

## Part 2

# Strategic Planning and Management for Food Companies



# Chapter 31

## The Consumer's Kingdom\*

One of the most exciting topics to be analyzed in the last 30 years is the change in the marketing approach of companies, and even in the general public perception of the concept of marketing. In this chapter, I will talk about how I see this evolution and leave a list of questions that will prod companies to think and plan their marketing strategies. First is the so-called “wild view” of marketing that dominated the 1970s, 1980s and in some markets even during the 1990s which then led to incredible macro-environmental changes and the emergence of a new era of consumer sovereignty. Finally, I will talk about the guidelines and opportunities for companies that want to satisfy this very sophisticated consumer who today has multiple choices provided by competitive companies.

The era of the wild view of marketing is no longer prevalent in most industries, although some of them use such extinct ideas even today. This wild view considered marketing as the architect for pushing consumption, with aggressive advertising and sales campaigns. New products were designed for sales, mass consumption and profit, with short-term goals. Marketing was considered manipulative as companies had a narrow consumer orientation, with lack of measuring tools to assess customer satisfaction. Most companies did not listen at all to consumers. All organizational structure was designed for selling, short-term results and spot relationships.

At the end of the 1980s and beginning of 1990s, several environmental changes occurred in most of the countries and markets. I consider the most important as the widening of markets and internationalization, the rapid rate of technology change and progress, markets deregulation and increase in global competition, with some markets supplying more than the demand.

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\*First published in *China Daily* (July 26, 2010).

Another bundle of important changes has come from the information and communication technology where the internet and the world wide web have increased the speed of socio-cultural changes of consumers. We see increased consumerist movements, growth of ethics among citizens' behavior and emergence of societal marketing movement (inclusion) as important changes in the last 20 years.

These changes have transported us to an era of consumer sovereignty, or an era of the consumer taking over production chains, redesigned toward satisfying this new king with a professional purchase behavior, new and growing expectations. This new era has prompted companies to understand that consumers value their time, expect well being, pleasant experiences and rewards, and have the freedom to exercise their choice. Consumers too became more aware of concepts such as "countervailing power" that could be exercised by companies (big suppliers) to secure best prices for its customers, so if they felt that some companies were not exercising this power, they moved to other competing companies and choices.

Consumer rights began to take center stage. Use of rapid communication processes, discussion groups, web-based complaints and new media have increased risks for companies that were not consumer-centric. Figure 31.1 shows an overview of the factors that drive the sovereignty of consumer.

To better explain the figure, it is important to understand the sovereignty of consumer-centric companies that want to conquer markets and win competition by adoption of new strategic behaviors. In essence, they need to be demand-driven. Such strategic behavioral trends would include collecting information about (1) the consumers, (2) competitors, (3) environment, and (4) to obtain a deep analysis and quick reaction to environmental changes.

Companies have switched to a long-range approach, valuing satisfaction and well being of buyers. They are new integrated network organizations, dynamic and harmonic, decentralized with delegation and designed with a problem-solution-based approach. This approach considers "from trying to sell, to helping to buy." There is a continuous search for newer ways to solve existing needs, launching value-added solutions that consider and value corporate social responsibility, smooth and collaborative network with suppliers, distributors and service providers, with a strong focus on smart market segmentation, knowledge generation and dissemination, and measurable/accountable marketing.

Adoption of such behavioral strategies has successfully led the companies to meet the growth in demand, implement democratic systems and include all segments associated in marketing a product. The target is to have very satisfied consumers with repeated purchases, what is called the "lock in" strategy. Companies are keen to build relationships and informal contracts with consumers that can even blind them toward competitors, increase their cost to change to another company, building a sustainable competitive advantage, with growth and profitability.

In Table 31.1, you will find 14 questions that can be considered for deliberation by companies desiring to improve their consumer focus.

Let's call them the "Consumer's Kingdom 14 Questions."

## The Consumer's Kingdom

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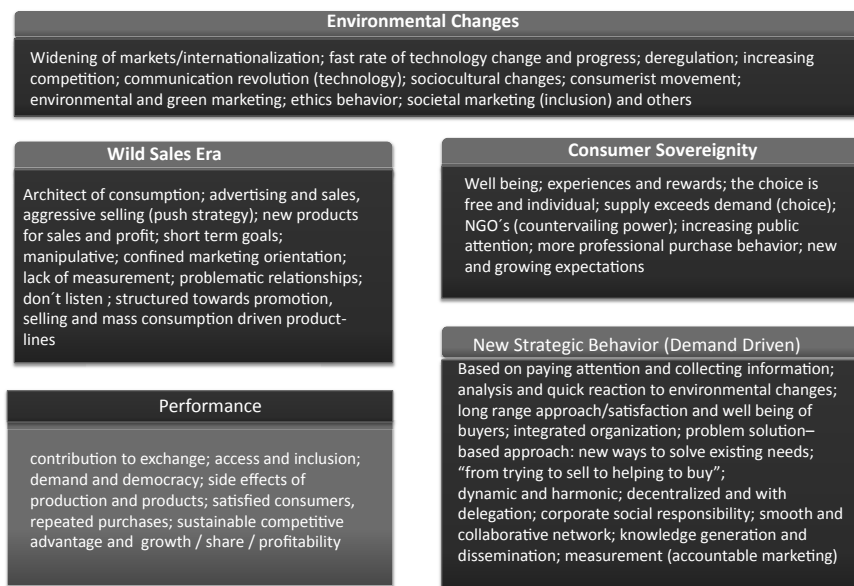


Figure 31.1 The consumer's kingdom.

Source: Author.

Table 31.1

## Consumer's Kingdom 14 Questions...

1. How to pay attention and collect information about the consumers?
2. How to pay attention and collect information about the competitors?
3. How to pay attention and collect information about the environment?
4. How to have a deep analysis and quick reaction of environmental changes?
5. How to do a long-range approach valuing satisfaction and well being of buyers?
6. How to build an integrated organization, dynamic and decentralized?
7. How to move using a problem-solution-based approach?
8. How to continuously search for new ways to solve existing needs?
9. How to build a corporate social responsibility method?
10. How to have a collaborative network with suppliers, distributors and service providers?
11. How to have a strong focus on market segmentation?
12. How to induce knowledge generation and dissemination?
13. How to measure marketing activities ?
14. How to do the "lock in" strategy (loyalty of consumers)?

### Discussion question

List ideas for your company based on your answers to the 14 questions.  
Which processes could be changed, which projects could be created?

# Chapter 32

## Developing Offers in Tune with Consumer Movements\*

In this chapter, we discuss consumer movements. A framework is offered that could be used as a catalyst by organizations to formulate demand-driven plans and acts. With advancements in digital media and emergence of new forms of communications, we face an era where consumers are stronger. Communication platforms, group discussions, complaining sites and others have empowered the consumers hugely.

The possibility of protesting and really damaging brands and images have become stronger, and almost for free. Consumers just need to use the existing platforms, and if it gains a viral expansion, reaches audiences all over the world.

On the other side, concerns about environment, people, planet, local communities, small companies, overconsumption and several other topics have increased within consumer groups and organizations (companies). Several practices of what is called “corporate social responsibility (CSR)” have gained attention in the last decade where companies involved in these topics are anticipating their movements, discussing these topics from the beginning of any project.

The idea in this chapter is to share several questions that may help a company in formulating a new offer or product to the market, already linked to the emerging needs.

