

Innovation of Future Companies

Analysis of Small and Medium Businesses

The Fourth Session



At the End of the Session, We Expect the Followings:

Understanding what business analysis is

Gain the ability to analyze the alignment of the vision with the mission and the strategic objectives

**Acquire the ability to analyze the external environment
(The General)**

Acquire the ability to analyze the external environment (The Specific)

Consulting sessions to review activities /analysis of the external environment (The General and The Specific)



Training Themes



The concept of business analysis



Alignment of the vision with the mission and the strategic objectives



What is the general external environment, and how to analyze its impact on your company



What is the external environment (specific) ,and how to analyze its impact on your company

What is the external environment (specific), and how to analyze its impact on your company

Participants' Expectations



Write down the expectations
on the wallpaper



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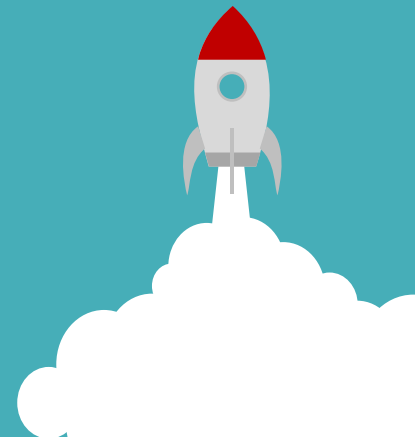
Pre-test

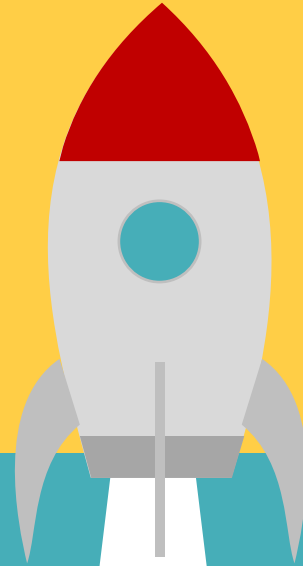


What do you know
about business
analysis

Write down the expectations
on the wallpaper

Direct question for participants





Business Analysis

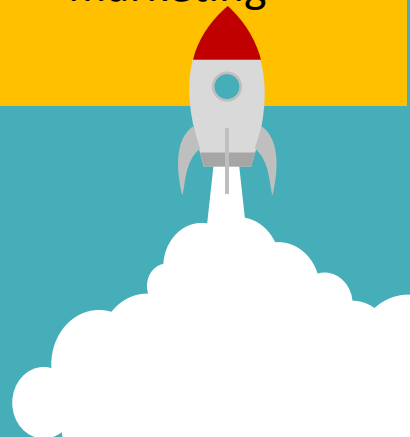
for Small and Medium Businesses



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Specific Analysis for Businesses

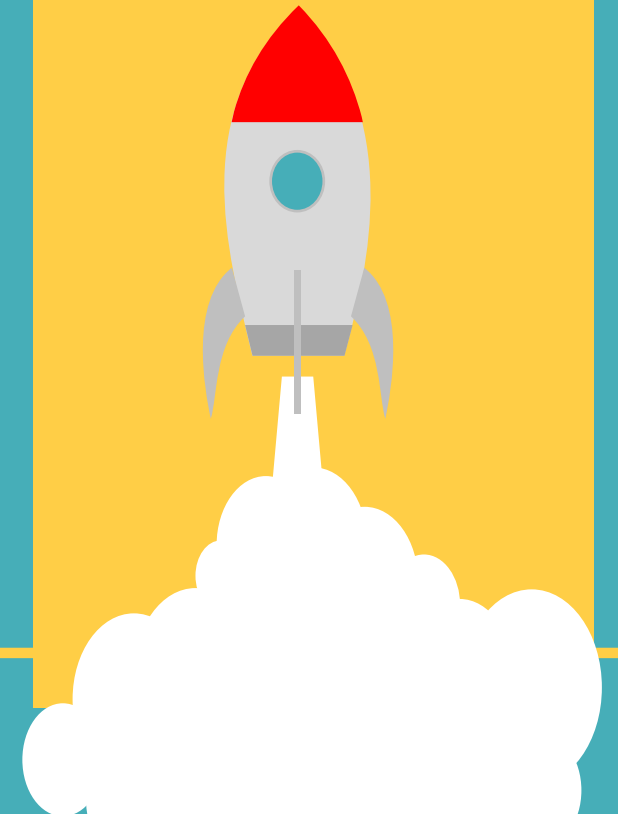
It is an analysis that focuses mainly on consumers and clients ,which is what SMEs focus on significantly during their various lifecycle, we can highlight the most important specific analytics in the following points:



