

ISM + Handbook "Entrepreneurship with vision - interactive strategic management" and Facilitator guidelines booklet

ENGLISH VERSION

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Entrepreneurship with Vision

Interactive Strategic Management

Version 31.07.2018



Colophon:

This training approach on Interactive Strategic Management is developed by Wageningen Economic Research.

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<http://www.wur.nl/nl/Expertises-Dienstverlening/Onderzoeksinstituten/Economic-Research/WUR-BIA.htm>

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Introduction

Entrepreneurship requires vision and analysis. About the own enterprise, about the environment and about the best suitable strategy. This is necessary because the environment is ever changing and your own situation is always unique.

This training on Interactive Strategic Management challenges you to analyze yourself, your enterprise and your environment in order to articulate and formulate the vision and strategy for your enterprise. It answers the question: which strategy suits me and my enterprise and how do I realize it?

This document includes the strategic management report and the strategic management tool. It will support you to develop your strategy and formulate the actions you need to undertake.

Good luck!

1 Introduction

Interactive Strategic Management (ISM)

This chapter will give you some background information of ISM , the related process and the results.

Background

When you engage in describing strategic management, you go through different phases to analyze your situation and develop a well reflected strategic choice and plan. The analysis and reflection with others will be of much support!

In the process of strategy development, not only the final choice of strategy is of importance, but also the quality of the process. The following points are of importance:

- a. The entrepreneur is central in the process;
- b. Strategy formulation is an interactive process;
- c. Strategy development is a continuous process of analysis, realization, evaluation and adaptation. It is about the development of an entrepreneurial attitude: looking at the developments inside and outside your enterprise and finding the best strategic fit for the enterprise. This also enables to communicate the strategy to outsiders.

Process

The core of the strategy articulation process is:

1. To analyze who you are, what your competences are (knowledge, skills, strong personal characteristics), to analyze the enterprise and the external factors influencing the firm. The various exercises and tools will provide a clear and realistic understanding of your situation. You will also reflect on your mission, vision and goals: what are you aiming to achieve?
2. You will indicate and formulate the strategy which seems to fit best to your situation and desires. Accordingly, the strategic management tool will present the best fitting strategy based on the previous analysis you have done on the entrepreneur, enterprise and environment.

Results

The interactive strategic management approach:

- Gives more insights in your drives, what you find important and which goals you pursue;
- Gives insight in the present enterprise situation and goals;
- Gives insight in the strong and weak points of your enterprise and performance;
- Gives more insights in changes and challenges from the environment;
- Strengthens your skills in formulating strategic plans;
- Improves your general management capacity;
- Encourages you to think in long term goals and translate these to concrete actions;
- Enables you to participate more easily in discussions with others;
- Enables you to exchange with and learn from others colleagues;
- With its strategic management report can help you to justify your ideas towards others.

Strategic Management Tool

The Strategic Management Tool (SMT) contains the following chapters which you can access and fill in on internet:

1. Enterprise;
2. Environment (external factors);
3. Entrepreneur;
4. Mission, Vision, Goals;
5. Strategies;
6. Critical success factors;
7. Plan of action.

The chapter's enterprise, environment, entrepreneur and strategies consists of two parts. In the first part there are open questions where you can fill in descriptions. The second part consists of closed questions. With the selected answers in this part, the tool calculates scores for the first three chapters. In the fourth chapter you can select goal strategies. In the tool these two parts are called 'description' and 'score'.

Each chapter has the necessary explanation and examples.

In this training, the notion of 'strategy' is central. A strategy determines the way to reach your goals.

An example of strategy is to expand your enterprise in order to guarantee the viability of your farm. In this example 'viability in the long term' is your goal and 'expanding' the enterprise is your strategy.

Which strategy is the most suitable for me and my enterprise?

That answer starts with vision. This training invites you to articulate your vision on yourself, your enterprise and your environment. From this vision, your strategy will evolve.

Discussions with others

At various points you are encouraged to discuss certain subjects with others. This is valuable to verify your ideas with others and to have a reality check of your ideas. This might be exciting, but it will help you to choose the best suitable strategy when you verify with your family, advisor, neighbor, accountant, etc.

Working with Strategic Management Tool

The Strategic Management Tool can be filled in online and you can access the tools on http://www.wecr.wur.nl/lei_webtools. You will get an user account and password from your trainer.

This hand-out is similar to the tools online and can help you in filling in the tools.

■ Additional information for the score can be found in this handout in the yellow boxes.

For definitions, please go to Appendix 1.

Working with the Tool

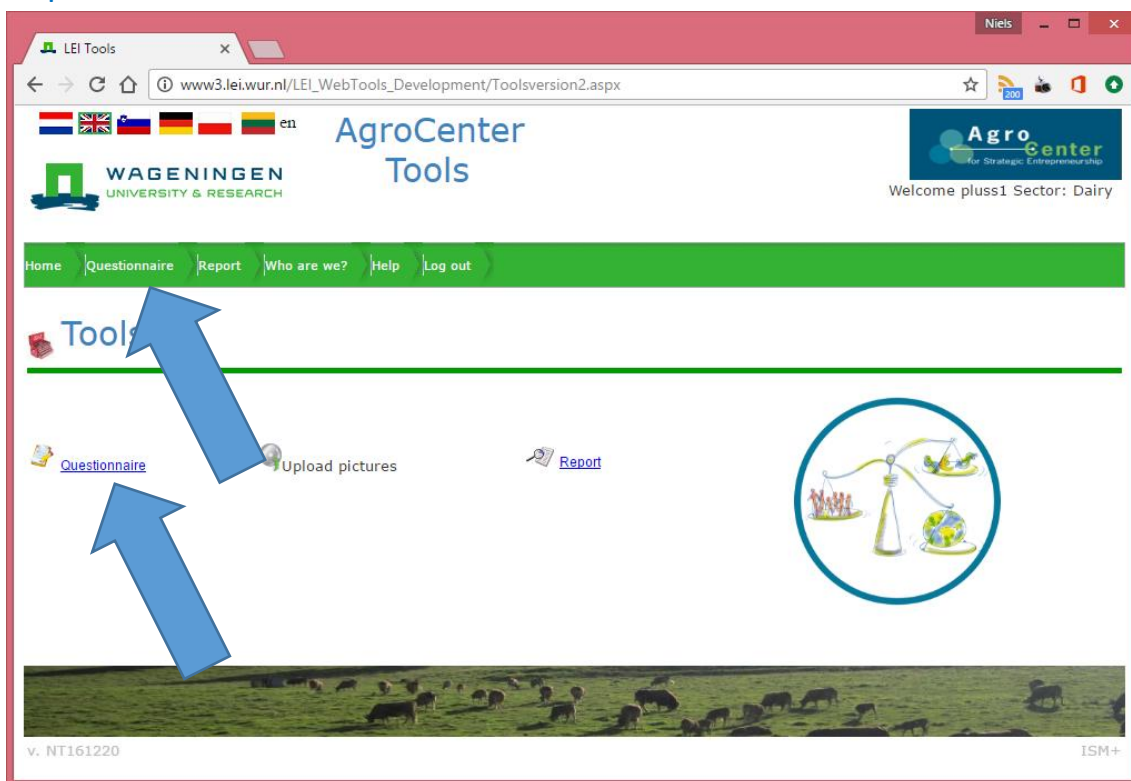
Getting started

The Strategic Management Tool can be filled in online and you can access the tools on http://www.wecr.wur.nl/lei_webtools

Step 1. Please log in.

You will get an user account and password from your trainer.

Step2. Chose Questionnaire



Answering Questions

The first page of the questionnaire is an introduction page. Click next to go to the first question. The first two questions are introduction questions about your sector and about the size of your company.

The Strategic Management Tool consists of 5 chapters (Entrepreneur, Enterprise, Environment, Strategy and Report).

- With the buttons above you can switch between the chapters.
- With the buttons on the left side you can switch between the questions within a specific chapter.

It can happen, that you click on the 'Next' button, however not all the questions have been answered. In this case the tool will remind you to fill in all the questions. Would you like to continue without answering all of the questions, click one more time on the 'Next' button. We suggest, that you answer all of the questions, as it is not possible to get an entire rapport without filling in all of the questions.

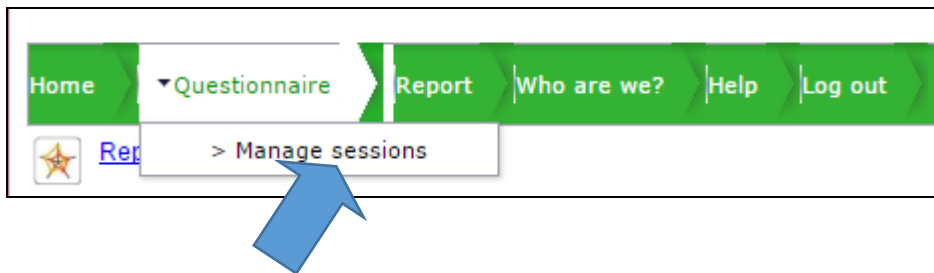
The screenshot shows the 'AgroCenter Tools' interface. At the top, there are flags for various countries and the text 'WAGENINGEN'. Below this is a navigation bar with buttons for different chapters: General, Enterprise, Environment, Entrepreneur, Mission, Vision, Goals, Strategy, Critical succes factors, and Action plan. The 'Enterprise' chapter is currently selected. On the left side, there is a list of questions with radio buttons next to them. Two callout boxes are overlaid on the screenshot: one pointing to the left sidebar with the text 'Buttons for switching between the questions', and another pointing to the top navigation bar with the text 'Buttons for switching between the chapters'. The main content area displays 'Chapter 2B Enterprise' and an 'Introduction' section with a survey description and a table for responses.

Session

Adding a session to your account is giving the possibility to use the tool for more than one person from the company e.g. your business partner/ private partner. The results can be exported in one report.

Create a session

Step 1. Chose the menu: Questionnaire/ Manage session



The account is standard available with one session and the name is your login name. You cannot delete this original session.

Step 2. Adding a session can be done with the button 'Add session'

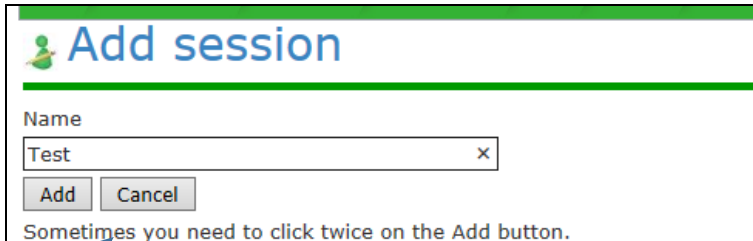
A screenshot of the 'Session administration' page in the AgroCenter Tools interface. The page header includes flags for various countries and the text 'en'. The main header features the Wageningen University & Research logo and the title 'AgroCenter Tools'. Below the navigation bar, the page title is 'Session administration'. A sub-header reads: 'By using sessions it is possible to fill in your SMR/SMT surveys for different situations or ?'. Underneath, the section 'Your sessions' contains a table with the following data:

Name	Change	Delete
PlusS1	<>	XXX

At the bottom left of the page, there is a green button labeled 'Add session'. A large blue arrow points to this button.

Step3. Fill in the unique name of the session and press on 'Add'.

Sometimes you need to click twice on the 'Add' button.



Add session

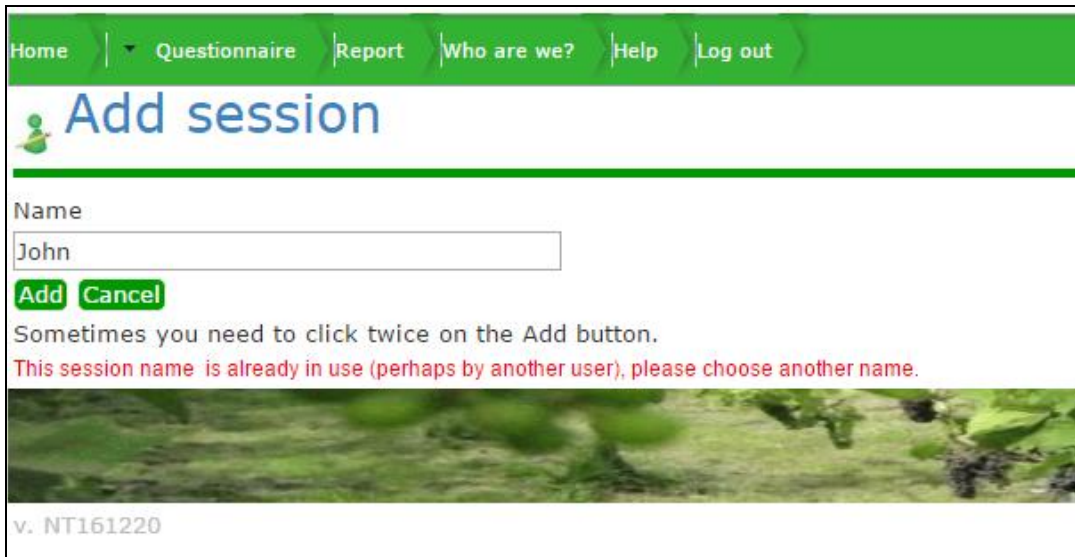
Name

 x

Add Cancel

Sometimes you need to click twice on the Add button.

You might get the error message that the name is already in use by another account. In this case change the name and click on 'Add'



Home | Questionnaire | Report | Who are we? | Help | Log out


Add session

Name

Add Cancel

Sometimes you need to click twice on the Add button.

This session name is already in use (perhaps by another user), please choose another name.



v. NT161220

The new session will appear on the screen.

Home | Questionnaire | Report | Who are we? | Help | Log out

Session administration

By using sessions it is possible to fill in your SMR/SMT surveys for different situations or [?](#)

Your sessions

Name	Change	Delete
John1	<>	XXX
PlusS1	<>	XXX

[Add session](#)

You can edit the name of the session or delete it.

Now that more sessions are available, before starting to use the tool a drop down box will appear with the available sessions names. Choose the session you want to work with and 'Start questionnaire'.

Questionnaire

Choose a session

John1

Question list

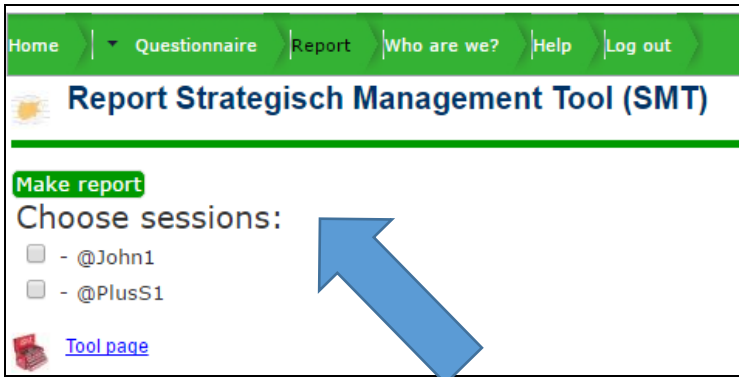
[Start questionnaire](#)

[Tool page](#)



Report of the Entrepreneur

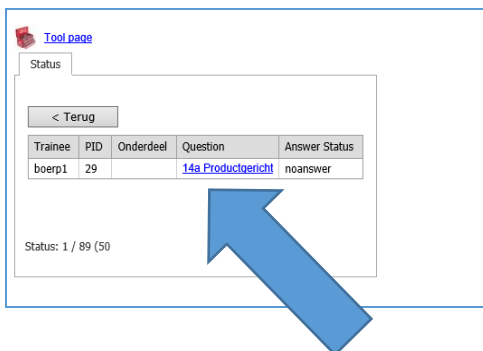
When you have created a session, then you can choose the sessions you want to see in the report. Each of these sessions will be presented in a specific spider web. Click on 'Make report'.