I will divide the questions in four major blocks. The first will address questions related to environmental and green movements. The second block will address consumerist movements that are well known for criticizing the sales and marketing approaches of companies, and are linked to responsible consumption. The third block, slightly linked to the second, is the societal concept of marketing, which means more inclusion, more linkages to social causes and others. The fourth block considers questions related to ethics, rights and regulatory framework, mostly coming from governments, but also raised by NGOs and other similar types of organizations.

\* First published in *China Daily* (November 23, 2012).

Table 32.1

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Questions related to environmental and green movements

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What is the amount of resources used to produce (water, air, energy, fuel used to produce and transport)?

Recycling and reverse logistics are possible?

How to do disposal and retrieval of waste generated?

Which certifications will be most valued?

Can compensations programs be offered?

Is the offer improving quality of life?

Is it healthier than other alternatives?

Which are the most important groups and NGO's to build a relationship?

How to link to these groups?

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Table 32.2

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Questions related to consumerist movements:

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Is the offer bringing long-term satisfaction?

Is it designed for well being of buyers?

Is it technology based or just to promote marketing and sales?

Is it designed to bring over consumption?

Does it bring a buyer-seller equilibrium?

Is the functional value clear?

Is need satisfaction considered as a first objective of the offer?

Will consumers perceive this?

Which are the most important groups and NGO's to be, in some way, linked to the company?

How to link to these groups?

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**Table 32.3**


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 Questions related to societal movements:
 

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- ✓ Is the offer promoting social development?
  - ✓ Is the offer promoting inclusion?
- ✓ Does it promote individual or collective well-being?
  - ✓ Is it promoting local communities development?
  - ✓ Can it apply for fair trade?
- ✓ Is the company controlling the behavior and practices of its suppliers?
- ✓ Does it have a clear, written and will communicated "corporate social responsibility" policy?
  - ✓ Employees satisfaction and well being is considered?
- ✓ Which are' the most important groups and NGO's to be, in some way linked to the company?
  - ✓ How to link to these groups?

**Table 32.4**


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 Questions related to ethics and regulatory issues:
 

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- ✓ Is the offer taking care of all ethic concerns?
- ✓ Is it adjusted to the institutional (regulatory) environment ("rules of the game") of the country or region?

Table 32.5

Developing Offers in Tune with Consumer Movements...			
Environmental/Green	Consumerist	Social	Others (ethics/rights/regulatory)
What is the amount of resources used (water, air, energy)?	Is the offer bringing long-term satisfaction?	Is the offer promoting social development?	Is the offer taking care of all ethic concerns?
Recycling and reverse logistics are possible?	Is it designed for well being of buyers?	Is the offer promoting inclusion?	Is it adjusted to the institutional (regulatory) environment ("rules of the game") of the country or region?
How to do disposal and retrieval of waste?	Is it technology based or just to promote marketing and sales?	Is it promoting local communities development?	
Which certifications will be needed?	Is it designed to over consumption?	What are the economic or people side effects?	
Can we offer compensations programs?	Does it bring a balance equilibrium buyer seller?	What are the economic/people side effects?	
Is it improving quality of life?	The functional value is clear?	Can it apply for fair trade?	
Is it healthier?	Is need satisfaction considered as a first objective of the offer?	Is the company controlling the behavior and practices its suppliers?	
Is it linked to the movement of smaller portions avoiding waste?	Will consumers perceive this?	Does it have a clear, written and will communicated "corporate social responsibility" policy?	
What is the impact of transport, logical systems and usage of infrastructure?	Is the new offer a solution to simplify procedures?	Employees satisfaction and well being is considered?	
Which are the most important groups and NGO's to be, in some way, linked to the company?	Which are the most important groups and NGO's to be, in some way, linked to the company?	Which are the most important groups and NGO's to be, in some way, linked to the company?	
How to link to these groups?	How to link to these groups?	How to link to these groups?	

### Discussion question

Answering these questions will help your company anticipate reactions and conceive the most appropriate offer or product designed to satisfy consumer movements. Radical movements and unreasonable demands should not be reciprocated by the company and should be monitored and even avoided. The questions in this chapter will enable companies to generate ideas for the design, integrated communication and “go to market” strategies.

# Chapter 33

## Demand-Driven Organizations\*

Nowadays, consumers live in an era of choices. And I want to discuss the reasons why some companies and organizations are winning the approval of consumers and securing successful results. This chapter is based on my observations of what the organizations share, how they behave and how they act. Let us move to the 10 qualities of “demand-driven organizations.”

1. *They listen and pay attention.* This is a great characteristic, since to pay attention requires utmost sincerity and concentration and it is incredible how we deal everyday with companies that are closed to information.
2. *They do not fear evaluation.* In several organizations, we observe a tendency to avoid establishing formal and informal evaluation procedures, because they believe evaluation would place their people under pressure.
3. *They dedicate a formal time to think.* Time to think nowadays is rare since it costs. We have to pursue financial and sales targets in the midst of persistent disturbances from communication gadgets; for instance, when you are in the middle of a brainstorming session, a new email arrives or a mobile phone rings. Technology has made us much more accessible to people, but the flip side is the continuous interruption in thinking processes.
4. *They analyze and exercise macro-environmental changes.* Organizations are keen to observe developments in political, legal economic, socio-cultural and technological areas. These demand-driven organizations analyze how these trends and movements affect them.
5. *They perform mental simulations of possible future changes and their impacts, anticipating movements and reactions.* It is the “and if?” question. They exercise these questions about possible future changes and the impact.

\* First published in *China Daily* (December 16, 2010).

## Demand-Driven Organizations

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6. *They possess the high stakeholders touch.* Establishing closer linkages and connection to stakeholders (consumers, clients, suppliers, distributors, government, shareholders, banks) via several strategies such as open lines of communication, own stores, consumer labs, and digital platforms and empowering their people that are in direct touch with consumers.
7. *They share a sense that they are owned by the consumer.* The value of the organization is the value given by the consumer, having a clear understanding of the consumer problems and the problem-solving capacity of the organization. This requires a mindset change in employees.
8. *They do not fear change.* In several companies, we face an accommodation process where people do not try to overcome their indifferences, they think nothing is possible, nothing works. This behavior must be changed with stimulus or if it doesn't work, by... the yardstick "If people don't change, let's change people."
9. They exhibit entrepreneurial and innovative behavior. I explored this in the chapter, also called "building an innovative concept." We see that demand-driven companies always introduce new concepts and solutions for societies.
10. *They share discipline to make things happen.* They take notes and they action their development plans.

Table 33.1

## Demand-driven organizations — 10 points

10 points	Questions	List your Ideas for your Company
1 - They listen and pay attention		
2 - They don't fear to be evaluated		
3 - They dedicate a formal time to think		
4 - They analyze and exercise macro-environmental changes		
5 - They perform mental simulations of possible future changes and their impacts, anticipating movements and reactions		
6 - They possess the high stakeholders touch		
7 - Demand-driven organizations share a sense that they are owned by the consumer		
8 - They don't fear change		
9 - They exhibit entrepreneurial and innovation behavior		
10 - They also share discipline to make things happen		

Source: Author

Here, we have a working list for people that are managing organizations. These points could be transformed into questions. Share with your management team and employees and prompt them to give ideas for your organization on how to improve in each of these 10 points to realize the “demand-driven organization” concept.

### **Discussion question**

How to improve your company based on the 10-points table?

# Chapter 34

## Questions toward a Demand-Driven Orientation\*

This chapter raises some questions for organizations that would encourage them to position themselves according to the changing and evolving wishes of consumers' demands.

