

Chapter 3

Understand Start up- Company Vision, Mission and Industry Analysis (Environmental analysis)

Definition of vision and mission:

- ▶ A vision statement focuses on tomorrow and what an organization wants to ultimately become.
- ▶ A mission statement focuses on today and what an organization does to achieve it.
- ▶ Both are vital in directing goals.

Examples of Vision & Mission



VISION

to be one of the world's leading producers and providers of entertainment and information.
"to make people happy"

MISSION

"Using our portfolio of brands to differentiate our content, services and consumer products, we seek to develop the most creative, innovative and profitable entertainment experiences and related products in the world."

Company: [Amazon](#)

- ▶ **Vision:** To be Earth's most customer-centric company, where customers can find and discover anything they might want to buy online.
- ▶ **Mission:** We strive to offer our customers the lowest possible prices, the best available selection, and the utmost convenience



Examples of Vision & Mission (cont')

Mission

to be our customers' favorite place and way to eat and drink. Our worldwide operations are aligned around a global strategy called the Plan to Win, which center on an exceptional customer experience - People, Products, Place, Price and Promotion.



vision

"McDonald's mission is to be the world's best quick service restaurant experience. Being the best means providing outstanding quality, service, cleanliness, and value, so that we make every customer in every restaurant smile."

How to Create Company Objectives

- Objectives: More detailed, specific targets of performance that are S.M.A.R.T.

S = Specific

M = Measurable

A = Assignable or Achievable

R = Realistic (yet challenging)

T = Timely

Ex: To increase the profit of XXX company by 20% by end of year 2023

SWOT Analysis for your business

Strengths	Weaknesses
Opportunities	Threats

Strengths

- Positive internal factors a company can draw on to accomplish its mission, goals, and objectives.

Weaknesses

- Negative internal factors that inhibit a company's ability to accomplish its mission, goals, and objectives.

- Positive external factors the company can exploit to accomplish its mission, goals, and objectives.

Opportunities

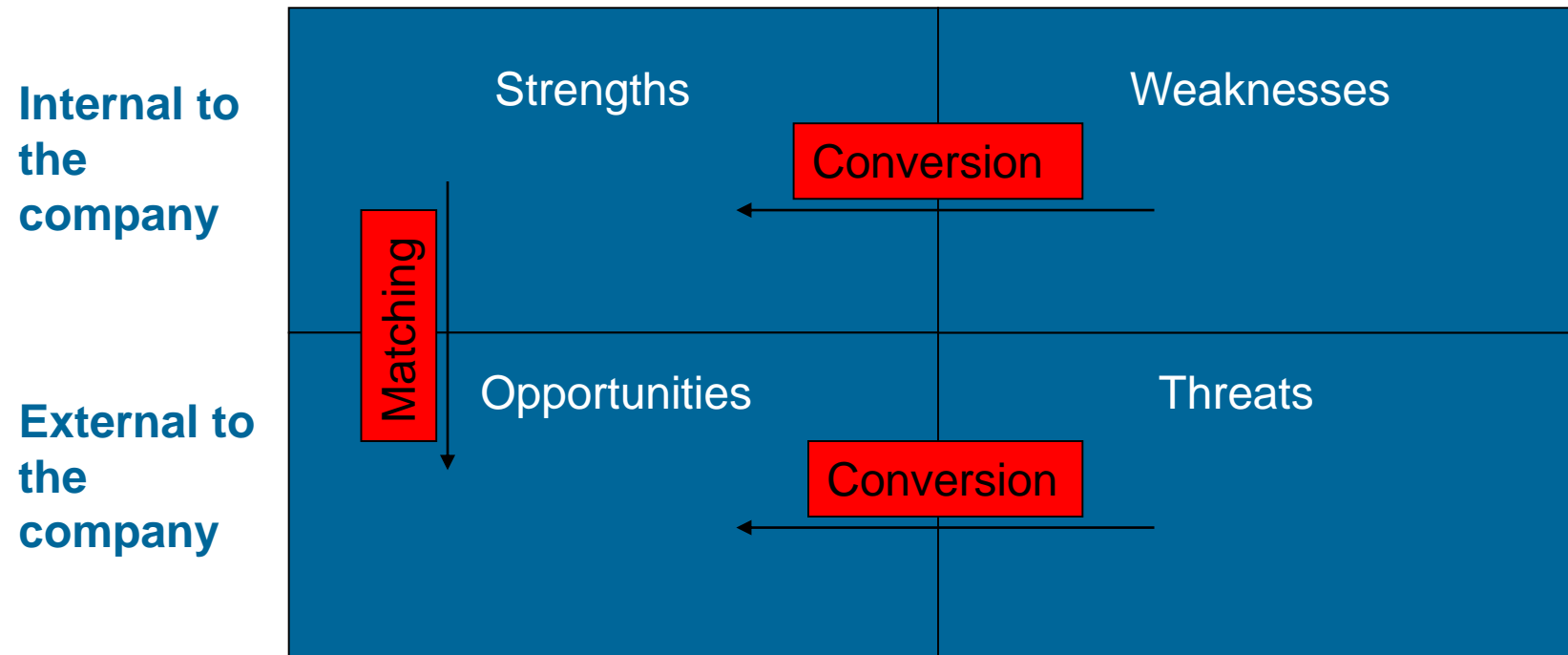
- Negative external factors that inhibit the firm's ability to accomplish its mission, goals, and objectives.