We also pointed out that specific business analysis focuses mainly on consumers and clients ,and it is usually the most prominent concern for most entrepreneurs and owners of small and medium enterprises.

Specific analysis usually results in changes in the processes related to the production, pricing, promotion and distribution of products and services provided by small and medium businesses or those processes that related to the change in the material capabilities of companies, especially marketing, sales and development.

Specific Analysis for Businesses



01

How the process of specific analysis for businesses is conducted?



The Internal Reports

The analysis process of internal business usually begins by analyzing the sales and marketing reports of small and medium-sized companies, perhaps the most prominent of these reports are the following:

- Production Reports
- Sales Reports
- Expenses Reports (Direct and Indirect)
- General and Administrative Expenses
- Average Gross and Net Profit Margin

How the process of specific analysis for businesses is conducted?



Marketing Researches

To interpret the results of the internal reports, reference is made to marketing research, which contains one or more of the following studies:

- Consumers Needs Study
- Product Study (Marketing and Technical)
- Markets and Competitors Study

All these studies have been explained in the third part of this course (Please refer to the same for more details)

Based on the results of these studies, development ideas are identified

An Analysis activity for the most important sales and marketing reports and determine what marketing research you need

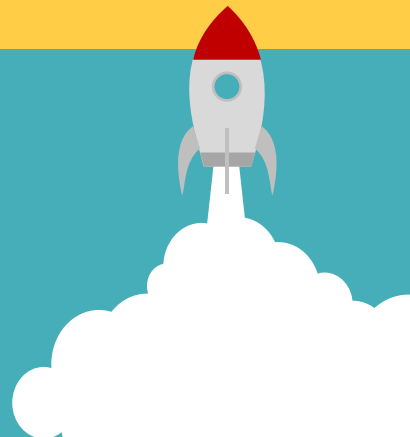
Write down the expectations on the wallpaper

Group Workshop



General Analysis for Businesses

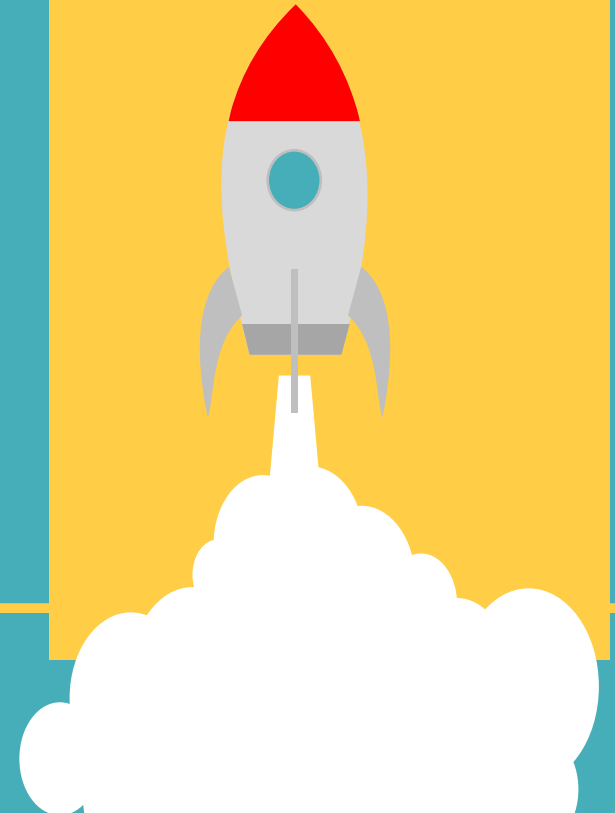
It is a process based on a methodology in the analysis, and the analysis methodology varies from one company to another in terms of the analysis criteria that will be followed, and we can describe the general business analysis in the following points