A demand-driven organization has a continuous holistic approach to develop and promote solutions, with higher value for the organization, for its direct and indirect consumers and also for all stakeholders involved.

Within the market in which an organization operates, there is a wide range of actors that mutually benefit within the trade process, such as consumers, distribution channels, competitors, suppliers and others.

For an organization to be strongly guided by the changing demands, it needs an efficient market information system, which monitors the macro-environment and all the actors that relate directly and indirectly with the organization.

Internally, it is vital to have a cross-functional coordination, where all departments are aligned creating the demand-driven culture.

In this chapter, I offer some questions that would prompt organizations to create ideas that could be more demand-driven. The questions are presented and divided according to the most relevant target audiences of a company — the final consumers, distributors, government, suppliers, noncompetitors and service providers.

The following items and the summary table show the possible market players of an organization and propose questions that serve as a guide for its positioning.

\*First published in *China Daily* (November 26, 2010).

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***For the final consumer, some important questions would be:***

- How to deliver great value and build loyalty?
- How to understand the segments of consumer?
- How to anticipate trends?
- How to offer solutions?
- How to monitor the feedback?
- How to build consumer laboratories, places for interactions?
- How to improve the linkage and connectivity with consumer?

***For the distribution channels, some important questions would be:***

- How to improve the performance of channels in terms of profit and traffic generation?
- How to offer complete solutions?
- How to build channel incentive programs?
- How to reduce transactional costs with distributors?
- How to participate in private label strategies?
- How to improve the flows from the organization to the channel?

***For the government, some important questions would be:***

- How to contribute more with the government (helping international agreements, improving regulation systems and controls)?
- How to better use the available public resources (financing, research development institutes and others)?

***For the competitors, some important questions would be:***

- How to make the organization open to strategic alliances, joint ventures, collective actions in a proactive approach?
- How to better participate in horizontal associations?
- How to improve ethics and standards of the industry?

***For the non-competitor companies, some important questions would be:***

- How to make the organization open to strategic alliances, joint ventures and other types of collective actions in a proactive approach?
- Is the organization structured for this?
- How to stimulate benchmarking?



*For the input suppliers, some important questions would be:*

- How to monitor and stimulate supplier's sustainability and security procedures?
- How to improve cost and efficiency (value) of inputs?
- How to lower transaction costs with suppliers?
- How to innovate toward sustainable and renewable inputs?

*For the service providers (financial institutions, certification, transport, insurance, communication, digital support and information technology), some important questions would be:*

- How to have the best value service providers linked to the organization?
- Which services would need to be provided for the best functioning of the contractual networks? And, what mechanism would you deploy to provide such services?
- Are services sensitive or affected by the final consumer buying decision process? If yes, how?
- How to reduce transaction costs related to service providers relationships and contracts?
- How to monitor and stimulate the service provider's sustainability and security procedures?

I hope these questions would be found useful for internal workshops or even external interviews in achieving the organization's goal to be more demand-driven.

Table 34.1

## A FRAMEWORK FOR A DEMAND DRIVEN BEHAVIOR

FINAL CONSUMER	DISTRIBUTION CHANNELS	GOVERNMENT	COMPETITORS	NON COMPETITORS	INPUT SUPPLIERS	SERVICE PROVIDERS
- How to deliver great value and built loyalty?	- How to improve the performance of channels in terms of profit and traffic generation?	- How to contribute more with the government (helping international agreements, improving regulation systems and controls)?	- How to make the organization open to strategic alliances, joint ventures, collective actions in a proactive approach?	- How to make the organization open to strategic alliances, joint ventures and other types of collective actions in a proactive approach?	- How to monitor and stimulate supplier's sustainability and security procedures?	- How to have the best value service providers linked to the organization?
- How to understand the segments of consumer?	- How to offer complete solutions?	- How to better use the available public resources (financing, research development institutes and others)?	- How to better participate in horizontal associations?	Is it structured for this?	- How to improve cost and efficiency (value) of inputs?	- Which services and how they need to be provided for the best functioning of the contractual networks?
How to anticipate trends?	- How to build channel incentive programs?		- How to improve ethics and Standards of the industry?	- How to stimulate benchmarking?	- How to lower transaction costs with suppliers?	- How services are sensitive or affected to the final consumer buying decision process?
How to offer solutions?	- How to reduce transactional costs with distributors?				- How to innovate towards sustainable and renewable inputs?	- How to reduce transaction costs related to service providers relationships and contracts?
- How to monitor the feedback?	- How to participate in private label strategies?					- How to monitor and stimulate the service provider's sustainability and security procedures?
- How to build consumers laboratories, places for interactions?	- How to improve the flows from the organization to the channel?					
- How to improve the linkage and connectivity with consumer?						

### **Discussion Question**

How to make your organization more demand-driven based on the questions raised?

# Chapter 35

## Strategic Planning Satellite\*

In an interesting and creative way, I gathered 15 words that are of fundamental importance for strategic planning and management nowadays, starting with a letter “P” and designed a satellite with the word “planning” at the center. The environment of planning is a satellite which must be at the genetics of each company that strives to prepare itself against a possible turbulent future. Below, you will find the 15 P’s of strategic planning along with my descriptions.

1. **Prevision:** We must improve our capacity to predict what may happen in the future, as in macro-environmental changes and impacts, before they actually happen. Make the surprise and not be surprised.
2. **Public policies:** There will be an increasing role of public policies and government regulations over companies in the following years. We must follow them, deliberate using our associations when necessary and be prepared to face them. Examples include marketing directed at kids and those involving global financial regulations.
3. **Planet:** Importance of environment and planet-related issues must be part of our planning topics.
4. **People:** Growth will also be witnessed in corporate social responsibility schemes and a company’s relations with its employees, shareholders and stakeholders. There is growing attention among consumers and media over these subjects.
5. **Productivity:** There is pressure on companies to effectively use scarce resources and to deliver more at lower costs. This movement showcases the need for improved productivity.
6. **Profit:** The world faces a globally connected shareholder asking and comparing for value delivery with several options of investments. So, profit will be the key driver to secure finance. This is crucial for planning.

\*First published in *China Daily* (September 2, 2010).

7. **Partners:** The company is an integrated network, a bundle of contracts, with alliances and joint-ventures. We must have the best partners in our business models.
8. **Proactiveness:** Mere planning without implementation does not work. We must develop an internal culture and behavior to ensure that plans are implemented, and for that, proactiveness of people and company is essential.
9. **Providers:** There is a permanent need to reorganize supply chain and service providers toward value and inclusion of small holders. As I have already discussed earlier, I believe inclusion is one of the most important topics in the future, and companies will be valued by their capacity to promote inclusion of small holders.
10. **Processes:** In planning our activities, we must adopt procedures/processes that offer a more simple way of doing things, saving time, resources and promoting simplicity.
11. **Portfolio:** From a marketing point of view, companies must offer products and services that provide “solutions to customer’s problems.” We must have an adequate and harmonic portfolio of products and businesses.
12. **Place:** More than the traditional marketing channels, the place where our products are found should be targeted as points of contacts and sales with consumers, promoting convenience, exchange of information and experiences.
13. **Promotion:** With new forms of media, promotion should be considered as an integrated communication activity to maintain permanent flow of information to markets and consumers.
14. **Pricing:** When planning prices, we must have an integrated creative pricing strategy to increase value for the company and its shareholders along with consumer satisfaction and benefits given with the acquisition process.
15. **Projects:** Finally, in any planning process, we need to adopt a formal project management approach to achieve proactiveness and planning. Plans and proactiveness, without organized projects, may not contribute to efficiency.