Threats

Where are we now?

- SWOT Analysis

- Method of organising information



SWOT Analysis

Strengths

- Management team
- Unique product
- Brand names
- Reputation among customers
- Distribution networks

Weaknesses

- Weak brand name/image/awareness
- Limited knowledge of market
- Lack of knowledge/skills
- Costs

Opportunities

- Government Incentives
- New technologies
- Legislative changes
- Unfulfilled customer need

Threats

- Changing consumer tastes
- Competitor products
- Prohibitive changes in legislation
- Socio-economic changes

Strengths

- Strong brand image
- Consistency of food
- Successful items: Fries, Happy Meal, Big Mac, Egg McMuffin, Promotions
- Overseas market



Weaknesses

- Weak product development
- Disgruntled franchisees
- Quality and taste of products



- Corporate social responsibility.
- International expansion into emerging markets of China and India.
- Respond to social changes.

Opportunities

- Mature/overstressed industry
- Strength of competition
- Changing demographics
- Fluctuation of foreign exchange rates.

Threats

SWOT Analysis - Strengths

- ▶ Company / brand
- ▶ Value to the market
- ▶ Product / service leadership
- ▶ Brand awareness
- ▶ Image
- ▶ Technological
- ▶ Market share
- ▶ Pricing
- ▶ Financial
- ▶ Customer loyalty / satisfaction

SWOT analysis - Weaknesses

- ▶ Consumption / sales trends
- ▶ Product / service delivery
- ▶ Technological
- ▶ Operational
- ▶ Marketing
 - pricing
 - distribution
 - Promotion
 - image
- ▶ Awareness
- ▶ Reputation
- ▶ Financial
- ▶ obsolescence

SWOT Analysis -Opportunities

- ▶ Brand extensions
- ▶ New products / services
- ▶ New markets
- ▶ Incremental purchase
- ▶ Exploiting competitive weaknesses
- ▶ Excess demand (pricing)
- ▶ New distribution channels
- ▶ Technology
- ▶ New trends

SWOT Analysis - Threats

- ▶ Capacity to deliver
- ▶ Labor availability
- ▶ Cost to produce
- ▶ Superior new competitor
- ▶ Product / service obsolescence
- ▶ Regulatory
- ▶ Competitive pricing
- ▶ Declining demand

Industry Analysis

- ▶ **Industry** → a group of firms producing a **similar product or service**
 - ▶ Example: airline industry, manufacturing industry, banking industry etc.
 - ▶ **Industry Analysis** → business research that focuses on the potential of an industry.
 - ▶ To understand the industry
- 



Section III: Industry Analysis

► Industry Analysis

- Describe the **industry** that the new business will enter in terms of its **size**, **growth rate**, and **sales projections**.
- To determine **if the niche market** it identified during feasibility analysis is **favorable** for a new firm.
- Focus **strictly on the industry** only.
- Understand industry's **promising areas** and points of **vulnerability** (=easily harmed)