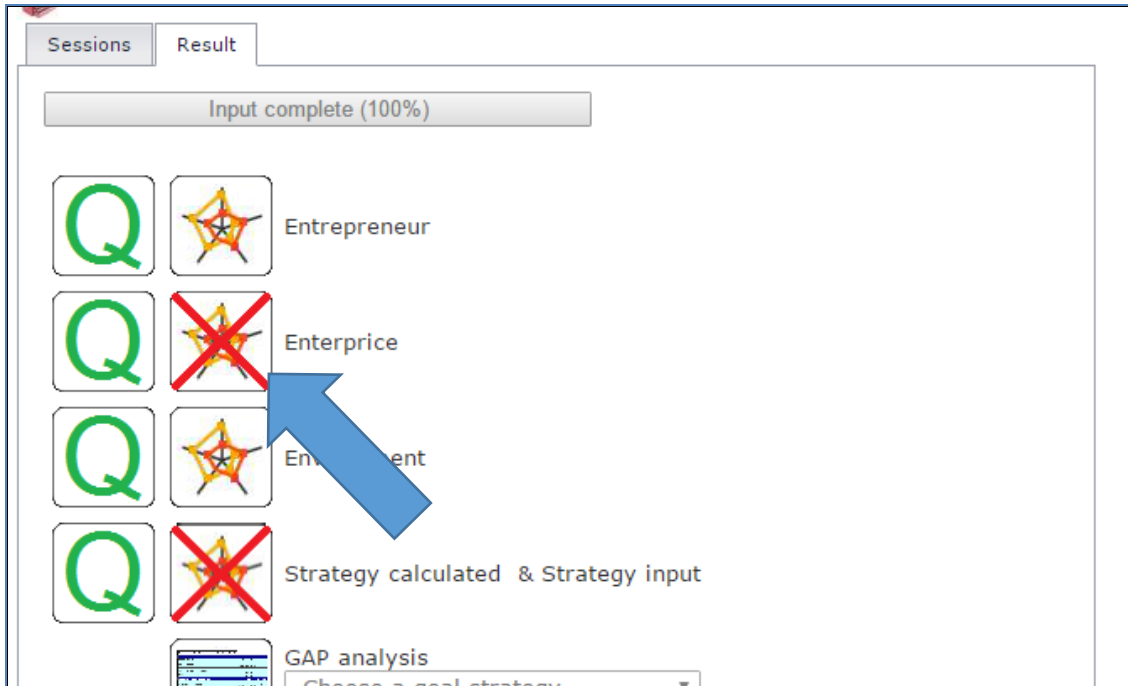
Did you answer all of the questions? If not, click on this button and you can see which questions remain open. In case you answered all the questions this button will not respond.



The open questions will be listed. Click on the blue text to reach the question.



In case you did not fill in all the questions, the related spider web is not available.



2 Enterprise

After the introduction you start working with the Strategic Management Tool (SMT). First you will be guided through a number of open questions about the so-called “enterprise factors” (applied to agriculture we can call these farm factors or farm structure and performance). The open questions help you to reflect on your own position. This reflection can be improved if you can compare your own situation and results with a peer group, e.g. with the help of a benchmarking tool.

Explanation: this is a “dynamic” document. Your insight into yourself as an entrepreneur, for example, will increase during the training. For this reason the need may arise to rework and sharpen certain answers. Please do so, so that the final completed picture is as accurate as possible and the report is a good reflection of the analysis and plans.

After these open questions, you will use the Strategic Management Tool to assess scores for your enterprise. This results in a graph, spider web or profile as shown in Figure 1.1.

How do the enterprise factors influence strategy? Old buildings or many different buildings will influence the possibilities of expanding or saving labor etc. This can also be considered in a positive way because if one has new buildings a farmer will not easily replace them with a better type because they still hold considerable value. The enterprise performance is a crucial factor in strategic choices. If the farm performance is on a high level (in several aspects, including technical and financial ones), then the farmer has more strategic options available. If the performance is at a low level, then fewer strategic options are possible. Such a farmer should possibly focus first on improving his farm’s performance before considering new strategies.

Current Business Situation

1. Describe your business:

- a. Primary activities/products and secondary activities/products:
- b. Size:
- c. Location:
- d. Number of (other) employees and working family members:
- e. Other important characteristics of my business:
- f. The most important development or innovation in your business in the past 5-10 years:

Explanation: These questions concern your current business situation and the important steps that have been taken in order to come so far. This gives yourself (and others) insight into the possibilities you’ve already made use of and gives direction to your perspectives for the future.

2 Which aspects of your business are important to you in order to reach your goals (Give yourself a number here and rate it as ‘high’, ‘average’ or low’ in comparison with the averages in your sector.

Aspect	Low	Average	High

Explanation: These can be structural aspects (number of m², hectares, animals, etc.) or production results (kg milk per cow, kg tomatoes per m², number of piglets per sow, net result per hectare, m², animal, etc). The characteristics must be related to your drive and goals. Do you primarily want a large business, good technological performance or high net result?

3. Which are the strong points of your business, for example, in the area of business characteristics (size, location, organization, etc) or business results (yields, net results, environmental impact, or personnel aspects such as sick-leave and staff replacement)?

4. Which are the weak points of your business (in the areas of business layout or results, for example):

5. Why are these weak points a challenge for you?

Explanation: Sometimes weak points are a fact, because you work in a region with high ground water levels, for example. This automatically limits the number of milk cows per hectare. But in other situations, weak points can indicate that there is much to be improved in your current business methods. Differentiate, therefore, between weak points that are more or less a fact (often related to business characteristics) and points that can be changed (often related to business methods). Entrepreneurs sometimes focus too quickly on business expansion when the current business is not yet in order. In that case there is more (financial) efficiency to be gained by first dealing with the weak points. Doing so also creates more (financial) room to then take further steps.

See the example and explanation in the textbox below to score your enterprise factors (multiple pages).

An important aspect of the training is that farmers see that the individual graphs are very different. This emphasizes that every situation is different and that a farmer should look closely at his own situation and not just copy the strategy of his neighbor.

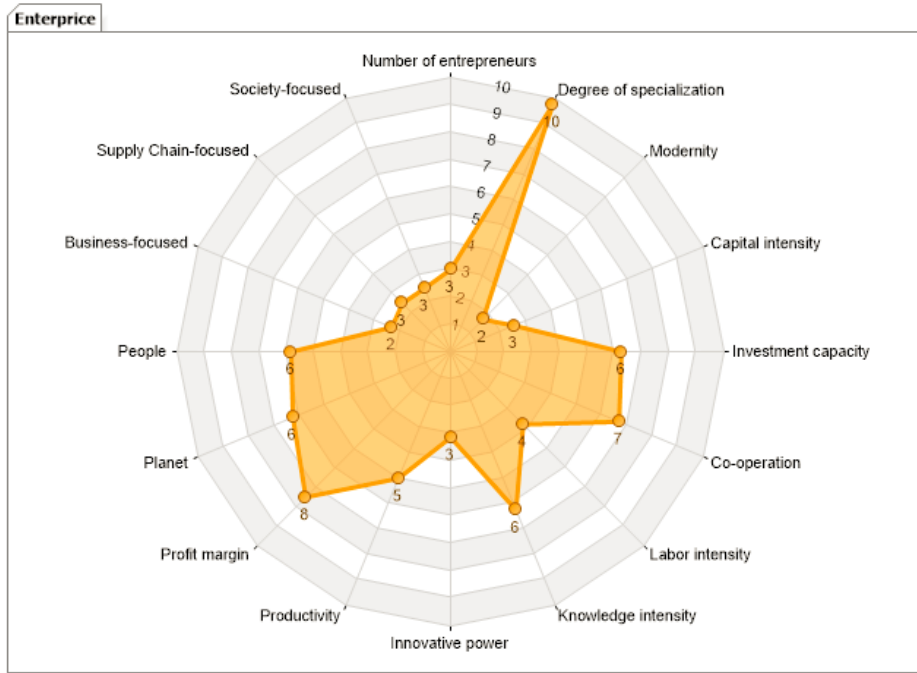


Figure 1.1 shows a graph presenting a farmer's results for the enterprise

2b Explanation of Enterprise (see Appendix 2 for a number of sector-related questions, below marked by *)

The following text is a survey of the characteristics or aspects of your business enterprise. How would your business score on the following subjects? We are primarily concerned with your current situation and how you perceive it. If some terms are unclear, feel free to ask your supervisor.

This chapter contains various questions. Choose your response for each one.

1. Number of entrepreneurs

A high score on this factor indicates that there more than one owner active within the farm. A high number of (co-)owners contributes to a better distribution of the capital risks, an efficient distribution of tasks and a higher input of knowledge.

- a) How many currently active owners does your business have?

2. Degree of specialization

The degree of specialization of a farm indicates the number of different kinds of products that are produced at the farm. A high score indicates a low number of products and therefore a high degree of specialization.

- a) To what extent are you focused on the production of only one or a few products? *
- b) How many links in the supply chain concerning production and sales are integrated into your business? *
- c) Besides income from farming or horticulture, are there other sources of income from your business? For example energy sales, care farming, consulting, education etc.

3. Degree of modernity

This factor indicates how the situation is compared to a completely new farm and farm equipment. Are the buildings, greenhouses and farm equipment like machinery up-to-date or are they rusty and written down? A high score means that the farmer works with a relatively new farm, in which he has recently invested.

- a) How old are the majority of your business' buildings (sheds, barns, greenhouses etc)? What is your perception? For example: New: 0-5 years, Average: 5-10 years, Old: more than 10 years (This can be different per branch and per country). *
- b) What is the average age of the energy systems in your business (boilers, pipes, etc.)? *
- c) What is the average age of the production systems for cultivation in your business (conveyer belts, climate computers, etc.)? *

4. Capital intensity

This factor is a relative indicator for the measure of production intensity. A high capital intensity indicates that the invested capital per animal, m² or ha is high, e.g. through a high degree of automation, recycling, environmental protection or animal friendliness. Such provisions demand high investments and create a relatively high farm risk.

- a) Is the invested worth of your business comparable to that of your colleague entrepreneurs? *

Explanation of Enterprise Continued

5. Investment potential

This factor indicates the financial room to do further investments. A high score on this variable means that there is much room to invest, a low score indicates a limited investment potential.

- a) Is the solvency of your business comparable to that of your colleague entrepreneurs?
- b) Does your financial position allow for large investments?

6. Cooperation

This factor indicates how intensively a farm cooperates with other farms or with chain partners to reach her goals. Examples are the roles of a farm in a producer organisation (horizontal cooperation) and study groups. This factor also includes cooperation within a chain (vertical cooperation).

- a) Are you a member of a co-op or growers association e.g. for the sale of your products?
- b) Is collaboration developing through your participation in sector organizations?
- c) Do you have long-term arrangements with links in the marketing chain? For example finishing plants, propagation, plant breeders, intermediary trade, retail. *

7 Labor intensity

This factor is a measure for the labor input required per unit of area or animals. It indicates if a farm uses relatively much or little labor.

- a) Does your business employ, in general, more people (both temporary and permanent) throughout the year than your colleague entrepreneurs?
- b) Does your business require more hours of labor throughout the year than your colleague entrepreneurs?

8 Knowledge intensity

This factor is related to all processes that are not standard within an organisation or farm. A high knowledge intensity indicates that there is a high knowledge level within the farm, providing her with opportunities to anticipate on market changes.

- a) Does your business require more higher educated staff than the businesses of colleague entrepreneurs? *
- b) Does your work involve activities that are less routine for staff than the work at the businesses of colleague entrepreneurs?

9 Innovation potential

This factor relates to the innovation focus of the farm. A high score on this factor indicates that the farm runs in front in implementation of innovation. Through this, the farm gets experience with new approaches and will possibly have an advantage compared to competitors.

- a) Does your business focus on the development of new products? *
- b) Has your business generated more turnover from new products in the past three years than colleague entrepreneurs due to product development and process innovation?
- c) Has your business introduced more new production processes in the past three years than your colleague entrepreneurs?
- d) Are you one of the first to introduce new products or technology when they are developed?

Explanation of Enterprises Continued

10 Productivity

The production per production unit (m², ha, animal, hour) is important. This indicates how a farm performs compared to colleagues / competitors from the sector.

- a) How large is the tangible production (in tons, liters, etc.) of your business in comparison to colleague entrepreneurs? *

11 Margin

This is a farm economic factor and is related to the performance (profit) of a farm. A high score indicates that a farm has a relatively high margin.

- a) How high is the profit margin of the products of your business in comparison to colleague entrepreneurs?

12 Planet

This factor is coupled to the performances of the farm in the field of application of energy, pesticides, medicines, water and nutrients. A high score on the factor 'planet' indicates a relatively environmentally friendly production and that the farm wants to deal with the environment in a sustainable way.

- a) Is the amount of energy used per year per m² on your business comparable to that of your colleague entrepreneurs? *
- b) Energy and Climate: To what extent do you actively save energy and/or use green energy and/or produce your own energy, in comparison to the businesses of colleague entrepreneurs?
- c) Does your business have environmental certification? If yes, to what extent are you involved in this?

13 People

This factor is related to the farm policy towards her personnel. A high score indicates that relatively much attention is given to the labor conditions and development of the personnel.

- a) Does your business make more of an effort than colleague entrepreneurs to increase employee or contract worker satisfaction?
- b) Do you actively work to increase safety on the job, both for yourselves and your employees?
- c) Has your business a good relationship with your neighbors to ensure that your operational management does not create any nuisance but rather adds value to its surroundings?

14 External orientation

a Product-focused

The entrepreneur is purely focused on the yield and quality of the production;

- a) Are you personally involved in and make active decisions concerning harvest and processing?
- b) Do you mostly determine yourself the direction of your business? This has not (yet) been put down on paper.
- c) Are price and terms of delivery the most important purchasing criteria for you?
- d) Are the trade-specific skills of your employees very important?
- e) Do you closely follow any feedback concerning the quality of your products? Do you immediately adjust your business operations if quality decreases?

Explanation of Enterprise Continued

b Process-focused

The entrepreneur takes a step further than in a. He also evaluates the internal business processes and tries to improve these.

- a) Do you have a clear picture in your mind of how the business needs to function. If others need to do certain tasks, do you make sure you thoroughly explain what needs to be done and how?
- b) Do you carry out any changes in operational management or your business strategy only after consulting all others directly involved (family, co-workers, advisers, etc.)?
- c) Must suppliers be able to prove the quality of their delivery?
- d) Are you concerned with the commitment and development of your staff? For example: You regularly speak with your employees about their duties, you have a staff policy and training plan and you hold performance evaluations.
- e) Do you work with a quality assurance system and do you keep an eye on the technical and economic performance of your business?

c System-focused

The entrepreneur also evaluates the connection between the different internal business processes. He tries to optimize the processes overall. He also delegates more responsibilities to the personnel.

- a) Is your business vision based on your knowledge of the market, social developments, analysis of your competition and available new technology?
- b) Have you put down your strategy and goals on paper and translated this to your operational business processes? Have you done this together with your family, the (responsible) employees and/or advisers?
- c) Is there a routine of evaluation, planning and control according to a budget cycle?
- d) Is strategy leading in your business, also in the way you manage the people you work with (employees, contract workers, advisers)?
- e) Have your business' operational processes been put down on paper and are they certified?

d Supply chain-focused

The entrepreneur evaluates the relationships with the different chain partners and tries to improve the efficiency of the cooperation with them (external). The entrepreneur makes certain persons in his organisation responsible for the contacts with the chain partners. Thus, these personnel also initiate improvements.