How to use this list to improve our planning capacity? Below, you have a suggestion of how to use the 15 P’s. In each of them, you could ask how your company is performing, how you may improve, what are the good ideas, and which of these could be benchmarked. After that, you can list ideas and probable opportunities for your company.

Table 35.1

### Strategic Planning Satellite

	Questions	List ideas and opportunities for a Company
1. Prevision	Capacity to see what may happen before happening	
2. Public policies	Increasing role of government regulation	
3. Planet	The growth of importance of environment and planet-related issues	
4. People	The growth of importance of corporate social responsibility and relations with employees	
5. Productivity	A pressure for better use of scarce resources	
6. Profit	Globally connected shareholders asking and comparing for value delivery	
7. Partners	A new vision of the company as an integrated network, a bundle of contracts, alliances and joint-ventures	
8. Proactiveness	An internal culture and behavior to implement the plans	
9. Providers	A need to reorganize supply chain and service providers toward value and smallholders inclusion	
10. Processes	Review all procedures toward a more simple way of doing things	
11. Portfolio	Offer products, services in a "solution of customer's problems" approach	
12. Place	Have good point of contacts and sales with consumers, promoting convenience	
13. Promotion	Integrated communication activities to have a permanent flow of information with markets	
14. Pricing	To have an integrative and creative pricing strategy to increase at the same time value and consumer satisfaction	
15. Projects	Organize proactiveness and planning in a project management approach to make things happen in a structured way	

Source: Author

### Strategic Planning Satellite

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**Figure 35.1** Strategic planning — The 15 P's.

Source: Author.

#### Discussion question

How do these issues affect your company and which projects could be implemented in your company?

# Chapter 36

## The Company is an Integrated Network in the New Era\*

All companies must understand that they are not isolated anymore. They operate in a complex network, interacting with suppliers, buyers, consumers, competitors, government and other agents. Companies are a bundle of contracts of all sorts, types and ages. The first step for an executive or an academic is to describe and draw this complex network on a piece of paper, and then expand it, so all employees in a company appreciate the overview that they are not isolated and researchers too can observe several other interactions. What happens to the external environment affects the company; if something happens to a buyer or a supplier, the company is also affected. We must all remain vigilant, paying attention to events related to the company and anticipating the next events and how such events might affect our company.

Marketing is often seen as a facilitator for transactions that may occur between companies. Companies are more and more interdependent and interrelated, literally forming networks. Companies that network are effectively used in research, to study its segmentation, differentiation, product, price, distribution channels or communication.

Therefore, the theoretical model of the company network can be defined as a group of supplier and distributor companies where such network process is carried out (focus company). These companies perform traditional flows of products, services, communication, information, orders and payments necessary to connect the suppliers of raw materials used in the production to the end consumers of their products or products processed from the original products.

The concept of networks varies according to the amplitude of the “zoom” used — in other words, the “network of a company.” In this sense, it is the process of analyzing a

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\* First published in *China Daily* (September 2, 2010).



company and its group of suppliers and distributors, the existing relations between them and their relation with the environment. It is in essence an interaction and relationship approach.

What are the advantages of looking at the company as a network? Instead of merely considering the selling company as the active party and the purchasing company as the reactive party, the network perspective views companies as belonging to a network of businesses made of a large number of active and heterogeneous companies that interact among themselves and seek solutions for their different problems.

Companies are interdependent for sales, purchases, information, technology development and to access other companies in the network.

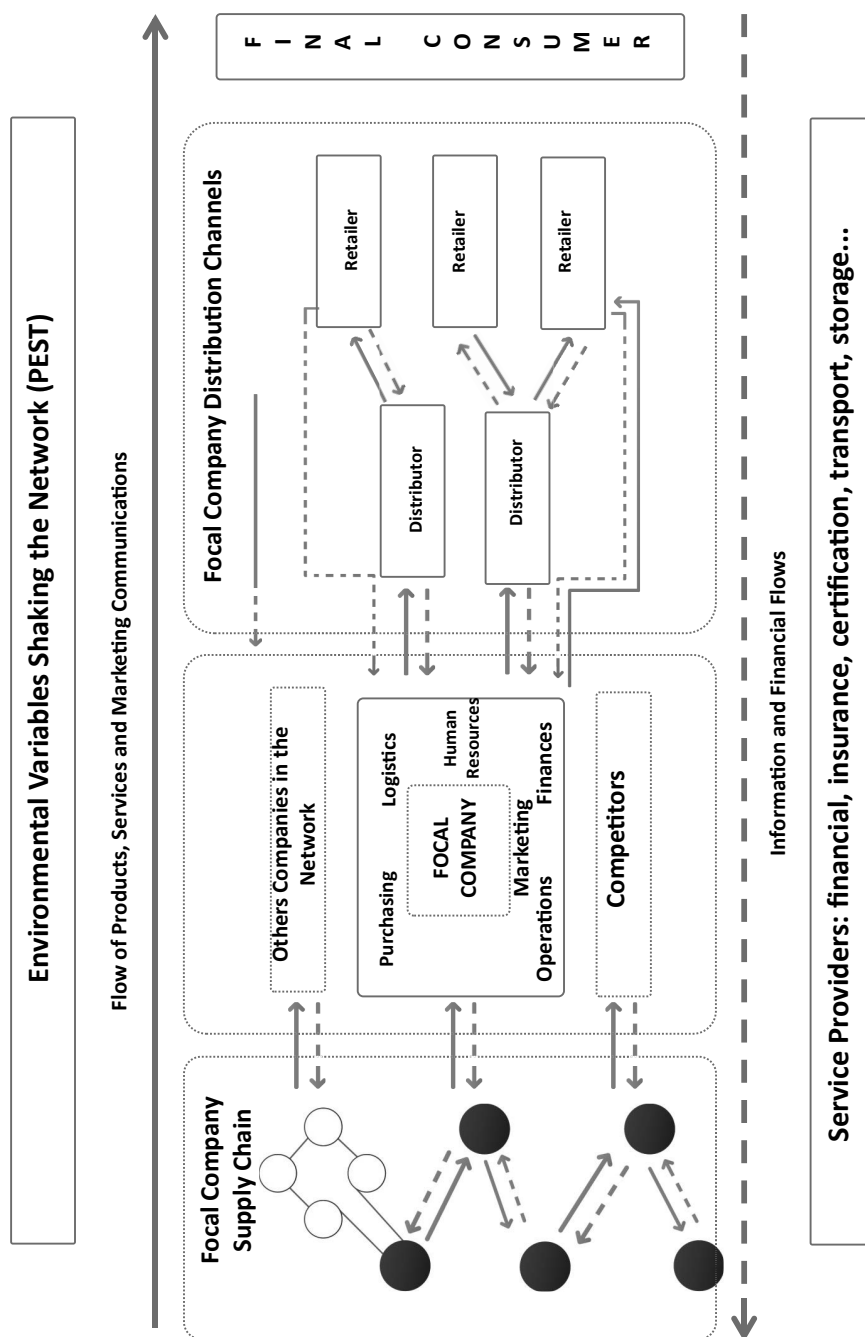
Instead of considering a company as the holder of all resources, abilities and technologies needed to select and develop its strategies, the network perspective infers that no company has all necessary resources, abilities and technologies, but depends on the interaction with suppliers, clients, distributors, partners and even competitors. Thus, the collective actions and the understanding of the “network zoom” are important for the planning process.