After the completion of the special or competitive analysis of the business, which is an important source for determining the proposed development ideas and plans, the general analysis process comes, and here other factors are analyzed such as:

- Analysis of the vision and mission and their suitability for the proposed developments
- Analysis of the variables of the general external environment
- Analysis of the variables of the special environment
- Analysis of the internal environment of the company
- Analysis of the strength and weakness points

The General Analysis for Business



01 Vision Analysis



Do the
development
goals require a
change in the
vision?

The vision is the way the company sees itself in the future , and for a good vision we recommend the following :

- We recommend that the vision to be general and not time-limited
- The vision does not have to be realistic or measurable.
- We recommend that the vision to be brief and not exceed 7 words .
- When designing the vision, you can use the following vision formulation analysis matrix:

In one word, describe what you see for your company in the future, choose one word for each element of the matrix, and then form a new vision for your company

Vision Analysis Matrix

How	The Field	The Region	The Entity	The Competitiveness	
Technology	Development	Worldwide	Company	The Lead	First choice
					Second choice
					Third choice
					Fourth choice

4

Fourth choice

3

Third choice

2

Second choice

1

First choice

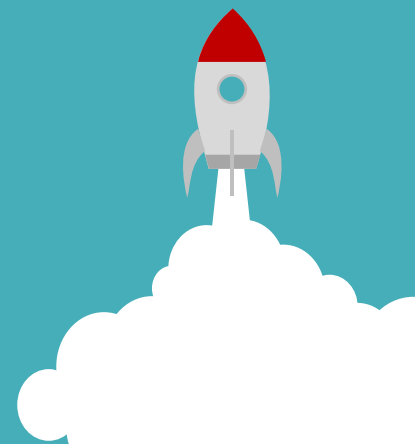
Message Analysis Matrix

Write the title of the activity
on the wallpaper

Group Workshop



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02

The Analysis of the Company's Message



Do the development goals require a change in the message?

Letter of the organization: is the main purpose for which the company was found and when writing the letter we advise the followings :

- Why the company was established (the main purpose of establishment)?
- What are the company's unique goods and services it offers to customers and the scope of targeting ?
- Who provides these goods and services and what are their unique qualities that contribute to achieving the company's vision?

02

The Analysis of the Company's Message



Do the development goals require a change in the message?

- What unique tools, practices and procedures will achieve the company's vision?
- What added value does the company provide to customers / beneficiaries?
- How will the company achieve maximizing the goals of shareholders and owners?
- Any other data deemed necessary in the company's letter?

To prepare a successful message, you can test either the current message of your company, or create a new message from the successful message element matrix

Message Analysis Matrix

Elements of Iussecus a egassem

Choice.....	Choice 4	Choice 3	Choice 2	Choice 1	Elements of Iussecus a egassem
					Customers
					Geographical Coverage
					Goods & Services
					Continuity and Growth
					Technology
					Values
					Uniqueness
					Attention to the Brand
					Staff



Message Analysis Matrix

After you have chosen the words that express all the elements of a successful message, create a new format message for your company's message

4

The fifth choice

3

The third choice

2

The second choice

1

The first choice



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Successful Message Analysis Matrix

Write the title of the activity
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03 Analysis of the General External Environment