- a) Do you consult regularly with your customers and suppliers and do you adjust your operational management for optimal chain performance?
- b) Is your vision in tune with that of your supply chain partners?
- c) Are suppliers and customers selected with long-term collaboration in mind?
- d) Do employees work themselves with supply chain partners and are they part of the driving force for improvements?
- e) Is the collection of data and information concerning my business shared with your customers and suppliers in order to create an efficient exchange of information and data within the sector?

Explanation of Enterprise Continued

e Society-focused

This is the highest of the five levels of external orientation (increasing from a to e). The farm is evaluated from a society-wide perspective. The entrepreneur is strongly involved in activities outside his farm and leaves the daily business activities to self-steering teams.

- a) Does your business have a flexible organizational structure in order to be able to quickly implement change and innovation? Is entrepreneurship the foundation of all aspects of the business?
- b) Does your business focus on the long-term and does it have a number of future scenarios involving possible technological and social developments?
- c) Are innovation and new technology the driving forces for the future of your business?
- d) Is it important to you that you, and/or others involved in your business, also support your social environment?
- e) Do you know and measure the effect your business has on society?

3 Environment

Again with the help of the SMT tool you answer open questions about the environment in which your business functions. These questions are more future-oriented: what do you expect in the (near) future? The environment includes many different aspects. Of course, the market is very important; for instance, what will be the trend of the price(s) of your product(s)? Moreover, what will be the trend of the prices of the inputs needed for the farm? The local environment is also important; for example, is it possible to expand your farm? What is your relationship like with the neighbors? Which main developments in society could possibly influence the future of your farm? Which technological possibilities are available?

1. How do you describe your environment?

- a) What is your situation in your direct personal environment (for example, family situation, succession situation, etc.)?
- b) What is your situation in the direct environment of your business (for example, close to a city, a nature reserve, a camping, etc.)?
- c) Which developments in society (in general and in the form of rules and legislation) do you find important for the future of your business?

2. Which position does your business have with respect to the market/consumers and to other chain parties?

- a. How is your relation with the market (for example, directly to consumers, through retailers, processor, etc.)?
- b. Which position and role do you have in the chain (from supplier to consumer)?
- c. Which developments do you see in the chain and the market?

Explanation: Look at the comprehensive list of questions in the textbox.

3. Have you had a number of conversations with people about your business? Which are the most important points of these talks?

Explanation: Think about conversations with your partner, friends, son/daughter, father/mother, representative, advisor, accountant, etc. It is important that they are prepared and able to constructively give an objective view of developments that create chances or threats for your business.

The external business factors, or Environment, are presented in figure 3.1 and explained in the textbox after the supplementary list of questions (multiple pages).

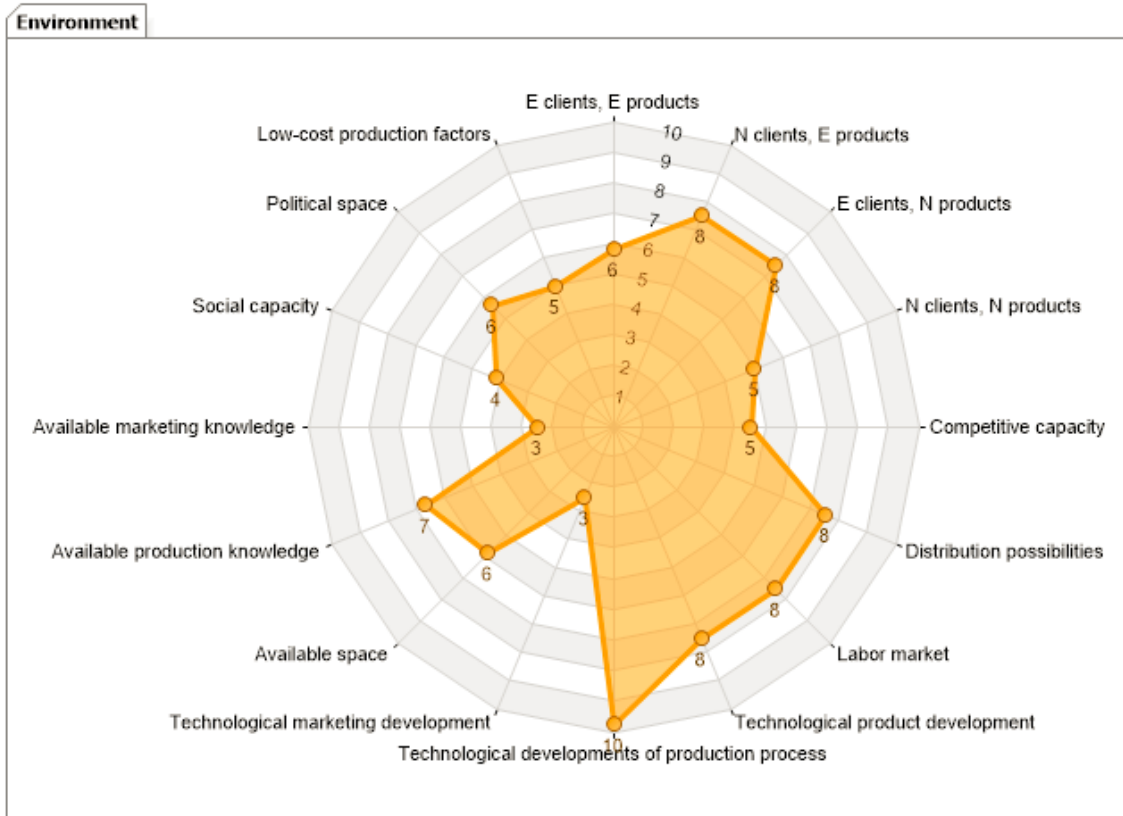


Figure 3.1 shows a graph presenting a farmer's results for the environment.

3b. Explanation of Environmental Factors

N.B. Remark for all environmental factors:

In the description of the different factors, often the expression 'a high score' is used. A high score on a certain factor means that there are many opportunities for you as an entrepreneur. A high score results when you answer 'yes' or 'certainly yes' to the questions under that specific factor.

1. Market growth

Market growth is an indicator for the growth of the demand of the products of the farm which can be expected. The market growth can be expected in one or more of the following approaches:

- a To approach existing customers with existing products:
 - Is the demand for your existing products within your existing market increasing?
 - Is the market for your products politically stable?
 - Is your business not affected by the exchange rate of the Euro?
- b To approach new customers with existing products:
 - Is the demand for your existing products from new customers increasing?
 - Is the demand for your existing products increasing due to expansion of your customer base?
- c To approach existing customers with new products:
 - Do your existing customers continuously ask for new products due to quickly changing consumer wishes?
- d To approach new customers with new products:
 - Is there a good chance of acquiring new customers by offering new products?

A high score indicates that the specific approach will give you many opportunities.

2. Competitive potential

An analysis of competitors can give you insight into the offensive or defensive power of your competitors. The character and the intensity of the competitive struggle depend on the number of competitors, their market position and their adaptive power. The 'market approach' of your competitors can greatly affect your results. A low score means that you have to deal with a lot of competition, which is threatening. A high score means that you have many opportunities due to little competition.

- a) Is there a strong domestic competition for your products?
- b) Is there a strong foreign competition for your products?
- c) Are the margins for your product relatively low?
- d) Are your competitors more innovative in their production processes?
- e) Are your competitors more innovative in their marketing?

3. Distribution possibilities

Several organizations can support a farm in promoting, selling or distributing of her products to the end-users, e.g. wholesale trade and retail trade, who become owner of the products sold. A high score (when you score often 'yes' or 'certainly yes') indicates that you see enough opportunities for distribution of the products and that you have influence on them; there are enough market channels and chain partners available to sell the product.

- a) Are there interesting possibilities for your products through new channels for marketing and sales?
- b) Is the current distribution (logistics) for your products well organized?
- c) Are there many businesses suitable as regular partners for the sale of your products within my sector.
- d) Are sales through an auction or your co-op/producer organization most important for you?
- e) Does inclusion in a closed chain (fixed with partners) generate more profit for you?

Explanation of Environmental Factors, continued

4. Labor market

The labor market has in general two dimensions: quantity (production personnel) and quality (enough trained personnel within the different management levels of the farm). A high score indicates that you find that the labor market offers you many opportunities and that there is relatively enough personnel available.

- a) Is there sufficient labor available for production work in your business?
- b) Is there sufficient educated labor available for your business management?

5.—7 Technological development of product (5), process (6) and marketing (7)

The state-of-the-art of technology contributes to the opportunities and impossibilities of farms. Technology can deal with efficiency but also offer opportunities for new products and new ways to produce in order to serve the customers. Such an opportunity can have an effect on the production process, e.g. decreasing the dependency of labor. It can also have a marketing technical effect, creating new ways of communication. Or concerning product technology, creating completely new applications of existing products.

A high score indicates that you see many opportunities for improving the products and the production and marketing processes at your farm through technological development.

5. Do the new technological developments in the sector increase your ability to develop a good quality product?
6. Do the new technological developments in the sector increase your ability to make your (operational) production processes more efficient?
7. Do the new technological developments in the sector increase your ability to successfully market your products (for example, through internet, new sales concepts)?

8. Space available

In several regions in the world, the pressure on space (land) is rather high, since several stakeholders (housing, recreation, business areas, etc.) also claim part of the available space. A high score indicates that you find the space availability high enough for an enlargement or shift of your farm.

- a) Does your current location offer sufficient options for expansion (land, permits, environmental legislation) for your business?
- b) Do other locations (regional, national, etc.) offer more possibilities for expansion of production than your current location?
- c) Would provisions such as labor, energy, water, etc. be more readily available at a new location?

Explanation of Environmental Factors, continued

9. Available knowledge of production

Knowledge is power and offers opportunities for innovation (adaption to the environment). Agriculture in different regions and sectors differs in knowledge level and in the availability of that knowledge for entrepreneurs. A high score means that you think that there is relatively much knowledge available.

- a) Is the knowledge infrastructure for development of your business (advice/training) well organized in your country?
- b) Can you easily make use of available knowledge (university, research programs, and advisers)?
- c) Are there sufficient options for continued education or vocational training?

10. Available knowledge of marketing

Information about improving product marketing is readily available.

11. Societal aspects

Citizens and consumers are increasingly involved in discussions about products and producers (farmers). Thus, they have an increasing influence on the legal frameworks that farmers have to deal with in their business. A low score indicates that you find the social support limited; society and citizens have a limiting influence on your way of farming. A high score means space to farm in your own way.

- a) Do you experience social pressure (from consumers and neighbors) to have a more environmentally friendly business?
- b) Do you actively integrate corporate social responsibility in your operational management (examples are producing with a certificate, supporting charity goals and community activities, and premiums for personnel with high performance)?
- c) Is communication with your neighbors and community about your operations increasingly necessary to maintain your 'license to operate'?

12. Political aspects

On the one hand, politicians make laws and rules that can limit entrepreneurship. On the other hand, politics can stimulate entrepreneurship through their policies and financial triggers (e.g. subsidies). A low score indicates that you find laws and rules limiting or threatening; a high score means that there is space to farm in your own way.

- a) Is your operational management hindered by rules and legislation?
- b) Do you see opportunities because your production costs are lower than your colleague entrepreneurs?
- c) Are you considering moving your business to a foreign country because there are less rules and legislation in other countries and they create more room for entrepreneurship?
- d) Is the entrepreneurial climate in your country good (taxation, administration aspects, procedures setting up the business etc.)?

13. Low-cost production factors

Production factors are land, labor and capital including machinery, equipment and buildings. A low score indicates that the production factors are relatively costly, limiting your opportunities to make use of them. A high score indicates that you can use them for a relatively low price.

- a) Do you expect a significant rise in price for at least two of your important production factors within the next two years (land, capital, knowledge, raw materials, etc.)?
- b) Are the prices for your important production factors lower than those of your colleague entrepreneurs?

4 Entrepreneur

This chapter is about you as an entrepreneur (farmer, commercial grower, whatever you might call yourself). Entrepreneurship is by definition driven by people. The entrepreneur determines how the business develops and how it relates to the surrounding environment. This requires personal insight; knowledge of who you are and what you want. With that as your focal point, you can create your own future.

Different skills are required for different strategies. If you want to sell your own products on your farm, you must have the skills to communicate with customers. If you want to develop a large-scale farm you must be a good organizer and manager. Especially with family farms the farmer and his family have an essential role in implementing the strategy – it is them who have to do the work! This usually means you have to work with the available skills. It is not so easy to hire extra persons with specific skills.

In this chapter you will introduce yourself and your business. Determining a business strategy is a continuous process. This document is therefore never completed, but rather a report of the process so far.

1. Describe yourself in a nutshell (a short description of yourself, your family, including personal characteristics):

Explanation: include those things that best characterize you as a person.

2. What would you have done if you were not an entrepreneur?

Explanation: This question is intended to make you aware that there is more to you than just being a farmer or a commercial grower. Indirectly this can also reveal your passions and specific qualities.

3. What is the most inspiring and motivating aspect of your work or the best part of your profession?

Explanation: This question is intended to make your *drive* clear because that is where your power as a (future) entrepreneur lies. The strategy you chose needs to correspond with your drive. However perfect a strategy may seem, don't consider it if it doesn't give you energy.

4. Which personal characteristics do you use as an entrepreneur?

Explanation: In contrast to question 2, this question concerns only your characteristics as an *entrepreneur*.

5. Which activities, hobbies etc. do you enjoy besides your work and business?

Explanation: Be aware that activities outside of your work also influence you as an entrepreneur. You can acquire different and/or broader insights that help you outline your plan and make decisions.

6. Which are your strong points?

7. Which less strong points do you have?

Explanation: Knowledge of your strong and weak points is necessary for choosing a strategy that fits you as a person. Imagine you decide to start a farm shop; then it is handy if you enjoy interacting with people. If that isn't the case and you want to start a shop anyway, it is necessary to hire someone who does that aspect of the work for you.

8. What is your opinion about the balance between labor productivity, enjoyment, working hours, and work circumstances.

Explanation: Are you satisfied, for example, with the number of working hours per day or week and the free time that you have?

9. In which networks do you participate and give you information and knowledge?

Explanation: When mentioning 'networks', think of study clubs, study networks, social circles, etc. These networks can be of enormous help in furthering the creation of new ideas and searching for solutions to challenges. But a network can also be business-like in nature and involve a form of collaboration.

10. Which colleagues, neighbors and communities in your direct surroundings outside of your own sector and other parties are you involved with? Who are the most important and rank them:

11. With which people and parties is your relationship good or very good?

12. With which people and parties is your relationship poor or very poor?

Explanation: Some people, organizations, businesses etc. can have an enormous influence on the developmental possibilities of your business. For example, imagine a non-farming neighbor who doesn't or does (but then with stipulations) agree with the expansion of your barn, shed or greenhouse. A part of your strategy can be to develop a positive, open

contact with such parties. But in order to do so, you must first determine who is important for your farm. You can do a network test to find this out.

13. In which domains (aspects of entrepreneurship) will be expected more of entrepreneurs in the future?

Explanation: This concerns knowledge, qualities and skills. It may be difficult to satisfactorily complete this question at the beginning of this report. If necessary, complete it in a later stage of the training.

14. When you look at your answers in the previous question, in which areas would you like to further develop yourself?

See the example and the textbox below to rate your competence (multiple pages).