The network of the company also allows the addition of facilitator companies, for example, freight forwarders, insurance companies, certification companies, warehousing, logistics operators and others. Such a study also highlights the company's interfaces with other networks, whether in obtaining raw materials or by-products, the inversion of the network (common in cases of recycling or returning via recall, that demand the participation of the distributors) and the impacts brought by uncontrollable variables (political and legal/institutional, economic, social and cultural, and technological environments).

Furthermore, inclusion of competitors in the company's network encourages developing strategies for collective actions that the companies can pursue in marketing (e.g., it may range from participating in a sectoral association to creating a joint export venture between competitors). Figure 36.1 illustrates an example for the design of a company's network.

The first component is the distribution channel, and the second is the company's supply chain, which is the opposite of the first component. In other words, these are the organizations involved in the supply of all materials that the company needs to produce and sell. This way, marketing considers the part that goes from the company to the market. Logically, aspects such as material quality, scarcity, supplier's brands and other aspects related to the company's supply chain have an enormous impact on its marketing, and need to be monitored closely. At the same time, areas such as human resources, finance, production, administration also have an impact on marketing.

The marketing variables are divided into product, communication, distribution, sales force and price, with the objective of making their understanding and planning easier. However, marketing actions must be totally integrated and coherent. Marketing errors happen precisely because of lack of integration among these tools.



**Figure 36.1** The company as an Integrated Network – Conceptual Model.

Source (citation): Neves, Marcos Fava - The Future of Food Business, World Scientific (2013).

### The Company is an Integrated Network in the New Era

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It is common to have an exaggerated communication pitch, not corresponding to the true attributes of the product, or lack of products at the point of sale while putting out a specific advertisement, or even a sales force which is not prepared to offer a product with high technical specificity.

In the network illustrated in Figure 36.1, the role of the marketing professional is to manage the relationship between the company and consumer market. There are other professionals in the company who deal with marketing principles and work with supply chain management, in other words, behind the scenes. Companies need to look permanently to their supply chains to reduce costs, buy from the best available sources from all over, try to find products or ingredient substitutes and test quality and adaptability to see if they fit. Another source of losses in the supply chain has to do with inventories. There is a need to build safe and secure continuous supply chains, in order to minimize inventories and losses due to transport inefficiencies and redundancies, while also reducing transaction costs. Companies need to think of rationalizing packaging costs and search for alternatives. And, finally, always ask how this could be done better.

#### Discussion question

Describe the network of your company with as many details and participants as possible.

# Chapter 37

## Food Companies' Strategies in the Network Era\*

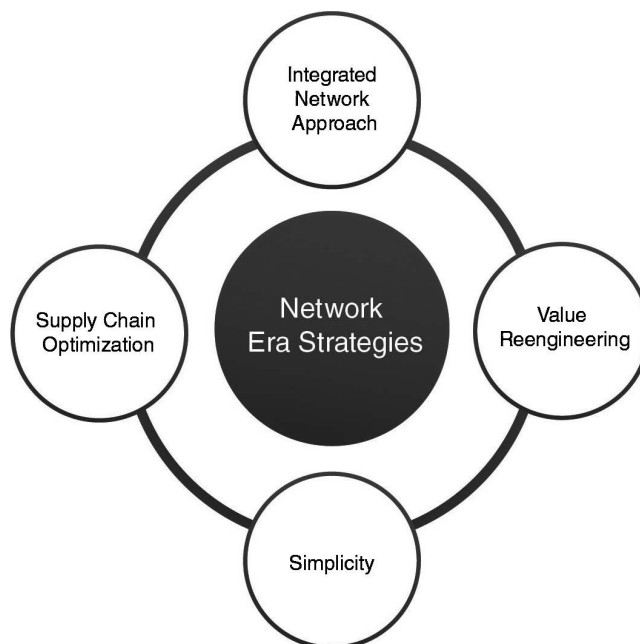
In this chapter, I want to list some of the most important strategies for competition in the coming years, which I consider the “network era”, applicable to companies operating in food markets and other markets in the food supply chain (see Figure 37.1).

The first relates to the ***integrated network approach***. As already written in the previous chapter and repeated here, all companies must understand that they are not isolated any longer. They operate in a complex network, interacting with suppliers, buyers, consumers, competitors, government and other agents. Companies are a bundle of contracts of all sorts, types and ages. The first step for an executive is to describe and draw up this complex network on paper, and then expand it, so all employees in the company appreciate the overview of its activities, showing that they are not isolated. What happens in the external environment affects the company. If something happens to a buyer or to a supplier, the company is also affected. We must all stay alert, pay attention to events around us and anticipate events that may happen and how the company might be affected.

The second strategy relates to ***supply chain optimization***. Companies need to constantly look at their supply chains to reduce costs, buy from the best available sources from all over, and try to find products or ingredient substitutes as well as testing quality and adaptability to see if the product fits their criteria. A source of losses in the supply chain has to do with inventories. There is a need to establish safe, secure and continuous supply chains, in order to minimize inventories and losses due to transport inefficiencies and redundancies, which also reduce transaction costs. Companies need to think in terms of rationalizing packaging costs and seek alternatives. Always ask “How can we do this better?”

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\*First published in *China Daily* (November 6, 2009).



**Figure 37.1** Networks era strategies.

In times of compressed margins and global competition, a third bundle of strategies deals with *marketing*. Companies have to do what I call *value re-engineering*, which means evaluating your product line with a lens on “how to capture more value.” Companies should reconsider their marketing jargons and how to make them more effective, whether packaging and the related description should be modified, and so on. When launching new products, companies should have a clear focus, a message content that is easy to understand, and conduct as much research as possible to avoid risks of failure. Margins today are shrinking, and therefore, cannot be used to compensate for failed launches. Margins from existing products should not be diverted to supply funds to support failures with regard to new launches.

In marketing, *simplicity* is the buzz word in this new era. Companies should simplify market segments, give more attention to cash generating products and have a very clear consumer focus. Communications (advertisement and others) should be carried out with a deep understanding of its potential costs and impacts. There is no time any more for media exposure without a clear understanding of the return in terms of value that a company is receiving from its investments.

It is a new era of understanding the behavior of consumers, and more importantly, understanding that the consumer does not want to pay for your inefficiencies over the supply chain and inefficiencies in companies' marketing activities.

Table 37.1

Integrated Strategies for Competition	
Integrated Strategies for Competition	Important Topics
<b>1 - Integrated Network Approach</b>	<ul style="list-style-type: none"> <li>✓ Companies are not isolated;</li> <li>✓ They operate in a complex network, interacting with suppliers, buyers, consumers, competitors, government and other agents;</li> <li>✓ What happens in the external environment affects the company.</li> </ul>
<b>2 - Supply Chain Optimization</b>	<ul style="list-style-type: none"> <li>✓ Companies need to look at their supply chains to try to reduce costs;</li> <li>✓ Try to find substitute products or ingredients that fits their criteria;</li> <li>✓ To establish safe, secure and continuous supply chains;</li> <li>✓ Minimize inventories and losses due to transport inefficiencies and redundancies;</li> <li>✓ Think in terms of rationalizing packaging costs.</li> </ul>
<b>3 - Marketing (value re-engineering and simplicity)</b>	<ul style="list-style-type: none"> <li>✓ Companies have to be looking at their product line with a perspective of "how to capture more value";</li> <li>✓ Companies should have a clear target when they launch a new product;</li> <li>✓ "Simplicity" is the word for the new era;</li> <li>✓ Have a very clear consumer focus; communications (advertisement and others) should be done with a deep understanding of its costs and impacts.</li> </ul>

### Discussion question

How can you improve the activities of your company based on the three major strategies (using Table 37.1)?