Section III: Industry Analysis

- ▶ Items to include in this section:
 - ▶ Industry size
 - ▶ Growth rate and sales projections
 - ▶ Industry structure → concentrated or fragmented
 - ▶ Nature of participants
 - ▶ Key success factors
 - ▶ Industry trends → environmental and business trends
 - ▶ Long-term prospects

Three Key Questions in Industry Analysis

Before pursuing the idea of starting a firm:

1. Is the industry **accessible** → is it a realistic place for a new venture to enter?
2. Does the industry contain markets that are **ripe** (=mature, ready) for innovation or are **underserved**?
3. Are there positions in the industry that **avoid** some of the **negative attributes** of the industry as a whole?
 - Can we avoid the weaknesses?



How Industry and Firm-Level Factors Affect Performance

- ▶ Firm Level Factors
 - ▶ Include a firm's assets, products, culture, teamwork among its employees, reputation, and other resources.
- ▶ Industry Level Factors
 - ▶ Include threat of new entrants, rivalry among existing firms, bargaining power of buyers, and related factors.

Techniques Available to Assess Industry Attractiveness

Assessing Industry Attractiveness

Study Environmental
and Business Trends

The Five Competitive
Forces Model

Industry Analysis

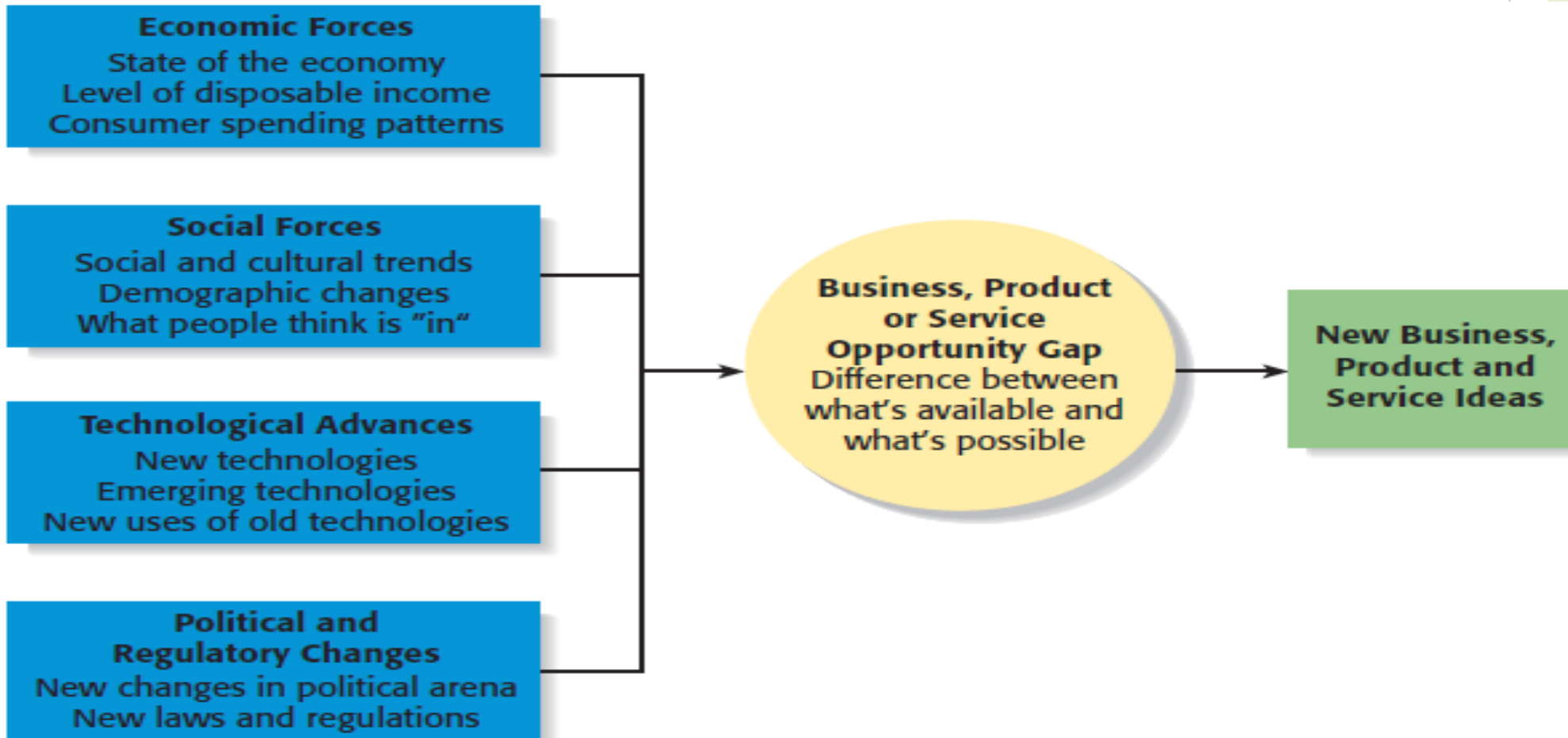
1 of 2

- ▶ Industry analysis/Observing Trends
 - ▶ Trends create opportunities for entrepreneurs to pursue.
 - ▶ The most important analysis:
 - ▶ Political action and regulatory change.
 - ▶ Economic forces.
 - ▶ Social forces.
 - ▶ Technological advances.
 - ▶ It's important to be aware of changes in these areas.

Environmental Analysis

2 of 2

Environmental Trends Suggesting Business or Product Opportunity Gaps



Economic Forces

Economic trends help determine areas that are ripe for new startups and areas that startups should avoid.

Example of Economic Trend Creating a Favorable Opportunity

- A weak economy favors startups that help consumers save money.
- An example is Airbnb an App that started to help travelers save money on accommodation.

Economic Forces

► State of economy

- might affect consumer spend money in consumption of the product
- the economy is weak, consumers more reluctant to spend
- unemployment/employment rate
- inflation
- government taxation/policy
- GDP/GNP
- import or export
 - entrepreneur/businessman/investor
 - Currency
 - Bank interest rate

Economic Forces

- ▶ Level of disposable income
 - more \$,spend more.