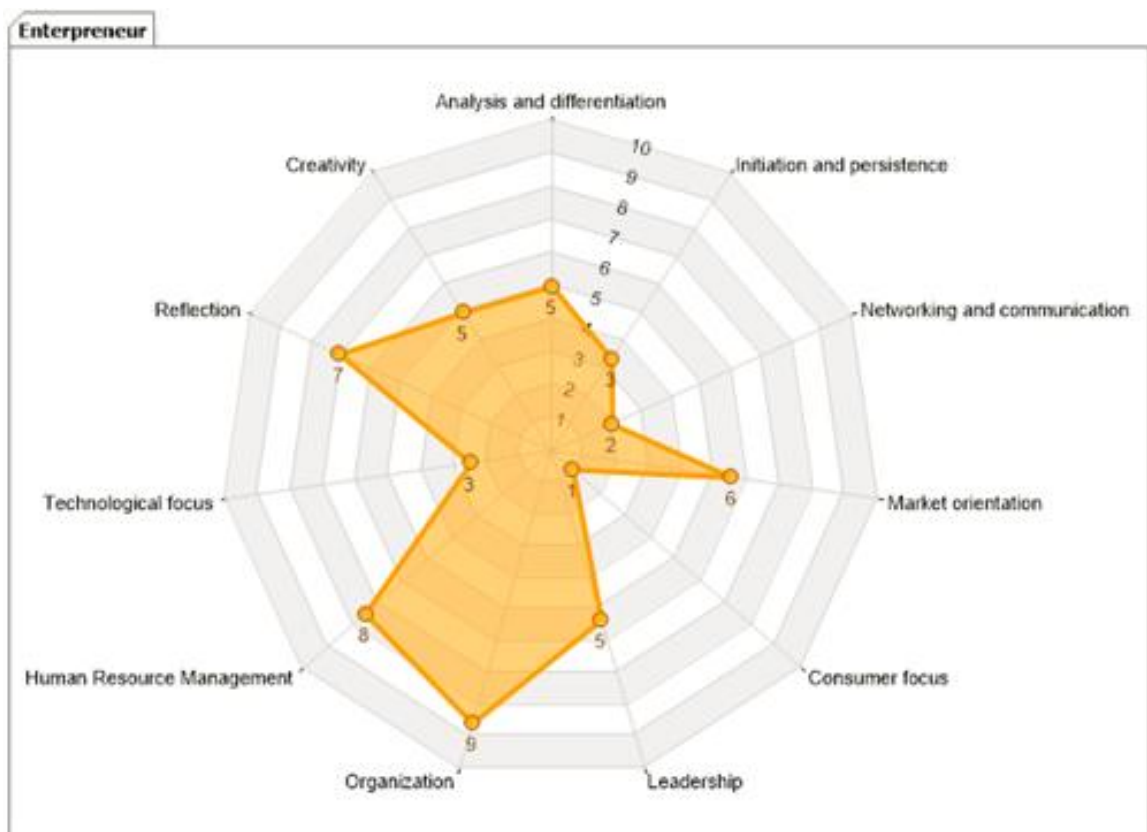


Figure 3.1 shows a graph presenting a farmer’s results for the competencies.

4b. Explanation of Competences

Competences involve your skills and qualities; how do you personally perceive these? If some terms are not directly clear, ask your facilitator. How would you score yourself on the following subjects on a scale from strong to weak?

A concrete method is to score each section on a scale of 0-10 points. Try to first categorize each section as strong/weak. If a section is weak, it cannot be given a score of more than 5 points. Don't be afraid to score extremely high and low, as the goal is to provide clarity. Each individual number passes no absolute value judgment. Complete the score in the Strategic Management Report.

1. Analytical skills

Due to the introduction of internet, E-mail, automation, mobile telephones etc., the amount of information for the entrepreneur has enormously increased, both from outside and from inside the farm. Entrepreneurship means that it is important to recognize main issues from this information flow, to categorize opinions from facts and to identify potential problems and opportunities. Next, you are able to analyze alternative solutions and pathways on the added value for your farm. Thus, you couple your own strengths and weaknesses in a self-conscious way to new ideas and opportunities.

- a) Do you focus on the key points of an issue and can you recognize the core of a problem within your business?
- b) Can you easily separate facts from opinions?
- c) Are you conscious of your strong and weak points?
- d) Can you formulate your business goals?
- e) Can you easily establish links between different perspectives and approaches?
- f) Do you have a clear picture of where your business will be in five years?

2. Initiate and proceed

The central point in entrepreneurship is discovering new opportunities. Main sources for new opportunities are technological changes, changes in politics and laws and social and demographic changes. You could think of farm enlargement, new chain concepts, projects on decreasing energy use, development of new markets, farming on other locations, etc. To discover such opportunities, it is important for you as an entrepreneur to observe what is going on in your external environment, to be open to new developments and to actively search for new information.

- a) Are you continually searching for new information?
- b) Are you continually searching for new opportunities?
- c) Are you often the first one to try new things?
- d) Are you more often ready for a new challenge than colleague entrepreneurs in your field?
- e) Are you not easily distracted from the goals you have set for yourself?
- f) Do you often negotiate with suppliers and buyers over prices?

3. Networks and interaction

The modern business in agriculture operates in a free market in which networks are of essential importance to discover opportunities. This factor deals with your competence to initiate and maintain contacts, mainly outside the farm (customers, colleagues, chain partners).

- a) Do you have many networks outside of the agricultural sector?
- b) Can you clearly express your ideas to your audience (colleagues, partners) during presentations?
- c) Do you try to incorporate public feedback into your operational management?
- d) Is cooperation between entrepreneurs in your sector very important to you?
- e) Are you open to critique from others (colleagues, co-workers, etc.)

Explanation of Competences, continued

4. Market orientation

Market orientation means that you try to imagine what needs (potential) customers could have and, consequently, make a link to your own farm. Successful entrepreneurs respond to the specific needs of a clearly defined focus group of customers. They can also precisely indicate what their competitors do. They read relevant papers and communicate with customers in order to anticipate on market changes. Non-successful entrepreneurs have little insight into the needs of their customers or are not able to translate those needs to their own farm. They are more product oriented and not focused on producing for certain focus groups of customers.

- a) Do you care about the sector you work in?
- b) Do you follow developments in your sector?
- c) Do you know who your competitors are?
- d) Do you know what is important to your competitors?
- e) Do you know what your competitors think of you?

5. Consumer-focused

Being consumer-focused is correlated with the current and latent (potential) needs of the end-consumer of the agricultural product. In the agricultural sector, often a number of chain partners are in-between the farmer and the end-user. This complexity does not help to get a good picture of the wishes and needs of the end-consumer. However, successful entrepreneurs mostly see opportunities to get insight in current or latent consumer needs.

- a) Do you know what consumers wish/expect?
- b) Do you know what consumers need and which needs have not been fulfilled yet?
- c) Do you always think about developing products that are beneficial for the consumer?

6. Leadership (style of leadership)

In a business, leadership is of major importance. A leader develops a clear strategy based on vision and conviction and communicates that strategy to others, in order to follow this strategy together. He can use this competence to set-out a strategy and to create support on different levels inside and outside the farm. There are different styles of leadership. A leader can be dominant, mainly giving orders to his personnel and often checking their performance. A leader can also be cooperative, stimulating his personnel to share their ideas, views and solutions with him through (e.g.) brainstorming.

- a) Do others consider you to be a born leader?
- b) Do others always listen to your arguments?
- c) If you interrupt others, is it usually accepted?
- d) Are you a dominant person?
- e) If a person has met you, will he/she not forget you quickly?
- f) Are you usually the leader in your group?
- g) Can you easily make decisions with negative consequences for others if it is necessary?
- h) Are you always trying to convince others of your point of view?

7. Organization

The competence to organize is of great importance for an entrepreneur. If this competence is well developed, then an entrepreneur is able to initiate developments on his farm and run the farm properly. Moreover, a high score on this factor is an indication of a behaviour that is full of initiative.

- a) Are you good at planning operational processes within your business?
- b) Do you make sure that your business can use the right people and resources (infrastructure) to run it optimally (inside the business)?
- c) Do you know where (outside of your business) to find the right people and resources to run your business optimally?
- d) Do you make sure your business runs smoothly?
- e) Are you good in coordinating the necessary tasks within your business?
- f) Are you good in organizing staff and the use of other resources of production (infrastructure)?
- g) Are you good in solving problems that arise at your business?

8. Staff management

The entrepreneur's role in staff management deals with tasks in the area of human resource management in a wide sense. It includes recruitment and selection, and payment of personnel, attention for the relationship of the personnel with their jobs (motivation, cooperation, communication), education and development. This factor focuses on the attention of the entrepreneur for his personnel as human beings.

In a family farm, this role of the entrepreneur is expressed in the way the farmer communicates with the family members that work on the farm. In that case, the focus is not on recruitment and selection as in a larger business, but more on good cooperation within the family, sharing of information and tasks and taking care of each other's welfare and health.

- a) Do you hold performance evaluations and/or development evaluations with your staff one to two times a year? In case of a family farm, do you as a family evaluate the performance of the farm and of the farm members one or two times a year?
- b) Do you often make use of training/educational plans for your staff? In case of a family farm, do you take time for your family members to do courses to improve their knowledge level and skills?
- c) Does the staff have the opportunity to participate in classes/training programs during working hours? In case of a family farm, if there is an important meeting for farmers during day time, can a family member visit that meeting?
- d) Do you take the educational wishes of your staff into consideration in planning work? In case of a family farm, do you take the courses of your family members into consideration in planning work?
- e) Does your business have a communication plan? In case of a family farm, do you as a family discuss how to communicate with customers and other persons in your network? What do you tell others and what do you want them to know about you?

Explanation of Competences, continued

9. Technology

Having insight in technological developments is important to be successful as entrepreneur. You can adequately react on recent developments and, if possible, implement them if you know all about them. This will contribute to the success of your farm. New technological developments can come from in- and outside your sector.

- a) Do you keep close track of technological developments or think up new ones yourself?
- b) Do you make use of new technology even if it is still in the process of development?
- c) Do you make use of high-tech systems for production and processing in your business?
- d) Do you continually ensure that all equipment is functioning properly and well adjusted?
- e) Do you continually invest to make your business modern and do you adopt the latest innovations?

10. Reflection

Successful entrepreneurs have the ability to critically reflect on their own behavior as an entrepreneur. Thus, they have the opportunity to learn from possible earlier failures and successes.

- a) Do you understand and empathize with the wishes of your customers?
- b) Do you take customer complaints seriously?
- c) Does criticism stimulate you to look at things from a different perspective?
- d) Are you critical of yourself?
- e) Do you agree that without self-critique (self-evaluation) there is no development?
- f) Do you experience that sometimes, after a few days, you look at problems from a different perspective?

11. Creativity

Creativity is the ability to 'play' with ideas, imagine new opportunities and try them out. Successful entrepreneurs open their minds for what happens in their environment. In that process, they are not hindered by the limitations of the situation, but are challenged by the opportunities. They have the ability to think from other angles and leave well-known pathways. As a consequence, they can turn problems into new opportunities and they are prepared to take risks. Non-successful entrepreneurs are limited in their way of thinking and are more afraid to experiment.

- a) Can you easily see common aspects of different problems?
- b) Do you often look at things from a new angle?
- c) Do others think of you as inventive?
- d) Do you enjoy thinking of and inventing new things?
- e) If you see that something isn't working well, do you enjoy thinking about how it can be improved?
- f) Do problems stimulate you to think of new solutions?

5 Mission, Vision and Goals

This chapter revolves around your mission, vision and goals for the coming years. These are the building blocks for the strategy, as shown in the figure below:



Figure 5.1. Description of picture business plan

The picture describes the building blocks of analyzing and formulating your business plan.

We act top-down in this case:

1. First, we try to discover and describe our mission. Why do we run this business?
What do we want to achieve in our professional life?
2. Then we analyze the future of our business and the dream we have for our business, together our vision;
3. The core values for our business help us to formulate the goals we want to set for our business and also for our private life;
4. Building blocks 1 – 3 are the ingredients for our search for a well matching strategy (or set of strategies);
5. We then translate our strategic choices into goals (in a SMART way; the goals in step 3 are more general; SMART means Specific, Measurable, Attainable, Realistic and Timely);

6. We also formulate critical success factors, i.e. indicators that help us to monitor if we reach our SMART goals of that we have to take action; an example is our income. If we want to increase each year by 10%, but we stay at the same level throughout the years, then our strategy has not worked out as it should have. We need to re-think our strategy and possibly ask for advice. We come up with future scenarios and need to take measures;
7. In all these steps, it is important to check whether we take the best decisions, not only for the structure, the assets (resources in our business) and the results of the business, but also for chain as a whole and the people and culture involved.

Steps 1 – 4 receive a lot of attention when filling in SMT. However, making the best strategic decisions is only the beginning. Making practical plans and carrying them out is even more important and exciting!

1. What is your mission (examples and supporting questions)?

Examples:

- My mission is to improve the quality of my farm and to make it ready for the next generation:
- My mission is to produce health-improving food for my customers;
- My mission is to let my farm support the well-being and income level of the community I live in.

Supporting questions:

- How would you like to look back on your business when you retire? What would you like to have achieved at that time?
- Is running a business only about earning money or is there more for you're in your (professional) life? Could you express the meaning of your professional life for yourself, your family and your community in one phrase? E.g. Philips (electronics) has the following mission: 'Let's make things better!'
- Do you share your thoughts about the meaning of life with your family members or neighbors? How do you do that?

2. How do you want your business to look like in ten years? (What is your Vision or dream?)

Explanation: This image of the future can be based on your ambition and your business situation, but also on conclusions about developments in your surroundings; about market perspectives, for example, and the resulting need to strive towards a certain scale.

Examples:

- I think that there will be a growing market for olive oil in the EU. My vision is that olive growing will become very profitable. This year, I start to plant already more olive trees;
- My dream is that in ten years' time, my son will take over the farm and that there will be enough income for two families. This year, my son will go to the agricultural school and I will discuss with him how we will develop the farm to make my dream come true.

Supporting questions:

- How will the market for your products be in ten years ?
- How would you like to be your farm in ten years? Which family members involved, which size, which number of animals, etc.?
- Do you think your farm will be profitable in ten years' time? If not, what would you like to change to make it more profitable?

3. What are your core values? (examples and supporting questions)

Examples of core values are honesty, faithfulness, willingness, openness, friendliness, willingness to help others, customer friendliness, animal friendliness and willingness to cooperate.

Supporting questions:

- Which core values do you have?
- How do these values influence the decisions that you make in your business?
- Do you discuss your values with your family members, customers or advisors?

4. Which strategy have you followed so far (look at the description of the strategies in SMT or in the guide). Has that strategy been successful?

Explanation: Naturally you have always had a strategy - gradual business expansion, for example – even if the term 'strategy' has not been used! This question is connected to question 14g, concerning the steps you have taken. This question is more about the strategy you have chosen in order to achieve certain goals.

5. Which information sources do you use to make good decisions? You can think of internet, magazines, advisors, study groups, etc. How do you evaluate if your decisions in the past have worked out well?

Explanation: By examining the people and sources of information you make use of, you may come across some sources that are missing and that could potentially have added

value. Perhaps it would be helpful to ask advice of someone who works in a completely different sector and can therefore bring a fresh perspective to your sector.

6 Strategies

The crucial part of the training is to make the step from analyzing to **strategy development**. This starts with your personal ambitions, what drives him and what his dreams are. You need to come up with three options (so called goal strategies) for your future strategy that fits with the analysis you have made. You will be challenged to come up with more than one strategy to stimulate to think ‘outside of the box’. You will use again the Strategic Management tool to assign scores to 11 possible strategies. This results in a graph of strategies with the score the you assigned (Figure 5.1). While these are generic strategies and not farm-specific strategies, they can help inspire new ideas.