# Chapter 38

## Planning Strategies for 2025\*

In this chapter, I share important ideas which, in my opinion, will contribute in shaping the food industry in its strategic planning processes and overall positioning strategies of companies, consumers and governments, over the next 10 years.

**Empowerment:** In the next 10 years, companies, networks and productive chains will be more valued by consumers if they include the base of the pyramid (small holders) and develop social responsibility (working conditions and others). We will also see the growth of fair trade networks. Inclusion will be a topic of growing demand in the following years. Building sustainable incentives for coordination (association/cooperatives) will be the central role for governments.

**Integration of economy:** A more integrated economy gives importance to the developing countries' supply chains and marketing channels that act as sources/alternatives for supplying to developed world consumers.

**Income distribution:** There is a huge internal market growing in several parts of the world, and these emerging consumers should be studied more extensively by companies for their positioning. The impact of these new consumers on the planet's capacity to produce (e.g., from grains to proteins) is, however, a major concern.

**Climate and environment (conservation):** This issue will gain even more importance in the next 10 years, since climate change is a reality. Companies should focus on low-carbon networks (carbon footprint and management), networks adaptation to climate change, renewable energy networks, environmental certification, resource usage efficiency, network reversal (material reuse and recycling) and network integration for optimization of usage of byproducts.

**Technology:** Being the drivers of cost reduction, consumers will value transparency in companies' networks, information exchange and technology systems that would result in hi-tech, but also the "hi-touch" networks. Companies and their networks should ideally be driven by consumers and there should be frequent communication with consumers on an individual basis.

\*First published in China Daily (December 7, 2009).

**Merging of industries:** The next 10 years will be special in the merging of industries, like what happened with mobile phones that also perform the role of camera, computer, watch, voice recorder, radio and other such devices all within a tiny piece of equipment. The world will see the growth of nutraceutical networks (food and pharmaceuticals), nutricosmetics networks (food and cosmetics), nutritouristic networks (food and the tourism business) and nutricar networks (food and biofuels).

**Risk management:** An integrated network risk management and mitigation will be of fundamental importance in this connected world. Several risks are present in a global perspective, such as financial, plagues and diseases, sustainability, security and just in time.

**Communication:** Communication is already undergoing major changes with new network communication systems that enable proactive network communication with stakeholders and other partners in the inclusive supply chain. Such advancements would also help in identifying trends for the company's products and that of competitors. Communication with the hi-tech communication savvy consumer will be a challenge for companies.

**Era of simplicity:** Simplicity will be valued, in the way the company manages its network and market segmentation, launch of new products, brand management, services, costumer focus, and sales. Simplicity is the keyword for the next 10 years!

**Network value engineering:** Finally, it is an era of periodically reviewing company's integrated network and supply chain; marketing channels' value capture and consumer intimacy. It is also an era of continuous evaluations of contracts and building trust in relationships.



Table 38.1

## 10 Major Topics

1. Empowerment	<ul style="list-style-type: none"> <li>→ Chains and networks inclusion of the base of pyramid (smallholders);</li> <li>→ Chains and networks social responsibility (working conditions);</li> <li>→ Fair trade networks;</li> <li>→ Margins allocation and distribution.</li> </ul>
2. Integration of Economy	<ul style="list-style-type: none"> <li>→ Developing countries supply chains (trade barriers relief);</li> <li>→ Developing countries marketing channels.</li> </ul>
3. Income Distribution	<ul style="list-style-type: none"> <li>→ Emerging consumers and chains and networks positioning;</li> <li>→ Building incentives for coordination (associations and cooperatives);</li> <li>→ Neo-consumption (volumes/grains to proteins).</li> </ul>
4. Climate and Environment (preservation)	<ul style="list-style-type: none"> <li>→ Low-carbon networks;</li> <li>→ Chains and networks adaptation to climate change;</li> <li>→ Renewable energy networks;</li> <li>→ Measurement and certification of chains and networks;</li> <li>→ Chains and networks resource usage efficiency / optimization of usage of by-products;</li> <li>→ Network reversal (re-use of materials or recyclable inputs).</li> </ul>
5. Technology	<ul style="list-style-type: none"> <li>→ Chains and networks transparency and information exchange;</li> <li>→ Consumer "hi-touch" networks;</li> <li>→ Innovation-driven networks.</li> </ul>
6. Merging of Industries	<ul style="list-style-type: none"> <li>→ Nutraceutical networks;</li> <li>→ Nutricosmetic networks;</li> <li>→ Nutritouristic networks;</li> <li>→ "Nutri-car" networks.</li> </ul>
7. Risks	<ul style="list-style-type: none"> <li>→ Integrated chains and networks risk management and mitigation;</li> <li>→ New markets risks (carbon footprint).</li> </ul>
8. Communication	<ul style="list-style-type: none"> <li>→ New media chains and networks communication;</li> <li>→ Proactive chains and networks communication with stakeholders;</li> <li>→ Origin and processes (inclusion);</li> <li>→ Traceability.</li> </ul>
9. Era of Simplicity	<ul style="list-style-type: none"> <li>→ Chains and networks management;</li> <li>→ Market segmentation;</li> <li>→ New product launching;</li> <li>→ Costumer focus.</li> </ul>
10. Network Value Re-engineering	<ul style="list-style-type: none"> <li>→ Supply chain redesign;</li> <li>→ Marketing channels value capture;</li> <li>→ Collective actions in chains and networks</li> </ul>

**Discussion question**

List your ideas and projects that emerge from these 10 megatrends of the next decade.

# Chapter 39

## Questions to Think "Out of the Box"\*

In one of our classes at the University of São Paulo, we dedicated a session to read and discuss the management behavior of Steve Jobs, based on a book and a recent article at Harvard Business Review, both written by Walter Isaacson, that tells "the real leadership lessons from Steve Jobs."

It is an interesting reading about a person and a style that created one of the most spectacular companies in the last century: Apple. After the readings and the class discussion, I was motivated to raise several questions that characterized his behavior and Apple's behavior, together with other questions created by our team to help in a strategic planning discussion. This chapter covers all these questions.

### Here are the questions:

1. How can a company use the concept of building relationships in its value chain and which among such relationships could be profitable to the company?
2. How to personalize (customize) the companies offer in order to satisfy individuals in a cost effective way?
3. How to organize an entire service package in a selling relationship to a particular customer in order to make his purchasing experience interesting and also profitable for the company?
4. How to list and how to decide what will not be done by the organization, in terms of business, products, services or other activities, or even by individuals?
5. What are the 10 most relevant things we, as a company, will do next?
6. In which of these 10 relevant things should we, as a company, focus?
7. How to simplify the company's offer to the consumer?

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\* First published in *China Daily* (August 27, 2009).

## Questions to Think “Out of the Box”

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8. When analyzing the whole purchasing experience or the product usage process, which parts are not needed and could be removed?
9. Which alternatives would be time saving for our clients?
10. In order to understand our competitors behavior, a nice question to ask is how can we cannibalize our offer?
11. About forecasting the future, an intriguing question is how to read things that are not yet at the page?
12. In order to be more effective in our activities, or within our companies projects, how to get our minds around it (a particular activity) and do it (make it happen)?
13. How can we improve our “face to face” interactions, or the personal touch of the company?
14. In order to have, at the same time, a broader and a specific view of a particular situation or about a business, how to capture the big picture and also the details?
15. In order to promote better management with a scientific approach, what are the ideas to integrate people (humanities) to science?
16. In order to create great teams in our companies, how to recruit, maintain and motivate talents?
17. In order to improve the possible positive influence, how to use/spread personal skills of the leader within the organization?
18. Intuition may help collaborate in several decision-making process, bringing sensitivity and the human part of business, and for this to happen, how to take advantage and also to filter the effects of intuition?
19. How to transfer the admired concept and DNA of the company to the offer (product + service)?
20. How to permanently reset (innovate/rethink) the company in order to create an organization that may revolutionize people’s lives or even the business’s history in a sustainable and profitable way?