 - number of professional women in the workplace
 - senior/retired person
 - Spend more?
 - investment

Economic Forces

- ▶ Consumer spending patterns
 - Affected by state of economy or disposable income
 - Pricing/discount/promotion

Social Forces

Social trends alter how people and businesses behave and set their priorities. These trends provide opportunities for new businesses to accommodate the changes.

Examples of Social Trends

- Retirement of baby boomers.
- The increasing diversity of the workplace.
- Increasing interest in health, fitness, and wellness.
- Emphasis on alternative forms of energy. (no fossil fuel but others)
- Other types of entertainment.

Social Forces

► Social cultural

- fast food x health care? (fast?)
- education level
- gender
- target customer preference
- festival-CNY, Hari Raya, Christmas, Deepavali...
- Increasing mobile population
- cocooning population during MCO

Technological Advances

1 of 2

Advances in technology frequently create business opportunities.

Examples of Entire Industries that Have Been Created as the Results of Technological Advances

- E-commerce
- Internet/social media
- AI
- AR
- Chatbot
- E-wallet

Technological Advances

2 of 2

Once a technology is created, products often emerge to advance it.

Example: H20Audio

An example is H20Audio, a company started by four former San Diego State University students, that makes waterproof housings for the Apple iPod.

Technological Advances

- ▶ Mobile technology
- ▶ Apps technology
- ▶ Improve standard of living

Political Action and Regulatory Changes

1 of 2

Political action and regulatory changes also provide the basis for opportunities.

General Example

Laws to protect the environment have created opportunities for entrepreneurs to start firms that help other firms comply with environmental laws and regulations.

Trend 4: Political Action and Regulatory Changes

2 of 2

Company created to help other companies comply with a specific law.

Specific Example

MCO - Movement Control Order

CMCO - Conditional Movement Control Order

RMCO - Restriction

Movement Control Order

EMCO - Enhanced Movement Control Order

Political Action and Regulatory Changes

- ▶ Government rule and regulation
 - build up business (procedure)
 - product/service-price/healthy of human?
 - tax reduction-training agency
 - tax benefit?
 - subsidies for entrepreneur or the industry
 - business support system to entrepreneur

Question & Answer