At the end of this chapter you will choose three Goal strategies.

Listed below are a number of alternative strategies based on my enterprise (chapter 1), environment (chapter 2), competences (chapter 3), and the formulated vision of the future and goals (chapter 4) that have been described thus far.

Explanation: A fundamental aspect of this training is that the chosen strategy guides the tactical and operational decisions of your business. This starting point is based on the theories of the American economist Michael Porter. According to him, every successful strategy is based on the perfect combination of assets and possibilities. In the agrarian sector this involves the choice of a strategy that best fits the ‘three E’s’ (the Entrepreneur – his skills and ambitions - , the Enterprise and the Environment). The chosen strategy must in turn lead to the creation and execution of concrete plans of action, so that the goals can be reached in the best possible way.

6.1 ‘Spontaneously’ fill in the strategies - assignment

‘Spontaneously’ fill in the strategies in the table below, meaning that you should give a score to each one. Judge the degree to which the different strategies fit you. For every possible strategy you should check the three E’s (Entrepreneur, Enterprise and Environment) as you’ve described them in the previous chapters to decide if that strategy does or does not suit you. See also the short questionnaire below, which will give you a broad outline to help you to choose the best strategy(ies), the example in Figure 6.1 and the extensive description of the 11 strategies. In the table after this description, you are invited to evaluate your choices, using key characteristics in order to get a complete picture of the consequences to be expected when you really would apply such a strategy.

The Strategic Management Tool itself combines the three E’s following from the scores that you gave yourself. These results are reproduced in the report.

Strategy	My score	Why this strategy does or does not suit me: Explain this for each E		
		Entrepreneur	Enterprise	Environment
1. Operational Excellence				
2. Product leadership				
3. Customer intimacy				
4. Producers Network				
5. Vertical Co-operation (Network integration)				
6. Diversification				
7. Specialization				
8. Replication				
9. Expansion (hectares, organization)				
10. Down-scaling				
11. ‘Wait and see’ – (no major change)				

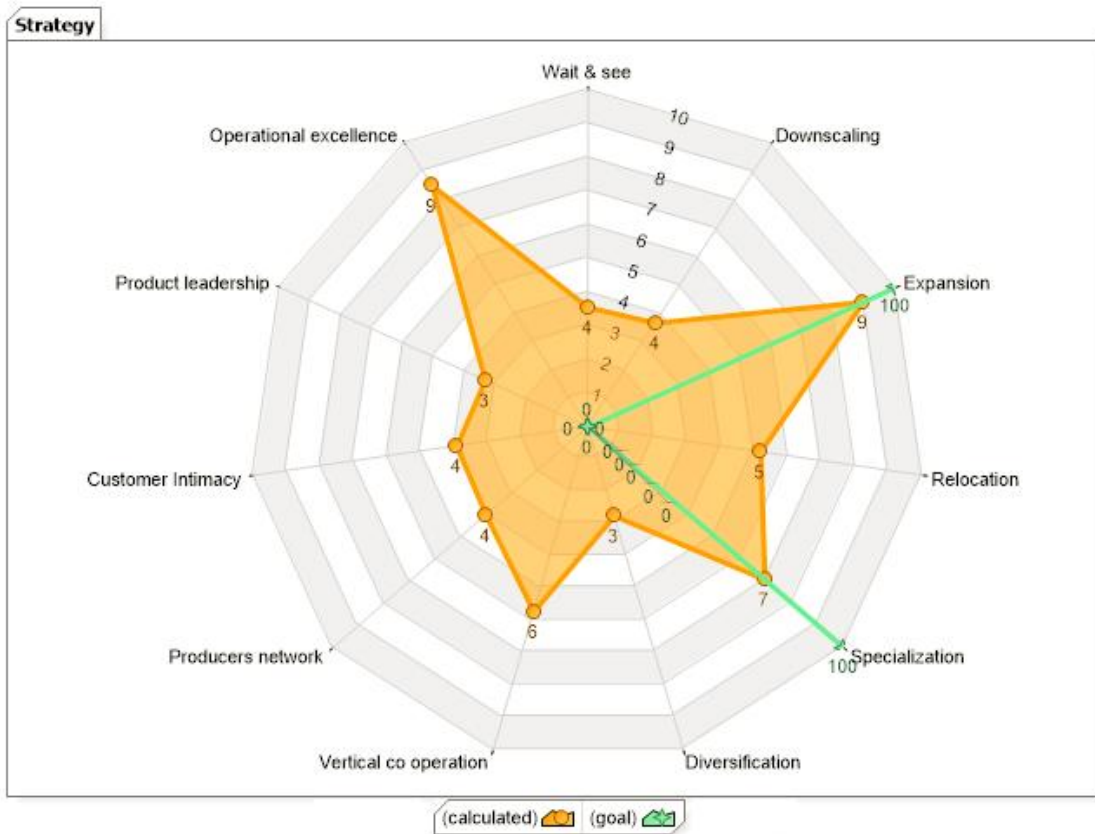


Figure 6.1 shows a graph presenting a farmer’s results for the strategies.

Explanations of Strategies 1-2

The first three strategies are market strategies, the other eight are farm development strategies. In fact, a farmer can select a specific market strategy for each of his products, but in most cases, he selects one market strategy for all the products at his farm. As a second step, he can select more than one farm development strategy.

1 Operational excellence

You focus on offering a product and/or service package with the best total cost. The total costs for the client do not only include the financial costs but also the effort it takes for the customer to obtain and use the product. Consequently, this strategy deals with offering reliable products and/or services against competitive prices with as little inconvenience as possible with purchase or maintenance. Example: a value-for-money strategy of a business like Ikea. In agriculture, this strategy is about efficient and/or large-scale (mass) production of uniform (bulk) products with a high quality and high yields per m², ha or animal. This strategy is expressed in the following characteristics:

- Streamlining and standardisation of the major production, logistic and delivery processes;
- Top down management and relatively little decision making authority at the work floor;
- The entrepreneur himself is not involved in product development or marketing;
- A culture in which wasting is unpopular and efficiency is rewarded.

Examples are: 1) specialized dairy farms, which only produce milk, with high yields per cow and a large number of cows per farm or farm worker, possibly even with an automatic milking system (robot); 2) arable farms which grow only cash crops for a cooperative or processor, in relatively large quantities and with stable quality indicators.

2 Product leadership

You focus on producing a product and/or service package of the best quality. The product and/or services offered are best focused on existing needs with the help of the latest technology. A customer who buys from you, can be sure that he/she receives the newest (state-of-the-art) product. You update your product or services even if there is still money to be made with the previous innovation. In agriculture, this strategy deals with specialties, e.g. organic and traditional products, mainly for a niche market and with specific sales channels. This strategy is expressed in the following characteristics:

- Innovation, product development and market exploitation are important processes at the farm;
- The production focuses on niche markets, like organic yoghurts or high-quality regional products;
- The focus of the farm is not in the first place on efficiency but on the quality and/or 'newness' of the product, in general receiving a higher price than bulk products;
- Cooperation with highly-qualified, creative personnel inside or outside the farm;
- A culture that stimulates imagination and the ability to think out-of-the-box.

Explanation of Strategies 3-4

3 Customer intimacy

You focus on producing a product and/or service package that is the best total solution with regards to (a) specific customer(s). The product and/or services offered are precisely adapted to the specific wishes of an individual customer and helps him/her to more precisely define these wishes. You try to maintain your returns through better understanding and service of your (existing) customers. You try to capture an increasing part of the customer's budget for satisfying his needs.

Example: a customer-focused business like IBM (especially in its early years when IBM could essentially fulfill all the ICT needs of its customers; for everything from product development, sales and installation of hardware and software, maintenance and management to strategic advice about future ICT needs of the customer). Functioning as a network business is part of your business model. The customer buys products and services which you can also deliver, possibly from another than your own business. In agriculture, this strategy deals with special products and services for customers that visit the farm, e.g. via home-selling (direct selling) of different products (e.g. 'horn milk') and care-farming (letting persons with a handicap work at your farm, in specific tasks). A tailor-made approach and personal contacts are essential in this strategy. This strategy is expressed in the following characteristics:

- The main processes focus on the customer's needs (what is exactly the problem?), which can be translated in different products or services;
- In this farm structure, products are sold in a short(ened) chain;
- The business does not focus on efficiency, large uniform quantities or even (large) niche markets. The focus is on serving small groups of customers with specific needs and willingness to pay for a personal approach;
- A culture in which specific instead of general solutions are rewarded and service and loyalty to customers are underlined.

4 Producers Network

You focus on co-operation with colleagues in order to create a larger unit on the markets of means of production and/or of products. The goal is to reach economies of scale (in production or marketing), to offer total solutions (e.g. a broad range of fresh products, a longer delivery season), and/or exchange of knowledge within the network (resulting into a more rapid introduction of an innovation).

Explanation of Strategies 5-8

5 Vertical co-operation (Network integration)

You focus on co-operation with parties further on or further back in the chain, e.g. traders and processors of agricultural products, and suppliers of feed, fertilizer and other production means, respectively). The goal of this co-operation is to achieve greater chain efficiency (reducing variability in quantity and quality), to redistribute chain profit margins (a larger share in chain profits), and/or increased market orientation (sharing customer information and innovations). In agriculture, this strategy deals e.g. with direct supply of vegetables, potatoes or fruits to a grocery or retailer or with home-production of cheese, possibly partly combined with home-selling but certainly also with other sales channels.

6 Diversification

You focus on the addition of new activities to your business (a second function). The goal of diversification is to reduce your dependence on one specific product/market combination (combining food production with energy production, for example), and/or making better use of the existing means of production (using business buildings for food production but also for education). This can also relate to your own knowledge and experiences (besides property management of your own means of production you are a realtor/adviser for others). In agriculture, this strategy deals e.g. with including more crops in your cropping plan or the introduction of a new activity on your farm (chickens on an arable farm), and also with multifunctional activities (energy production, recreation, care-farming).
N.B. Diversification and specialization are opposite strategies, also in the competences that are required for each of them.

7 Specialization

You focus on producing what you are good at. You specialize in a specific part or aspect of the production chain and strive to be the best at it. Stick with what you know. Example: You do not use an administrative office for all types of businesses but only for the motor trade. In agriculture, this strategy deals e.g. with a focus on potato growing including hiring land of other farmers in order to increase the potato area as much as possible or to focus on one species at a farm with different types of husbandry, e.g. continuation of the dairy activities and quit pig farming.

NB: Diversification and specialization are opposite strategies in terms of orientation.

8 Relocation

You want to expand, but there are too few options to do so at your current location (limited zoning, environmental or other hindrances). You consider moving your business (within your country or abroad), or you consider starting up a new business elsewhere while maintaining your current business (a strategy with multiple establishments).

On the other hand, you could see the mentioned limitations as a challenge to meet because you do not want to move (for social reasons: your kids' school, your partner's work, proximity of family, proximity of suppliers/end consumers, etc.). You consciously choose to stay and adapt your business plan and strategy to the local possibilities (for example switching to multifunctional farming near a city or a nature reserve). In that case, you do not choose the strategy 'relocation'.

N.B. If you score highly on 'relocation', then there is a lot of reason to look around for an alternative location which in time will suit you better than the current one. On the other hand, a low score indicates that there is no need to consider moving or emigrating.

Explanation of Strategies 9-11

9 Expansion (hectares, organization)

You focus on expanding the size of your business. In ‘size’ we understand the combination of applicable production factors. The expansion can involve any one of the production factors (hectares, employees, sales). A growth strategy arises from the need to reach economies of scale (instead of cooperation with colleagues), and/or to obtain a better position in the chain. In agriculture, this strategy mostly deals with an increase of the farm area i.e. of the number of animals. However, a shift to a product (e.g. a traditional product) with a higher added value can result into higher returns and more input of knowledge. That is also called ‘expansion’.

10 Down-scaling

You focus on down-scaling the size of your business. In ‘size’ we understand the combination of the applicable production factors. The down-scaling can involve any one of the production factors (hectares, employees, sales). A down-scaling strategy is chosen in order to eliminate disadvantages of scale (e.g. if the farm size is too large compared to the management capacity of the entrepreneur or manager), and/or breaking-up of the farm in due time (e.g. through absence of a successor) and/or because the entrepreneur shifts from agriculture to another branch.

Expansion and down-scaling are opposite strategic choices. However, the conditions for which this decision is made, do not need to be opposite (e.g. I decide to break-off my farm and start-up a new business in consultancy; the latter decision possibly requires comparable competences as the expansion strategy).

11 Wait & See

You keep a critical eye on new developments and orientate yourself well, but decide later. Postponement of a strategic choice is mainly necessary when certain developments are very vague (environmental (regional), technological or market developments, or uncertainty about the entrepreneur's health, or from the perspective of succession, uncertainty if one of the children wants to take the farm over). In many cases, the ‘waiting time’ is used to get into contact with advisors, colleagues, potential partners etc. for orientation on the strategy after the ‘wait & see’-period.

6.2 *Gain Insight on the strategy best suited to your assignment*

Short Questionnaire to Gain Insight on the Strategy Best Suited to You:

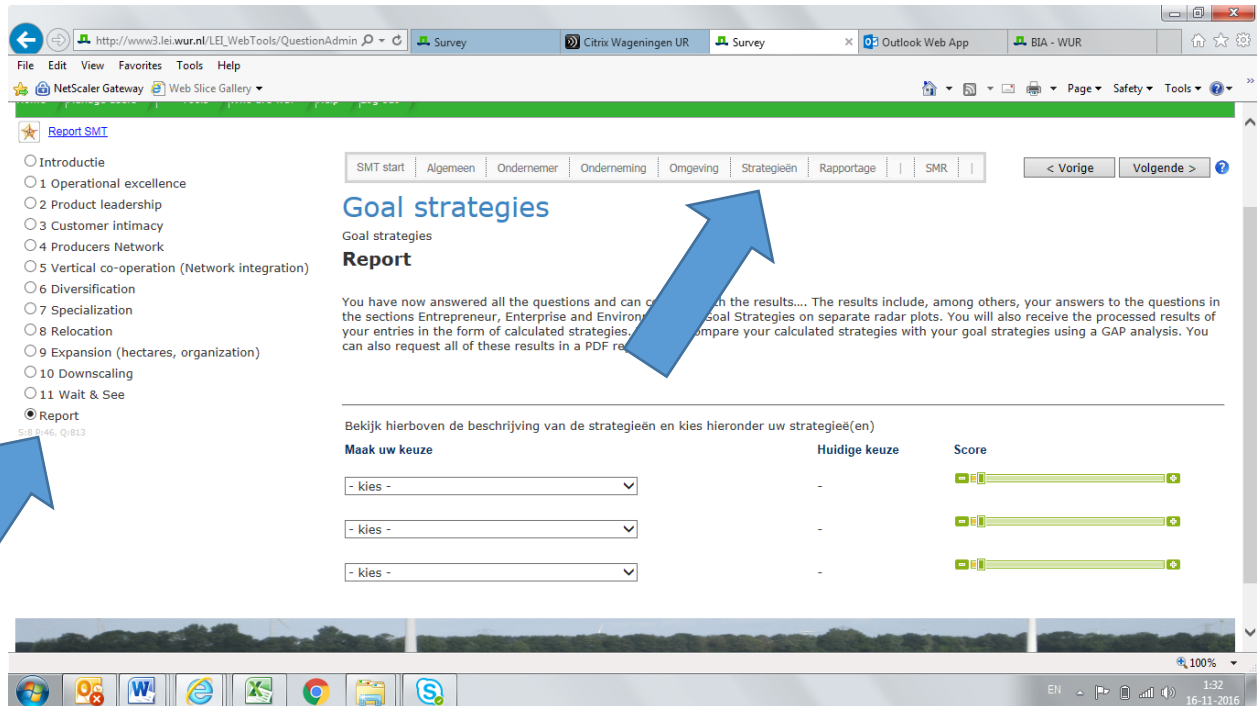
1. Do you pursue mainly efficient production (Operational excellence) or do you want to focus on niche products (Product leadership), possibly with a small scale approach (Downscaling, Customer intimacy)?
2. In addition to this, do you prefer a broad (Diversification) or narrow (Specialization) product range?
3. Does your business location play a possibly limiting role (Relocation) or do you see a need to increase size at your current location (Expansion)?
4. Is it important for your business to work hard on modernization and/or economic efficiency, for example through paying specific attention to purchases and sales (Operational excellence)?
5. Do you also feel strongly about intensifying co-operation with colleagues (Producer Network) or other parties in the chain (Vertical co-operation)?
6. Have you already made a clear decision about the strategy you want to follow or are you still actively searching for the one that suits you best ('Wait and see')?