This chapter is our contribution upon reading about Steve Jobs and Apple, in order to help managers of private and public organizations. It is a list of 20 questions to be discussed in meetings in order to generate possible answers that would provide great ideas and subsequently, structured projects for improving the value of the organization.

These could be selected according to a criteria of the 5 to 10 most relevant ones for the organization, since some of them will generate similar answers. Hope this chapter would be considered as a useful management tool.

### Discussion question

Select 10 questions most relevant to your company and try to answer them.

# Chapter 40

## Strategic Planning of Clusters\*

In May 2011, around 300 cluster practitioners from 10 different countries met in the city of Ouro Preto, in Brazil, considered as a world heritage for its old architecture and churches. This inspirational environment with a perfect organization conducted by SEBRAEMG was a stimulus to discuss important topics and challenges related to clusters.

For the ones not familiar with this concept, a cluster is “a geographic concentration of interconnected businesses, suppliers, and associated institutions in a particular field. Clusters are considered “to increase the productivity with which companies can compete, nationally and globally” (from the Free Dictionary website). Michael Porter was one of the first authors to study and write about this collective actions initiative.

First, there is a common sense that clusters are facing huge pressure due to global environmental changes. The fact is that these global changes and impacts are speeding dramatically, turning the clusters’ environment much more complex to understand. The major changes affecting cluster’s planning and management are higher exposure to global competition and currency exchange rate war, an increase in volume and speed of financial flows with a business concentration model toward scale economies, efficiency and cost controls.

Clusters also face increasing risks (for e.g. not adhering to financial and sanitary standards, erosion in image among others), the emergence of new business models, growing importance of services-based economy and the rapid rate of innovation and technology change. The government’s changing role toward the regulation of economic activity is another challenge to be addressed. From the consumer side, pressure of time, availability of individualization or customization of products to individual consumer’s requirements, internet connectivity and the burden of responding to excessive messages, also sets the need to change the traditional way of doing business in clusters.

Another bundle of rapidly changing facts is the emerging green and carbon economy, the growing consumption of goods, pressure over commodities prices and

\*First published in *China Daily* (May 23, 2011).

the exploitation of natural resources like water, oil, land and energy and resettling locations of production.

All these factors would place immense pressure over margins, increase the costs of time allocation and as a consequence, generate a need to increase cluster's efficiency, calling for restructuring of the cluster, its governance and management.

In terms of strategic planning and management, to successfully survive in this fast-changing environment, a cluster must, more than ever, be demand-driven (basic act for survival), offer solutions demanded by the changing consumers, be focused on the major objective to target and promote useful cooperation among partners. Finally, one of the most important objective: must be transparent in measuring its success and sharing results of this cluster's cooperation and collective actions to the participants and stakeholders.

The philosophy of a cluster must be "result-driven." A simple governance mode, with low cost and high effectiveness is crucial. At the same time, cluster's managers and thinkers should dedicate a time to plan, think, anticipate changes and impacts, and develop the capacity to rapidly adapt the cluster to these changes, which may not be easy.

A good communication process should be maintained to sustain the interest and motivation of participants to cooperate. Clusters should also focus to partner with the government to promote inclusion of its business interests and possess a discipline to make it happen. Normally, clusters have more difficulties than isolated companies to implement what is proposed in a strategic planning. To implement strategies is crucial for cluster's survival.

In a world witnessing the changing role of governments, clusters should act more as public policies designers, helping local governments to modernize and also transform institutions. Clusters, as a "meso" organization, can be responsible to help governments increase their speed of modernization, on the heels of the private sector. Good ideas also involve cooperation among different clusters, sharing good practices and problem solving skills since the challenges sometimes are the same, and some clusters solve their problems by developing knowledge that is useful to other clusters. A continuous process of sharing and learning is part of the life of a cluster.

Clusters are well known and recognized as a tool for economic development and territory management. Presently, these network structures are facing several changes that are challenging their structure. This chapter has highlighted some of these changes and the actions that clusters should take to face them in order to stay competitive.

### Discussion question

Why clusters are important and is it possible to build a cluster in your company's domain?

# Chapter 41

## How to Organize the Supply Chain of a Company?\*

One of the possible ways for a company to increase margins and capture value is to make its supply chain (inputs needed for production) more efficient. The objective here is to offer a sequence of six steps to evaluate the company's integrated supply chain (CISC) and to propose an action plan for improvements.

These six steps start with an understanding of the supply chain and the functioning of the markets of its major inputs, and then move to a strategic analysis of the governance of these relationships within the focal company and finally, propose new mechanisms for organizing these relationships in order to build safer, cheaper and more reliable supply chains.

Step 1 is to *understand the company's integrated supply chain structure*. This involves studying the major inputs (products or services) purchased or internally produced by the focal company being analyzed, costs (procurement costs, handling, transaction costs, production, stocks) and the manner in which these transactions are carried out (governance forms, like contracts, markets and other forms).

After doing this internal analysis, we move to Step 2, which is *to analyze the market characteristics of the major inputs*. In this phase, several studies are conducted to understand the number of suppliers, their products, brands, marketing channels, prices, market share and concentration; their selling behavior, technology and services offered; macro-environmental changes and risks; performance and other important characteristics of the functioning of the market, to enable the company to evaluate if the markets can safely supply the inputs needed.

After performing an analysis of the current situation of the company in Step 1 and how markets work in Step 2, Step 3 is a *diagnosis of each input of company's integrated supply chain*. Here, we contrast how the company goes about its acquisitions and what

\* First published in *China Daily* (August 4, 2011).

## How to Organize the Supply Chain of a Company?

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are the market characteristics, to assess if the company is performing well, or if other governance structure in the buying process could be better. We also study the prices and resources given to a supplier versus the benefits from the inputs received. In addition, we analyze if the focal company should rely on a single supplier or multiple suppliers in trying to lower risks, stimulate innovation, reduce dependency, acquiring flexibility and promoting suppliers competition.

We must remember that having multiple suppliers may increase the purchasing transaction costs of a company. The major vulnerabilities, risks and the degree of dependence on specific suppliers that the focal company has should be addressed. The purchasing transactions may be classified according to the degree of sophistication of the relationships. The major result of Step 3 will be a priority list for interventions. Long-term goals of the company, traditions and internal resistance to change (cultural aspects and barriers) should be considered when organizing the supply chain.

After completing these three steps that brought to the strategists a diagnosis of the company, the market and the specific purchasing transactions, Step 4 would be to *propose a governance structure for each input of the integrated supply chain*. Here, we refer to the creation of an intervention moment in the supply chain due diligence process. This proposal, for each input purchased, should consider governance form, economics and margins, value capture possibilities, specialization gains, reversibility possibilities (technology switch), adaptability and building entry barriers for competitors. Also, whether building a supply chain that promotes development and small holders inclusion would give access to official (governmental) credit lines, as seen in some countries.

