) (ask them to think over which methods can be applied)
  - What method, with the George's collaboration, would best suit the identification of the future of the sector, so that the business would succeed?
- h) (ask them how they would treat with that leader style)
  - How would you help the founder, while not losing his entrepreneurial impetus, to develop a teamwork leadership, engaging other producers to the project?
  - How would you involve George to develop the selected method?
  - Who would you recommend to the founder to participate in the implementation of the chosen method?
  - What areas of expertise would be recommended to participate in this project?



## 7. Additional materials

### Further readings

Amorós, J. E., & Bosma, N. (2014). Global Entrepreneurship Monitor 2013 Global Report Fifteen Years of Assessing Entrepreneurship Across The Globe: Global Entrepreneurship Monitor

Baggio, A. F., & Baggio, D. K. (2015). Empreendedorismo: Conceitos e definições. 2015, 1(1), 14. doi:10.18256/2359-3539/reit-imed.v1n1p25-38

Mitchelmore, S., & Rowley, J. (2010). Entrepreneurial competencies: a literature review and development agenda. *International Journal of Entrepreneurial Behavior & Research*, 16(2), 92-111. doi:10.1108/13552551011026995

Robles, L., & Zárraga-Rodríguez, M. (2015). Key Competencies for Entrepreneurship. *Procedia Economics and Finance*, 23, 828-832. doi:https://doi.org/10.1016/S2212-5671(15)00389-5

Samuelsson, M., & Davidsson, P. (2009). Does venture opportunity variation matter? Investigating systematic process differences between innovative and imitative new ventures. *Small Business Economics*, 33(2), 229-255. doi:10.1007/s11187-007-9093-7

Tripopsakul, S. (2017). Factors Influencing Opportunity Driven Nascent Entrepreneurs in Europe and Asia. *European Research Studies Journal*, 0(3A), 774-782.

Alexander Osterwalder (2004). *The Business Model Ontology - A Proposition In A Design Science Approach*. PhD thesis University of Lausanne.

De Reuver, Mark, Harry Bouwman, and Timber Haaker. "Business model roadmapping: A practical approach to come from an existing to a desired business model." *International Journal of Innovation Management* 17.01 (2013)."

Business Model Generation, A. Osterwalder, Yves Pigneur, Alan Smith, and 470 practitioners from 45 countries, self published, 2010

Business Model Generation: A Handbook for Visionaries, Game Changers, and Challengers Paperback – July 13, 2010

<https://www.amazon.com/exec/obidos/ASIN/0470876417/nonlinethin-20>

Vagesh, M., Sunena, T., & Udhaya, k. D. (2017). Nascent Entrepreneur-Challenges and Issues. *Journal of Business and Management*, 19(10), 01-04. doi:10.9790/487X-1910020104



## Websites

<http://theconversation.com/how-innovation-can-help-companies-in-a-turbulent-global-economy-54965>

<https://ecorner.stanford.edu/video/tools-for-business-model-generation-entire-talk/>

<http://support.strategyzer.com/knowledgebase/articles/506842-business-model-canvas-and-value-proposition-canvas>

<https://grasshopperherder.com/business-model-canvas-for-user-experience/>

[http://www.hec.unil.ch/aosterwa/PhD/Osterwalder\\_PhD\\_BM\\_Ontology.pdf](http://www.hec.unil.ch/aosterwa/PhD/Osterwalder_PhD_BM_Ontology.pdf)

<https://www.change-management-coach.com/support-files/force-field-analysis-app.pdf>

<https://www.mindtools.com/pages/article/business-model-canvas.htm?download=1>

<https://www.mbaknol.com/strategic-management/business-model-canvas/>

## Videos

<https://www.youtube.com/watch?v=QoAOzMTLP5s>

<https://www.youtube.com/watch?v=2FumwkBMhLo>

<https://www.youtube.com/watch?v=-uifGqu3iRE>

<https://www.youtube.com/watch?v=ynQasjpBTck>



This project has been funded with support from the European Commission.

*The European Commission support for the production of this publication does not constitute endorsement of the contents which reflects the views only of the authors, and the Commission cannot be held responsible for any use which may be made of the information contained therein.*



Erasmus+



Erasmus+

This project has been funded with support from the European Commission.  
The European Commission support for the production of this publication does not constitute endorsement of the contents which reflects the views only of the authors, and the Commission cannot be held responsible for any use which may be made of the information contained therein.