6.3 Goal Strategies - screen tutorial

In the tool, go to 'strategy', click 'score'.

Which three strategies have you chosen?

Please indicate in the tool, which strategies you have chosen. After filling in the chapter 6a Goal Strategy, you will arrive to the question in the chapter 6b Goal Strategies. Another option is to choose in the menu button chapter Strategy and on the left side button 'Report'.



Choose the three strategies, you would like to further explore. And with the Score function indicate in a scale from 1-10 (1 is not important, 10 is very important), how important this strategy is for you. The score can be different for each goal strategy.



After clicking on 'Next', the meaning of the chosen Goal Strategies will be explained again.

6.4 GAP Analysis tutorial

The tool also calculates scores for these 11 strategies based on the scores you gave yourself earlier in the training on the three E's (Entrepreneur, Enterprise, and Environment). The GAP analysis will help you to analyze your Goal strategies and make a solid strategy choice. It is done by comparing your own strategy scores and the scores of your calculated strategy. If there are (big) differences between your scores and the calculated scores then it is important to go back one step and see what the main reason for this could be. This step is finalized with a definite choice of a future strategy.

Your strategy choice can be the best fitting strategy as indicated by the tool. However, it can also be your own goal strategy, but in that case attention should be paid to the way in which the 'gap' is bridged. If not, the chosen strategy may not be feasible and can lead to disappointment.

The GAP analysis is done in three steps, in the figure below explained from the left-upper side to right-under.

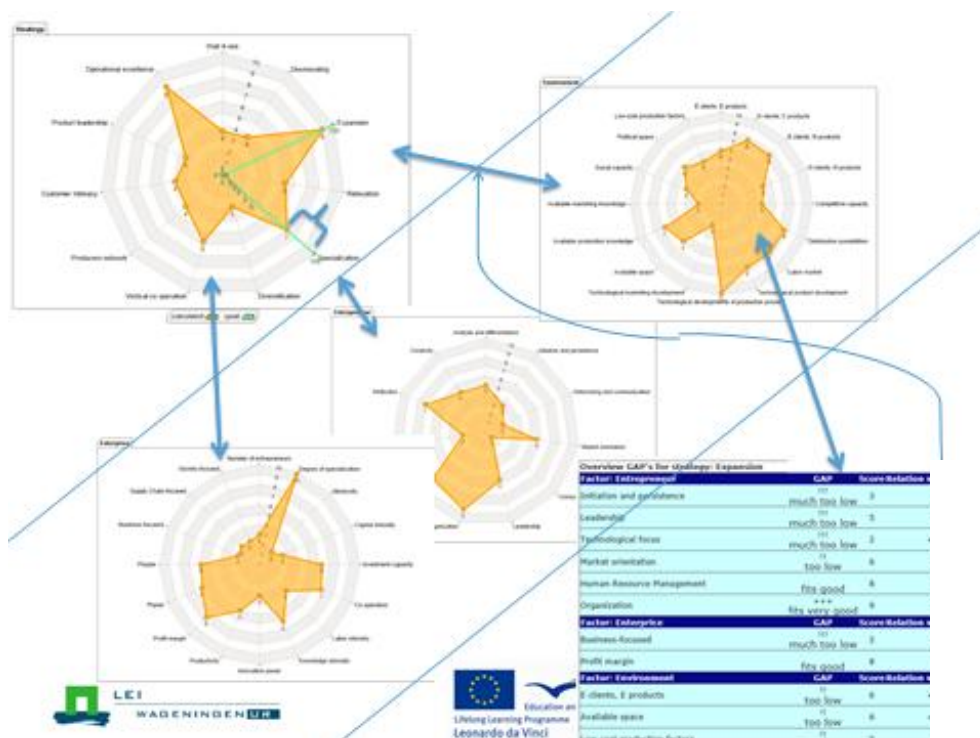


Figure 6.2 GAP-analysis overview

Step 1

Check the result of the calculated and goal strategies (left-upper side). Is this the picture that the entrepreneur would expect? And if there is a difference between the scores of the calculated and goal strategies, the so-called gap, you can explain why there is a difference? Both for the negative difference (Figure 6.1) and the positive differences. In that case, you can think of alternatives, so that the favorite goal strategy can still be followed?

Figure 6.2 shows that the entrepreneur scores himself at a '10' for the strategy 'operational excellence', but the tool indicates the suitability of this strategy at a '5'.

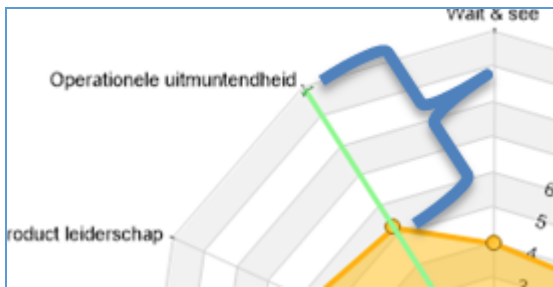


Figure 6.2 Difference between calculated and own strategy

Step 2

The second step is to check your underlying radar plots: the enterprise, the environment and entrepreneur. Can a possible gap be explained through low score(s) in the three plots? Do you recognize this pattern?



Step 3

The GAP-analysis shows the factors that you have to work on to follow your goal strategy. Do you recognize the results of this analysis? The column 'GAP' shows if there is a gap. A negative gap is indicated through an exclamation mark(s) (!) and the text says '(much too) low'. If the analysis indicates 'May be (more) lower', then this factor is over-qualified, so to say.

In case the first chosen goal strategies were not suitable you can choose to start again the 'Short Questionnaire to Gain Insight on the Strategy Best Suited to You'.

The overview on the next page describes the overall relationships between different factors of the three E's and the strategies as computed by SMT itself. It says e.g. that if you score high on organization, that the strategy 'Operational excellence' will score high too. In other words: when you are a good organizer, then this strategy is a good option. Further explanation is given below the matrix.

The final score on the different strategies is a combined score based on the different scores of all factors.

Correlation between Strategies and Factors

Operational excellence		Product leadership	
Organization	+++	Market orientation	+++
System-focused	+++	Labor market	+++
Distribution possibilities	+++	Available knowledge of marketing	+++
Supply chain-focused	+++	Available knowledge of production	+++
Low-cost production factors	+++	Consumer-focused	+++
Space available	+++	Creativity	+++
Technology	+++	Staff management	+++
Techn. development process	+++	Market growth N products E customers	+++
Labor intensity	--	Market growth N products N customers	+++
Society-focused	--	Degree of specialization	+++
Margin	--	Techn. development product	+++
		Market growth E products E customers	---
		Market growth E products N customers	---
Customer intimacy		Producers network	
Networks and interaction	+++	Organization	+++
Competitive potential	+++	Competitive potential	+++
Consumer-focused	+++	Networks and interaction	++
Societal aspects	+++	Cooperation	++
Market growth E products E customers	+++	Technology	++
Cooperation	+++	Techn. development process	++
Analytical skills	++	Leadership	--
Degree of specialization	--	Number of entrepreneurs	--
System-focused	--	Labor market	--
Market growth N products N customers	--	Low-cost production factors	--
Productivity	--	Space available	--
Vertical co-operation		Diversification	
Market orientation	+++	Initiate and proceed	+++
Competitive potential	+++	Available knowledge of production	+++
Supply chain-focused	+++	Competitive potential	+++
Market growth N products N customers	+++	Consumer-focused	+++
Cooperation	+++	Innovative potential	+++
Techn. development process	+++	Societal aspects	+++
Reflection	--	Market growth N products E customers	+++
		Market growth N products N customers	+++
		Networks and interaction	+++
		Degree of specialization	---
		Labor intensity	---
		Market growth E products E customers	---
		Market growth E products N customers	---

Specialization		Relocation	
Degree of specialization	+++	Initiate and proceed	+++
System-focused	+++	Societal aspects	+++
Knowledge intensity	+++	Political aspects	+++
Low-cost production factors	+++	Analytical skills	++
Market growth E products E customers	+++	Competitive potential	++
Market growth E products N customers	+++	Staff management	++
Productivity	+++	Leadership	++
Techn. development process	+++	Networks and interaction	++
Networks and interaction	--	Organization	++
Market growth N products E customers	--	Cooperation	++
Space available	--	Space available	---
Market growth N products N customers	---	Low-cost production factors	---
Expansion		Downscaling	
Technology	+++	Reflection	+++
Market growth E products E customers	+++	Networks and interaction	++
Market growth N products E customers	+++	Competitive potential	++
Space available	+++	Margin	---
Techn. development process	+++	Market growth E products E customers	---
		Market growth E products N customers	---
		Market growth N products E customers	---
		Market growth N products N customers	---
Wait & see			
Reflection	+++		
Political aspects	+++		
Modernity	++		
Societal aspects	++		
Margin	++		
Initiate and proceed	---		
Competitive potential	---		
Consumer-focused	---		
Low-cost production factors	---		

N.B. This overview only contains the major relationships between factors from the three E's and strategies. The model contains a correlation coefficient for each relationship.

6.5 Further explanation of the matrices

Remark: In this description, the pictures of the different strategies are clearly different from each other. In practice, the strategies can come together to a certain level. E.g. product leadership and vertical cooperation are not always contradictory. The same is true for horizontal cooperation and expansion, which can go together quite well.

Operational excellence

You can only create an efficient and highly productive business when you are business oriented, when you can organize well and when you are technology focused. You will need space, technological development and distribution possibilities. A large societal space does not stimulate to choose this strategy, especially to produce in an efficient way. Being a society-focused entrepreneur does not stimulate this either, since efficiency matches better with rational and decisive entrepreneurs.

Product Leadership

This strategy requires much from the entrepreneur in the field of production knowledge and marketing. He should also be creative in reaching current and new customers, so that he will be able to make profit from the growth in demand of new products by those customers. This strategy requires more creativity than leadership. He needs personnel for this strategy and should have staff management competences. A continuous product development is also important in order to reach a good match with the market. A market growth of existing products does not stimulate to choose this strategy. The entrepreneur should be market focused to adopt this strategy.

Customer Intimacy

An entrepreneur needs to have a strong competence 'networking and interaction' in order to build close relationships with his customers. He should be able to think in a consumer-focused way in order to make a match with the wishes and needs of the customers. There needs to be competitive potential and societal space for his business, i.e. there must be a niche market in society that has not yet been fully occupied by other businesses. This is a strategy for relatively small businesses with a large product folio. Therefore, this is not a strategy for entrepreneurs who like to work in a business-focused way and with technology

or who have a strong focus on productivity and specialization. Entrepreneurs who choose this strategy, will work together with colleagues to serve his niche market.

Horizontal cooperation

For this strategy, entrepreneurs involved need to be able to organize well. Their mutual communication should be good (networking and interaction). There should be enough competitive potential, because without this potential it is better to start up other activities. Creative and consumer-oriented entrepreneurs will most probably choose a different strategy, less focused on production optimization and more focused on the market aspect. When more than one entrepreneur works in the business, then they will not soon choose horizontal cooperation. That is also true when there is much space, when the production factors are not expensive and when the labor market is not poor. In those cases, expansion is a more logical choice.

Vertical or chain cooperation

Chain cooperation makes only sense when there is sufficient competitive potential. The entrepreneur needs to be market and chain oriented. There should also be perspective for combined improvement of the production and distribution processes and to market new products with new customers. Entrepreneurs who like to be a leader, will sooner choose product leadership as a strategy, i.e. not so soon for cooperation within a chain. Reflection fits better with a wait & see-strategy; in a chain, you need to be able to act fast.

Diversification

For this strategy, there needs to be a market growth of new products with current or new customers. The entrepreneur needs to be able to reach those customers (networking and interaction) and the business should be innovative. The entrepreneur needs to have knowledge of the new production activities, e.g. a new crop, a new type of husbandry or a new product. There should be competitive potential, i.e. other businesses should give him the opportunity to enter the market. There should also be support for the new products (societal space). When there is a strong market growth of the existing products with current or new clients, then it will not be attractive to produce new products, i.e. to choose this strategy. That is also true for strongly specialized businesses (there is apparently an advantage for them in specialization) and for labor intensive businesses. In the latter case, there is too little time to get involved in a new production branch.

Specialization

This strategy is in the first place attractive when the business is already specialized and there is a marketing growth for the existing product. Specialization is stimulated when the price of the production factors required is low, so that it is relatively cheap to further invest in the current production facilities. This strategy is specifically favorable for a knowledge intensive branch. It may help when the business is well organized and the technology development is favorable. This strategy is not attractive when there is a market growth of new products. Entrepreneurs who like to be involved in networking and interaction, will sooner choose for product leadership. When there is much space available, an entrepreneur will sooner choose for expansion of the total business than for expansion of one branch at the cost of other branch(es).

Relocation

You specifically choose this strategy when there is no space available for expansion on the old location and the price of production factors is high there. Creative entrepreneurs will sooner adapt their business model to a more consumer-oriented concept than relocate. Relocation needs societal and political space, meaning that there is support to leave the old location and to settle on the new one. The decision to relocate should not be delayed to long (not continue with 'wait & see'), but should be taken by an entrepreneur who can well analyze and evaluate. He should be decisive (leadership) to be able to make such a decision and to work out the often far reaching consequences in a steady manner (initiate and continue). Such actions require a well-developed organization competence of the entrepreneur.

Expansion

Expansion requires a demand for existing and possibly also new products to be produced in the business. There should be space for expansion, e.g. land for new buildings or crops. Expansion is often combined with an increased application of technology. This should not only be available, the entrepreneur should also be able to handle this new technology. Creative and/or consumer oriented entrepreneurs will sooner choose product leadership or customer intimacy.

Down-scaling

Down-scaling is often decided on after a period of reflection. When the market is full, an entrepreneur will sooner choose this strategy than when there is market growth. An entre-

preneur will also choose this strategy sooner when he is good in networking and interacting with colleagues and can organize a certain form of cooperation with (e.g.) expanding colleagues. For them, there should be sufficient competitive potential. High margins will not lead soon to down-scaling.

Wait & see

An entrepreneur who chooses this strategy, spends time on reflection. That takes time. Creative entrepreneurs who like to initiate and continue their business and want to organize their business in such a way that they can make maximum use of market growth, will not soon choose this strategy. Having patience in decision making is easier when there is political and societal space for the business and when the margin and modernity are sufficient. A high competitive potential and a low price of production factors on the other hand make this strategy unattractive. Also consumer oriented entrepreneurs will not soon choose the 'wait & see' strategy.