Next, possible suppliers should be procured and Step 5 would be *building the contract (relationship)*. This involves negotiation; considering macro-environmental changes; description and regulation of products, services, communications, payment and information flows; analysis of specific investments needed and the risks associated with these investments that may lead to opportunistic behavior and promoting incentives and sharing results of competitiveness gains.

Once the contract is settled — this could be formal (written) or informal (oral) — comes Step 6 that is the *management of the relationship*. Mechanisms for monitoring the relationship should be agreed i.e., with regular meetings, boards, external evaluation committees; in search of excellence, reductions in transaction costs should be explored; companies should share benefits of experience curve and of innovation gains. A continuous benchmark process and evaluation of alternatives (imports, for instance) can motivate the various partners and avoid the risk of laxity in improving products, services and support. Also, a shared and open communication platform can help in flexibility and responsiveness among various partners, permanently increasing trust. Finally, promoting networking and cooperation among different noncompetitor suppliers of different products would enable experience sharing toward the achievement of the overall goal of improvement of the supply chain.



**Figure 41.1** A method for supply chain in planning and management.

A six-step sequence can be used to review the company's supply chain and promote changes in planning and managing better ways to acquire inputs, services and other goods and to be competitive.

### Discussion question

How would you improve your company's supply chain based on the methods suggested in this chapter?



# Chapter 42

## The Macro-environment and Risk Analysis\*

This chapter aims to share a framework that has been used in our projects when doing a scenario analysis for a company or an industry. It tries to contribute with a discussion about risks that could endanger either the world's business environment or a particular country affecting a market that is of importance to a focal company.

We perform this analysis by using the traditional and consolidated PEST framework, dividing the variables into the global political–legal system, global economic and natural system, global socio-cultural system and finally, the global technology system. The major variables that we forecast are described in the following list. It is not a definitive list, but may contribute with some analytical points.

**Starting with risks associated with the global political–legal system, we tend to consider:**

- Risks to democracy in some countries
- Populist measures of some governments and their impact in social expenditures
- Risks of government takeover by political parties causing federal overemployment
- Risks of terrorist and political attacks using food or other sources
- Risks of global arming (even atomic) procedures and weapons availability
- Risks of riots and other challenging political systems
- Risks of increase in corruption within political systems
- Risks of labor laws decreasing work productivity and increasing costs and strikes
- Risks of the growth of illegal crime systems and parallel states (drug cartels, nonillicit trade groups and others)
- Risks of declining support to world's organizations and institutions (World Bank, ONU, FAO,.)

\* First published in *China Daily* (March 20, 2013).

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- Risks of immigration and also migration to urban areas threatening infrastructure
- Others

### **Within the economic and natural system, we tend to consider as a starting list:**

- Fiscal debt crisis in some countries
- Inflation threats in some economies
- Risks of a insufficient economic growth mostly in poor and emerging economies thus pressurizing governments
- Risks of supply chain inefficiencies (poor land use and other resources)
- Risks of infrastructure collapse
- Risks of financial systems inefficiencies, failures and lack of financing capital
- Spread of diseases in humans, animal or plants, that are difficult to cure
- Risks of over usage of nonrenewable resources (oil, some fertilizers)
- Water shortages and excess causing droughts and flooding (disasters)
- Risks of temperature changes in some regions, with extreme situations
- Risks of increasing carbon emissions and its effects over pollution
- Risks of potable water availability
- Risks to the planet based on asteroids collision and other threats
- Food safety risks due to poor management of food supply chains
- Natural risks of earthquakes, tsunamis, hurricanes and other extreme events

### **Within the socio-cultural system, we tend to consider as points of attention:**

- Rapid changes in consumption behavior
- Risks of consumerist movements
- Risks of environmental movements
- Risks of nationalistic movements
- Risks of food security concerns increasing inefficiencies in non adequate producing areas
- Food waste concerns
- Risks of nontolerance in some aggressive religious movements
- Risks of increase in xenophobic movements
- Others based on socio-cultural variables

### **Finally, within the global technological system, we tend to consider:**

- Risks in digital systems operations (web-based companies' operational systems and government systems)
- Risks in data thefts, data frauds and advances over personal intimacy
- Risks in viral communication exposure of individuals, companies and governments
- Risks of not controlling new high tech innovations, such as genetically modified, nanotech and others that may get out of control
- Others based on technology.

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Table 42.1

Political-Legal	Economic-Natural
<ul style="list-style-type: none"> <li>→ Risks to democracy in some countries;</li> <li>→ Populist measures of some Governments and its impact in social expenditures;</li> <li>→ Risks of Government takeover by political parties causing federal overemployment;</li> <li>→ Risks of terrorists and political attacks using food or other sources;</li> <li>→ Risks of global arming (even atomic) procedures and weapons availability;</li> <li>→ Risks of riots and other challenging political systems;</li> <li>→ Risks of increase in corruption within political systems;</li> <li>→ Risks of labor laws decreasing work productivity and increasing costs and strikes;</li> <li>→ Risks of the growth of illegal crime systems and parallel states (drug cartels, non licit trade groups and others);</li> <li>→ Risks of declining support to world's organizations and institutions (World Bank, ONU, FAO...);</li> <li>→ Risks of immigration and also migration to urban areas threatening infrastructure;</li> <li>→ Others.</li> </ul>	<ul style="list-style-type: none"> <li>→ Fiscal debt crisis in some countries;</li> <li>→ Inflation threats in some economies;</li> <li>→ Risks of a not sufficient economic growth mostly in poor and emerging economies pressuring Governments;</li> <li>→ Risks of supply chain inefficiencies (bad land use and other resources);</li> <li>→ Risks of infrastructure collapse;</li> <li>→ Risks of financial systems inefficiencies, failures and lack of financing capital;</li> <li>→ Hard controlling diseases spreading in human, animal or plants;</li> <li>→ Risks of over usage of non-renewable resources (oil, some fertilizers);</li> <li>→ Water shortages and excess causing droughts and flooding (disasters);</li> <li>→ Risks of temperature changes in some regions, with extreme situations;</li> <li>→ Risks of increasing carbon emissions and its effects over pollution;</li> <li>→ Risks of potable water availability;</li> <li>→ Risks to the planet based on asteroids collision and other threats;</li> <li>→ Food safety risks due to poor management of food supply chains;</li> <li>→ Natural risks of earthquakes, tsunamis, hurricanes and other extreme events.</li> </ul>
Socio-Cultural	Technological
<ul style="list-style-type: none"> <li>→ Fast changes in consumption behavior;</li> <li>→ Risks of consumerist movements;</li> <li>→ Risks of environmental movements;</li> <li>→ Risks of nationalistic movements;</li> <li>→ Risks of food security concerns increasing inefficiencies in non adequate producing areas;</li> <li>→ Food waste concerns;</li> <li>→ Risks of non-tolerance in some aggressive religious movements;</li> <li>→ Risks of increase in xenophobic movements;</li> <li>→ Others based on socio-cultural variables.</li> </ul>	<ul style="list-style-type: none"> <li>→ Risks in digital systems operation (web based companies operational systems and Government systems);</li> <li>→ Risks in data stealing, data frauds and advances over personal intimacy;</li> <li>→ Risks in viral communication exposure of individuals, companies and Governments;</li> <li>→ Risks of not controlling new high tech innovations, such as genetically modified, nanotech and others that may get out of control;</li> <li>→ Others based on technology.</li> </ul>

### **Discussion question**

Based on the risks discussed in this chapter, the questions are: What are the possibilities of these macro-environmental variables happening in your company, and if they happen, how would they affect the company. Are there acts (projects) to adapt to this changing environment?