6.6. Check on consequences of goal strategies

1. Each strategy has necessary investments, economic consequences, risks involved and advantages and disadvantages. Please make a rough list of these for each strategy

(The entrepreneur can describe the strategies in his/her own words, stay on strategic level. Example: It might be a combination of two strategies with the good reasons. The facilitator will ask for these reasons.)

Strategy (number and name)	Necessary investments (euro)	Economic consequences (euro/year)	Risks	Advantages	Disadvantages
1:					
2:					
3:					

2. Which strategy do you prefer most and will you further develop?

3. The reasons for this are:

7. Critical Success Factors

In order to reach your goals and successfully carry out your strategy you must keep an eye on the critical success factors for your business. These deciding factors are of great importance for the attainment of your goals and the success of your business. The critical success factors will come back in the evaluation plan. These are also the factors (or factors derived from these) that are important for you to monitor. The more qualitative critical success factors have been translated into measurable factors (Critical Quality Factors).

Explanation: Product prices are naturally critical success factors for obtaining sufficient income from the business. The challenge is nevertheless to indicate factors that the entrepreneur him/herself can influence. Product prices can be partially influenced (by quality, preservation (shelf life and efficiency), negotiation skills), but many other factors are fixed. The areas you have the most influence on are your craftsmanship, management and entrepreneurship. In this framework it is said: 'Craftsmanship and management mean doing things rightly and enterprise means doing the right things.'

1. Which critical success factors do you see for the three strategies?

The critical success factors of strategy 1 are:

The critical success factors of strategy 2 are:

The critical success factors of strategy 3 are:

Explanation: Have you talked with people, with or without persons such as accountants, or have you analyzed the critical success factors yourself?

8. Plan of Action and Realization

In this chapter you continue to develop your strategy. You do this with the support of, among other things, the critical success factors (chapter 8). These are the factors you find important to control and analyze. The more qualitative success factors need to be translated into measurable factors.

The strategy has been developed, but now the real work starts. A good action plan is important for implementation of the strategy. The action plan should be **SMART**: **S**pecific – **M**easurable – **A**ttainable – **R**ealistic and **T**ime-bound. Each action should have the following elements at minimum: what will I do, who is involved, and when will it be finished. The goal is to already make a start with the action plan during the training. After the second day of training, you get a homework assignment for the final meeting. This assignment depends on the strategy you have selected. If this strategy includes a major investment, then the assignment might involve doing a ‘reality check’ of this investment: what are the costs and what are the anticipated returns? If the new strategy is focusing on developing new markets, then the assignment could be to make contact with possible buyers and discuss the possibilities. After the training, you have both a strategy and an action plan. It is important to monitor the progress of the action plan. If it becomes clear that certain goals cannot be achieved, for example due to changes in rules or legislation, then it may be necessary to go back and repeat earlier steps in the process and adjust the strategy.

1. What will your strategy be?

In your action plan you will determine what you need to do and when, and who you want to involve. For this you must translate the most qualitative success factors into measurable factors. **Describe a maximum of five actions.**

	Action 1	Action 2	Action 3	Action 4	Action 5
What?					
When?					
With whom?					
CSFs					
Measurable factors					

Appendix 1 - Definitions

Action Plan	A number of steps that make the strategy concrete.
Actors	People or organizations that have influence on your farm.
Threat	An (unexpected) development that hinders your critical success factors.
Business Performance	Examples of this are profit, sustainability, labor circumstances and innovative force.
Budget	A plan translated into set amounts of money for each task.
Cash flow	Changes in the liquid assets (profit and debts).
Competences	A person's expertise, skills and qualities.
Control	The testing of reality on the set standards.
Creativity	The ability to connect events or things that, from existing perspectives and/or ideas, are seen as new or unusual.
Data	Every image or representation that can have a meaning; a number or letter, for example, mostly relating to quantities or amounts.
Goal	The intended and desired situation.
Evaluation	Are goals being reached? Is correction necessary?
External Factors	Examples of this are location growth potential, technological possibilities, type of colleagues, trends in society, etc.
Flexibility	The distinguishing characteristic of an organization that is less vulnerable to extreme developments or can easily adapt to changes.
Image	The perception of a business or organization by the external environment.
Information	A meaningful combination of data.
Internal Business Factors	The structure and other characteristics of a business that influence its functioning and developmental possibilities. Examples of this are production scale, modernity of business, capital intensity and specialization.
Chance	An (expected) development that gives you the possibility to put your desired developments into action.
Critical Success Factors	The factors that are of decisive importance for the success of an organization.
Management Cycle	The management cycle originates in the formulation of a strategy, supported by analyses of the personality, current business situation, internal strengths and weaknesses, external chances and threats. This results in a plan of action to realize the strategy and to determine evaluation moments. After an evaluation, the strategy and analyses are reviewed again.

Mission	Why and to what ends does the business exist? What is your drive to have and run this business? That is to say: the role and ambitions of the business or organization in their defined field of work.
Monitoring	Systematic guarding of quality.
Motivation	That which moves people to do something or to refrain.
Entrepreneurship	The whole of thoughts, mentality and actions that focus on the conscious acceptance of risks in offering products or services, mainly with the goal of making a profit.
Operational Decisions	Decisions concerning a short period anywhere from a few hours to a few months. Because many decisions are made on a strategic or tactical level, choices can be limited.
Personality	An individual's personality is made up of the unique characteristics that are not shared with others. Personality is shaped by attributes that are partially inborn and partially acquired (formed by culture and experiences). One's personal preferences stem from one's personality, and these in turn influence the choices one makes.
Plan	A description of the desired goals in terms of (1) fixed measures, (2) designated assets and (3) a given term within which the goals must be attained.
SMART Action Plan	An effective plan of action: Specific, Measurable, Acceptable, Realistic and Time-bound.
Strategic Decisions	Decisions concerning the long term (more than 5 years) and are fairly abstract in nature.
Strategy	How will we achieve our goals? A statement of the paths along which and the manner how the goals will be reached and the means necessary to do so.
Shareholders	Involved parties holding shares in a company or business.
Stakeholders	People or groups that have a share or interest in a business (for example friends, but also employees).
Tactical Decisions	Decisions concerning the medium term; between 1 and 5 years. Construction and cultivation plans are examples of tactical decisions.
Vision	The plans a business has for the future, including the developments within both the business and the wider sector.

Appendix 2 – Sector-related questions on ‘Enterprise’

Dairy farming

2B2a Degree of specialization – products: How specialized is your business? Very specialized: only dairy and breeding young cattle. Specialized: dairy with some arable farming (<20% total area), pigs or poultry. Not specialized: large part of business is in other sector(s).

2B2b Degree of specialization – chain: How many links from the supply chain are part of your business? 1. Only milk production (one) 2. Milk production and processing (two) 3. Milk production, processing, and in-house sales (3 or more).

2B3a Degree of modernity – buildings: How old are the buildings/stables on your farm from the point of view of continuation? Young: 0 to 10 years, Average: they can be used for 10-20 years more, Old: they need to be replaced soon.

2B3b Degree of modernity – energy: What is the average age of your production systems? For example milking machines, milk tank and possibly processing equipment. Young: 0 to 10 years; average: they can be used for 10-20 years more; old: they need to be replaced soon.

2B3c Degree of modernity – production: What is the average age of your production systems (machinery and equipment) of your business? E.g. tractor, mowing machine, feeding equipment. Young: 0 to 10 years; average: they can be used for 10-20 years more; old: they need to be replaced soon.

2B4 Capital intensity: How big is the invested worth (replacement value per 1,000 kg milk) of your business compared to that of your colleagues? Answers: 1) much bigger than average; 2) bigger than average; 3) equal; 4) smaller than average; 5) much smaller than average.

2B6c Cooperation – chain: How many stakeholders do you have arrangements with for cooperation within the supply chain? For example: long term agreements with a dairy processor

2B8a Knowledge intensity – educated: Do your business tasks require specialized knowledge, e.g. in the fields of milking, cow health and animal welfare? 1) very much; 2) much; 3) comparable; 4) little 5) very little; 6) unknown

2B9a Innovative potential – development: Does your business focus on the development of new products? For example: special dairy products. 1) very seriously; 2) seriously; 3) similar to your colleagues; 4) little; 5) very little

2B10 Productivity: How big is the milk production per cow of your business compared to that of your colleagues? 1) much higher; 2) higher; 3) equal; 4) lower; 5) much lower; 6) unknown

2B12a Planet - amount energy: How high is the amount of energy used per year per cow on your business compared to that of your colleagues? 1) much higher; 2) higher 3) equal; 4) lower; 5) much lower; 6) unknown

Arable farming

2B2a Degree of specialization – products: How specialized is your business? Very specialized: more than half of total area planted in one crop. Specialized: three or four crops. Not specialized: five or more crops or large-scale animal husbandry or diversification (different sectors)

2B2b Degree of specialization – chain: How many links from the supply chain are part of your business? 1: only crop production 2: seedlings and crop production or crop production and processing 3: seedlings, crop production, processing and/or in-house sales.

2B3a Degree of modernity – buildings: How old are the buildings on your business from the point of view of continuation? Young: 0 to 10 years; average: they can be used for 10-20 years more; old: they need to be replaced soon.

2B3b Degree of modernity – energy: What is the average age of your production systems? For example sorting machinery, storage computer. Young: 0 to 10 years, Average: they can be used for 10-20 years more, Old: they need to be replaced soon.

2B3c Degree of modernity – production: What is the average age of your production systems (machines and equipment) for cultivation? E.g. tractor, sprayer, plough. Young: 0 to 10 years; average: they can be used for 10-20 years more; old: they need to be replaced soon.

2B4 Capital intensity: How big is the invested worth (replacement value per ha of land) of your farm compared to that of your colleagues: 1) much bigger than average; 2) bigger than average; 3) equal; 4) smaller than average; 5) much smaller than average

2B6c Cooperation – chain: How many stakeholders do you have arrangements with for cooperation within the supply chain? For example: long term agreements with a seed propagator, processor, or retailer.

2B8a Knowledge intensity – educated: Do your business tasks require specialized knowledge, e.g. in the fields of soil tillage, plant health and nutrition? 1) very much; 2) much; 3) comparable; 4) little 5) very little; 6) unknown

2B9a Innovative potential – development: Does your business focus on the development of new products? For example: self-improvement of varieties, crop tests, cultivation of special crops ('specialties') 1) very seriously; 2) seriously; 3) similar to your colleagues; 4) little; 5) very little

2B10 Productivity: How high is the yield of your major crop per ha at your business compared to that of your colleagues? 1) much higher; 2) higher; 3) equal; 4) lower; 5) much lower; 6) unknown;

2B12a Planet - amount energy: How high is the amount of energy used per year per ha of your major crop on your farm compared to that of your colleagues? 1) much higher; 2) higher 3) equal; 4) lower; 5) much lower; 6) unknown;

Horticulture

2B2a Degree of specialization – products: How specialized is your business? Very specialized: only one crop. Specialized: two crops. Not specialized: three or more crops

2B2b Degree of specialization – chain: How many links from the supply chain are part of your business? 1: only crop production 2: seedlings and crop production or crop production and delivery 3: seedlings, crop production, delivery and/or in-house sales.

2B3a Degree of modernity – buildings: How old are the buildings (greenhouse, shed) in your business from the point of view of continuation? Young: 0 to 10 years; average: they can be used for 10-20 years more; old: they need to be replaced soon.

2B3b Degree of modernity – energy: What is the average age of your production systems? For example heating system, irrigation system. Young: 0 to 10 years; average: they can be used for 10-20 years more; old: they need to be replaced soon.

2B3c Degree of modernity – production: What is the average age of your production systems (machinery and equipment) for cultivation? E.g. conveyer belts, climate computer. Young: 0 to 10 years; average: they can be used for 10-20 years more; old: they need to be replaced soon.

2B4 Capital intensity: How big is the invested worth (replacement value per ha of land) of your farm compared to that of your colleagues: 1) much bigger than average; 2) bigger than average; 3) equal; 4) smaller than average; 5) much smaller than average

2B6c Cooperation – chain: How many stakeholders do you have arrangements with for cooperation within the supply chain? For example: long term agreements with a seed propagator, trader, shop or retailer.

2B8a Knowledge intensity – educated: Do your business tasks require more higher educated personnel, e.g. in the fields of selection, plant health and nutrition? 1) very much; 2) much; 3) comparable; 4) little 5) very little; 6) unknown

2B9a Innovative potential – development: Does your business focus on the development of new products? For example: self-improvement of varieties, crop tests, cultivation of special

crops ('specialties') 1) very seriously; 2) seriously; 3) similar to your colleagues; 4) little; 5) very little

2B10 Productivity: How high is the yield of your major crop per ha or m² at your business compared to that of your colleagues? 1) much higher; 2) higher; 3) equal; 4) lower; 5) much lower; 6) unknown;

2B12a Planet - amount energy: How high is the amount of energy used per year per ha of your major crop on your farm compared to that of your colleagues? 1) much higher; 2) higher 3) equal; 4) lower; 5) much lower; 6) unknown;

Pig farming

2B2a Degree of specialization – products: How specialized is your business? Very specialized: only breeding or meat pigs; specialized: breeding and meat pigs; not specialized: pig husbandry with a large part of the business is in other sector(s).

2B2b Degree of specialization – chain: How many links from the supply chain are part of your business? 1) Only pig husbandry; 2) fodder production and pig husbandry or pig husbandry and processing 3. fodder production and pig husbandry and processing and/or home-selling.

2B3a Degree of modernity – buildings: How old are the buildings/stables on your business from the point of view of continuation? Young: 0 to 10 years; average: they can be used for 10-20 years more; old: they need to be replaced soon.

2B3b Degree of modernity – energy: What is the average age of your production systems? For example feeding computer, manure systems and possibly processing equipment. Young: 0 to 10 years; average: they can be used for 10-20 years more; old: they need to be replaced soon.

2B3c Degree of modernity – production: What is the average age of your production systems (machinery and equipment) of your farm? E.g. tractor and feeding equipment. Young: 0 to 10 years; average: they can be used for 10-20 years more; old: they need to be replaced soon.

2B4 Capital intensity: How big is the invested worth (replacement value per piglet or kg of meat) of your business compared to that of your colleagues: 1) much bigger than average; 2) bigger than average; 3) equal; 4) smaller than average; 5) much smaller than average

2B6c Cooperation – chain: How many stakeholders do you have arrangements with for cooperation within the supply chain? For example: long term agreements with a meat processor.

2B8a Knowledge intensity – educated: Do your business tasks require specialized knowledge, e.g. in the fields of breeding, animal health and animal welfare? 1) very much; 2) much; 3) comparable; 4) little 5) very little; 6) unknown

2B9a Innovative potential – development: Does your business focus on the development of new products? For example: specialized pig meat products. 1) very seriously; 2) seriously; 3) similar to your colleagues; 4) little; 5) very little

2B10 Productivity: How big is the piglet production per sow or the meat production per pig of your farm compared to that of your colleagues? 1) much higher; 2) higher; 3) equal; 4) lower; 5) much lower; 6) unknown;

2B12a Planet - amount energy: How high is the amount of energy used per year per pig on your business compared to that of your colleagues? 1) much higher; 2) higher 3) equal; 4) lower; 5) much lower; 6) unknown;

Poultry

2B2a Degree of specialization – products: How specialized is your business? Very specialized: only laying hens or spring chicken; specialized: mother hens and laying hens or mother hens and spring chickens; not specialized: poultry farming with a large part of the business is in other sector(s).

2B2b Degree of specialization – chain: How many links from the supply chain are part of your business? 1) Only poultry farming ;2) fodder production and poultry farming or poultry farming and processing; 3) fodder production and poultry farming and processing of meat or eggs and/or home-selling.

2B3a Degree of modernity – buildings: How old are the buildings/stables on your business from the point of view of continuation? Young: 0 to 10 years; average: they can be used for 10-20 years more; old: they need to be replaced soon.

2B3b Degree of modernity – energy: What is the average age of your production systems? For example feeding computer, manure systems and possibly processing equipment (of meat or eggs). Young: 0 to 10 years; average: they can be used for 10-20 years more; old: they need to be replaced soon

2B3c Degree of modernity – production: What is the average age of your production systems (machinery and equipment) of your business? E.g. tractor and feeding equipment. Young: 0 to 10 years; average: they can be used for 10-20 years more; old: they need to be replaced soon.

2B4 Capital intensity: How big is the invested worth (replacement value per kg of meat or 1,000 eggs) of your business compared to that of your colleagues: 1) much bigger than average; 2) bigger than average; 3) equal; 4) smaller than average; 5) much smaller than average

2B6c Cooperation – chain: How many stakeholders do you have arrangements with for cooperation within the supply chain? For example: long term agreements with a meat processor or egg packaging business.

2B8a Knowledge intensity – educated: Do your business tasks require specialized knowledge, e.g. in the fields of breeding, animal health and animal welfare? 1) very much; 2) much; 3) comparable; 4) little 5) very little; 6) unknown

2B9a Innovative potential – development: Does your business focus on the development of new products? For example: specialized chicken meat or egg products. 1) very seriously; 2) seriously; 3) similar to your colleagues; 4) little; 5) very little

2B10 Productivity: How big is the meat production per 1,000 spring chickens or the number of eggs per 1,000 laying hens of your business compared to that of your colleagues? 1) much higher; 2) higher; 3) equal; 4) lower; 5) much lower; 6) unknown;

2B12a Planet - amount energy: How big is the amount of energy used per year per 1.000 hens or chickens on your business compared to that of your colleagues? 1) much higher; 2) higher 3) equal; 4) lower; 5) much lower; 6) unknown

Beekeeping

2B2a Degree of specialization – products: How specialized is your business? Very specialized: only honey bees; specialized: honey bees and other agricultural activities; not specialized: honey bees with a large part of the business is in other sector(s).

2B2b Degree of specialization – chain: How many links from the supply chain are part of your business? 1) Only bee keeping; 2) bee keeping and processing of honey; 3) bee keeping and processing of honey and home-selling and/or tourism

2B3a Degree of modernity – buildings: How old are the sheds and processing rooms on your business from the point of view of continuation? Young: 0 to 10 years; average: they can be used for 10-20 years more; old: they need to be replaced soon.

2B3b Degree of modernity – energy: What is the average age of your production systems? For example the bee houses. Young: 0 to 10 years; average: they can be used for 10-20 years more; old: they need to be replaced soon.

2B3c Degree of modernity – production: What is the average age of your production systems (machinery and equipment) of your business? E.g. honey processing equipment. Young: 0 to 10 years; average: they can be used for 10-20 years more; old: they need to be replaced soon.

2B4 Capital intensity: How big is the invested worth (replacement value per kg of honey) of your business compared to that of your colleagues: 1) much bigger than average; 2) bigger than average; 3) equal; 4) smaller than average; 5) much smaller than average

2B6c Cooperation – chain: How many stakeholders do you have arrangements with for cooperation within the supply chain? For example: long term agreements with a honey processor or a specific shop (with ‘specialties’).

2B8a Knowledge intensity – educated: Do your business tasks require specialized knowledge, e.g. in the fields of bee feeding, preparation and processing of honey? 1) very much; 2) much; 3) comparable; 4) little 5) very little; 6) unknown

2B9a Innovative potential – development: Does your business focus on the development of new products? For example: specialized honey products. 1) very seriously; 2) seriously; 3) similar to your colleagues; 4) little; 5) very little

2B10 Productivity: How big is the honey production per bee family of your business compared to that of your colleagues? 1) much higher; 2) higher; 3) equal; 4) lower; 5) much lower; 6) unknown;

2B12a Planet - amount energy: How high is the amount of energy used per year per bee family on your business compared to that of your colleagues? 1) much higher; 2) higher 3) equal; 4) lower; 5) much lower; 6) unknown;

Chapter for Trainers

Programme and script for the facilitator

Programme and script for a three day training that is aiming to support farmers in developing a strategy for their business.

Before the training starts

- A good intake interview is an important success factor for the training, collecting preliminary information, and creating a common expectation. It can be conducted by phone or by a visit at the farm. The 45-60 minutes interview will provide essential input for the training, because you already learn a lot about the farmer and the farm (what are the key issues). It is also a possibility to check if the farmer is suitable for the training (or the other way around):
 - Able and prepared to think at a strategic level;
 - prepared to share information on farm results (e.g. on farm economics);
 - prepared to talk about personal competences and ambitions;

Draw attention on the planning, the time required for sessions and assignments and the availability of time the participant has. It is important that all participants are present during the three days of the training and can also make time for homework assignments.

- Because of the desired strong interaction between the participants of the training the optimum group size is about 8 persons. If you have more persons then it is difficult to spend enough time on each participant. If you have less than 6 persons, the interaction can be at a too low level.
- It is important that participants of the training have clear expectations. This is not a training that is focusing on farm economics or on investment budgets. But it is a training that is focusing on the process of developing a strategy. The aim is that the entrepreneur at the end of the training is capable of developing a strategy himself, or at least that he understands how this works so he can 'use' his advisers or other people from his network in the right way. So the training is actually focusing on the development of competences of the entrepreneur. The actual strategic plan is more a by-product.
- It is also important to have a clear picture of the roles of the facilitator and the entrepreneur in the training. The entrepreneur actually has to do the 'hard' work, the facilitator only has a supporting role (e.g. in asking the right questions, or showing direction where information or help can be found).

- Create trust in the group at the beginning of the training through making an agreement that personal statements and sharings stay within the group and will not be shared with people outside the group. Also invite the participants to express it to the facilitator when things are unclear or when problems of any kind arise.

Organizational issues

- A good and quiet meeting room, with the right tools (beamer, laptop, flip-over, computers and internet connection).
- Make a file (folder) with all the paperwork for the participants. After each meeting you can hand out questionnaires or home assignments if necessary.
- Organize how the entrepreneurs fill in their personal Strategic Management Tool descriptive open and score questions. This can be done in different ways:
 - o Part of the open and score questions will be answered during the training session (the entrepreneur will fill in the document(s) during the day);
 - o If the entrepreneur has (good) access to the internet, he can fill in the SMT at home, by himself. The facilitator has to provide the entrepreneur with a username and a password and an instruction how to use the tools;
 - o If the entrepreneur does not have (good) access to the internet, the facilitator can fill in the answers and send back the report. This will of course take more time from the facilitator;
 - o It is a good option to use students in the training for supporting the facilitator, e.g. to make the file for the participants, but also to fill in SMT for or together with the entrepreneurs. For the students it is also a good way to work with entrepreneurs and to get acquainted with strategic management.
- Pay attention that you have enough computers with internet connection available for the participants. If you let SMT be filled in during the training you will need one computer per participant.
- For account management, use the following internet address:
<http://www.wecr.wur.nl/iadmin>

Programme

This is a global description of the program, a more detailed timeframe will be made with the participants.

Meeting 1: History, enterprise and environment

9.45 hrs. welcome with coffee

- Organize room with coffee and lunch
- Training file for farmer
- Name badges

10.00 hrs. Introduction program

- Introduction of the program
- Get to know each other (short introduction)

10.20 hrs. Introduction round

- Introduction: Name + what would you have done if you were not a farmer?
Introduction of strategic management: what is it and how do you carry it out?
- PPT for introduction: this presentation gives the framework for the training. Make clear that this training is about strategic issues and not about operational or tactical issues.

10.50 hrs. History and enterprise

- Where do you stand and how did you come here?
 - What do you consider to be strong points and/or points to improve for your enterprise?
 - Distinguish farm structure (e.g. size) and farm performance in assessing strong and weak points
- Everybody thinks about the history of his farm: What is the drive of the entrepreneur, how has the farm developed, what are strong en weak points now?
- The farmer discusses these points with his neighbor (and v.v.). The neighbor makes notes and presents them shortly to the rest of the group.
- As facilitator: focus on drive and ambitions and look at the strong and weak points; try to distinguish farm structure and farm performance.
- This part often takes more time, but is very important for the process in the rest of the training (this is where you create trust within the group).

If it is possible it is good to start with the Enterprise analysis before lunch; this depends of course also on the time agreed for the lunch. We have the best experience if tools can be started up before lunch and questions (Enterprise – description, chapter 2A) are answered already then.

12.15 – 13.00 hrs. lunch

13.00 hrs. Enterprise analysis

- Follow up of the morning, with focus on assessing strong and weak points in farm structure and farm performance

→ There are different ways to assess strong and weak points:

- If data are available, farm structure can be compared with the average in the country or region (depending on the entrepreneurs horizon). Farm performance can be compared with a benchmark tool; this method can help to compare own farm results with farm results of a comparable group.
- If no data are available, the 360-degree-method can be used. The participant can ask his partner (1), a customer (2), an advisor (3) and/or a colleague to assess the strong and weak points of the participant. This can be applied both for the enterprise (farm structure and farm performance) and for the entrepreneur!

→ Startup computers, show how the participants can access the tools.

- Fill in Chapter 2A Enterprise (Enterprise – description) questions;
- Fill in Chapter 2B Enterprise (Enterprise – score).

Let entrepreneurs fill in part of SMT (or at least explain how it works).

14.15 hrs. Environment analysis

- How does your environment look like? Not only close to your self – family neighbors – but also further away; what happens in the market and in society?
- External analysis is looking to the future (not to the current situation in the first place).

14.45 hrs. Coffee break

15.00 hrs. Environment analysis continued

→ Brainstorm with the group about important developments in the environment; write them down on flip-chart. Beware that the discussion is not too general. The results have to be translated to the own situation of the entrepreneur.

→ Try to cluster external factors (Check for yourself if most of the factors from SMT are being mentioned; maybe it is possible to ask specific questions in order to cover the total spectrum of environmental factors .

→ Ask the entrepreneurs to distinguish between those external factors they can influence and those factors they cannot influence. It is important to realize that they don't have to agree on this! It is a personal vision of the entrepreneur. This is important for the farmer to make choices where to put his effort in; it does not make sense to put a lot of time and energy in changing things you cannot influence.

15.30 hrs. SMT Environmental factors

- Fill in Chapter 3A Environment (Environment – description) questions.;
- Fill in Chapter 3B Environment (Environment – score).

16.25 hrs. Homework assignments

1. Look back at today's experience: Do you want to look more at assessing strong and weak points for your farm or put more time in the external analysis? Adapt if necessary the answers for the questions in SMT.
2. Working with your network:
 - a. Interview an entrepreneur outside agriculture. Goal of the interview is to get more insight into this person's entrepreneurship, or
 - b. Interview a person from your own network; how could you use this contact to get more grip on your own entrepreneurship.

→ It is important that you have this part well organized. The best option is that the farmer fill in SMT. If that is too tricky, try to use students. An alternative option is that you as a facilitator fill it in. In case of the last two options, it is in both cases important that you gather all the material at the end of the first day. Or that you make very clear agreements with the participants of the training on sending in their answers on time.

→ Give the participants a hand-out of the home assignment so that it is very clear what you expect from them.

16.30 hrs. Evaluation

→ **16.35 Finishing**

Meeting 2: Entrepreneur & steps towards strategy

9.45 hrs. *welcome with coffee*

→ Organize room with coffee and lunch

10.00 hrs. *Introduction program*

→ Repeat structure and goal of the training

10.05 hrs. *Feedback home assignments*

- All entrepreneurs present in 5 minutes their most important points, what did they learn from their home assignments?

→ This can be carried out through direct presentations, but it is usually more efficient to do this in couples. One entrepreneur shares his lessons with his neighbor. The neighbor presents these lessons to the group.

11.00 hrs. *Competences*

- Personal skills play an important role in strategic management. So we are going to talk about what the participants are good at.

→ There are many competence tests available on the internet. In Dutch trainings the learning style test form Kolb is sometimes used in this training to reflect on competences of the entrepreneur.

→ use ppt to explain competences and roll of competences in developing strategy.

→ As facilitator combine the information from the first day and the homework assignment with this discussion.

→ Fill in Chapter 4A Entrepreneur (Entrepreneur – description) questions.;

→ Fill in Chapter 4B Entrepreneur (Entrepreneur – score).

12.00 hrs. *From analyzing to future strategy*

All factors have now been discussed: farm structure, farm performance, the environment and the entrepreneur. So this means that all building stones are available.

→ Show some differences in plots of farmers e.g. competences or farm performance to illustrate that each farmer is unique.

→ Make clear that here is the end of looking back and analyzing; now the step is made towards strategy.

12.15 hrs. *Mission, vision and goals*

→ In the first part of the training all elements have been analyzed.

→ What is your vision, what is your drive for the future?

→ What are your future goals?

→ How will your farm look like in 5-10 years?

Fill in Chapter 5 Mission, Vision and Goals questions..

13.00 – 13.45 hrs. Lunch

13.45 hrs. *Concretize strategy in your own farm*

What are the strategic options you think that will match with your situation? Make a connection with your analysis of your enterprise, the environment and your own ambitions and competences as entrepreneur. You must come up with at least two strategic options.

→ Fill in SMT Chapter 6B Goal strategies: own scores for strategies. Let the farmers also fill in the scores on paper in the table, which is in the Tutorial, chapter 6.1, page 41.

→ Continue to fill in the table on paper. Do this only for strategies with high scores!

→ Compare your own score for strategies with the results of Strategic Management Tool; try to explain differences. Most important is that farmers can explain why the strategy they have chosen fits with them: how does it fit with their own ambitions and qualities\competences? How does it fit with their farm structure and farm performance? And how does it fit with their view of the environment (market, society)?

→ Fill in SMT Chapter 6A Goal strategies questions..

→ Fill in SMT Chapter 7 – Critical Factors for Success.

16.15 hrs. *Home assignment*

If necessary complete SMT on the internet:

- Prepare a presentation for the next meeting: give a clear presentation of your strategy, and the match with the analyses of Entrepreneur (competences, ambitions), Enterprise (structure and performance) and the Environment.
- Depending on the choice you have made:
 - do a reality check (e.g. if farmer makes major investments, he can use the investment tool for these calculations or call in the help of specialized advisors)
 - build up your network (in case of developing new products or markets etc.)
- This part will be different for each farmer; add the main lessons to the presentation.
- The facilitator helps with the choice of the personal part of the presentation;
- The facilitator also can help to provide a format of power point presentations.

16.30 hrs. *Evaluation and finishing*

Meeting 3: From strategy to actions

9.45 hrs. *welcome with coffee*

→ Organize room with coffee and lunch

10.00 hrs. *Introduction program*

10.05 hrs. *Presentation of farmers' strategies*

- 20 minutes per farmer (discussion included)
- Each farmer presents his chosen strategy to the group, including the differentiated part of the presentation (e.g. reality check, investment plan or network)
- use a format for the presentation to restrict time per person.
- After each presentation: reflection of group and facilitator.

12.30 – 13.30 hrs. *Lunch*

13.30 hrs. *Continue with presentations of farmers strategies*

14.30 hrs. *Action plan*

- *Fill in* Chapter 8 – Plan of Action and Realization.

15.30 hrs. *Evaluation*

We plan a moment in 6 – 12 months for the next meeting.

16.00 hrs. *Finishing*