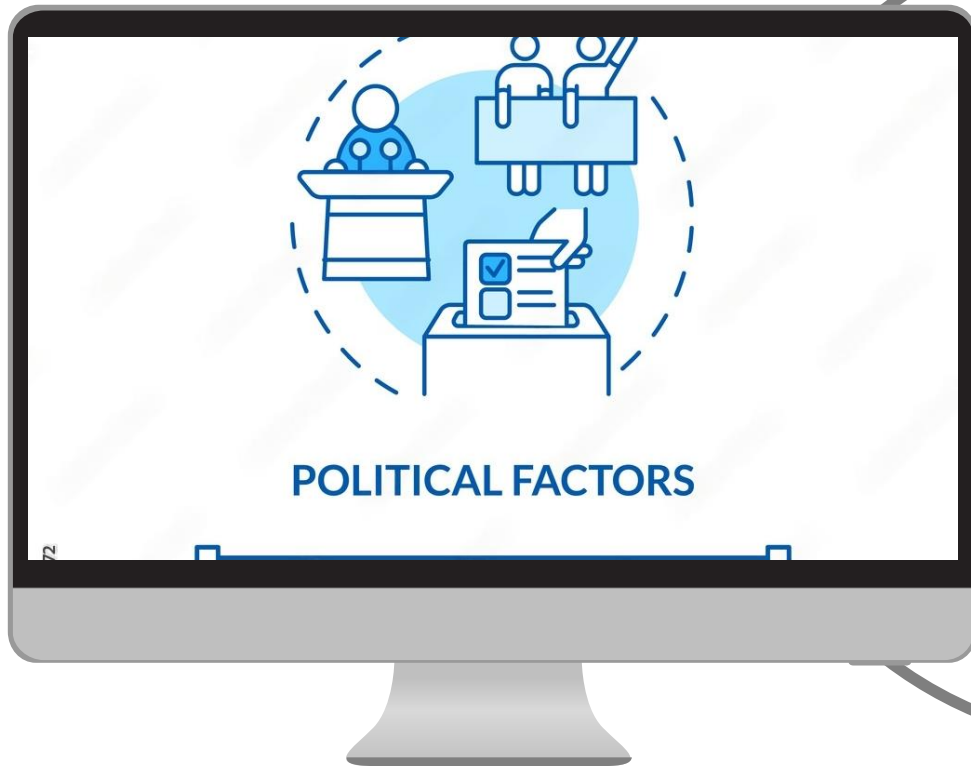


What environmental variables affect your company the most?

Small and Medium companies are affected by the environmental variables surrounding them, and their sensitivity to these variables is great, especially if the company is at the introductions stage, perhaps the most prominent of these variables are the following:

- Political variables
- Economic variables
- Social variables
- Technological variables
- Environmental variables
- Legal variables

03 Analysis of the External Environment



Political Variables

Political variables directly affect small and medium companies and their result may be either an opportunity or a threat, perhaps the most prominent political variables that affect SMEs are the followings :

- Corporate Tax Law issues
- Customs Law
- Fiscal Policy
- Commercial Disputes
- Antitrust
- Combating unethical and unfair competition
- Employment and Wage issues

03 Analysis of the External Environment



Economic Variables

Economic variables are considered as the most influential variables on small and medium enterprises, and perhaps the most prominent economic variables are the followings:

- Average interest rates
- Inflation rates
- Volume of employment and unemployment
- Exchange rate changes
- Domestic Product
- Average rates of expenditure on goods and services
- Economic stability

03 Analysis of the External Environment



Social Variables

Social variables tend to be more difficult to measure than economic variables, and they refer to transformations or developments in the ways stakeholders deal with life, perhaps the most prominent variables are the followings :

- Demographic considerations
- Consumer lifestyle
- Consumer beliefs
- Consumer Culture
- Consumer customs and traditions
- Working environment
- Standard of living
- Income distribution

03

Analysis of the External Environment



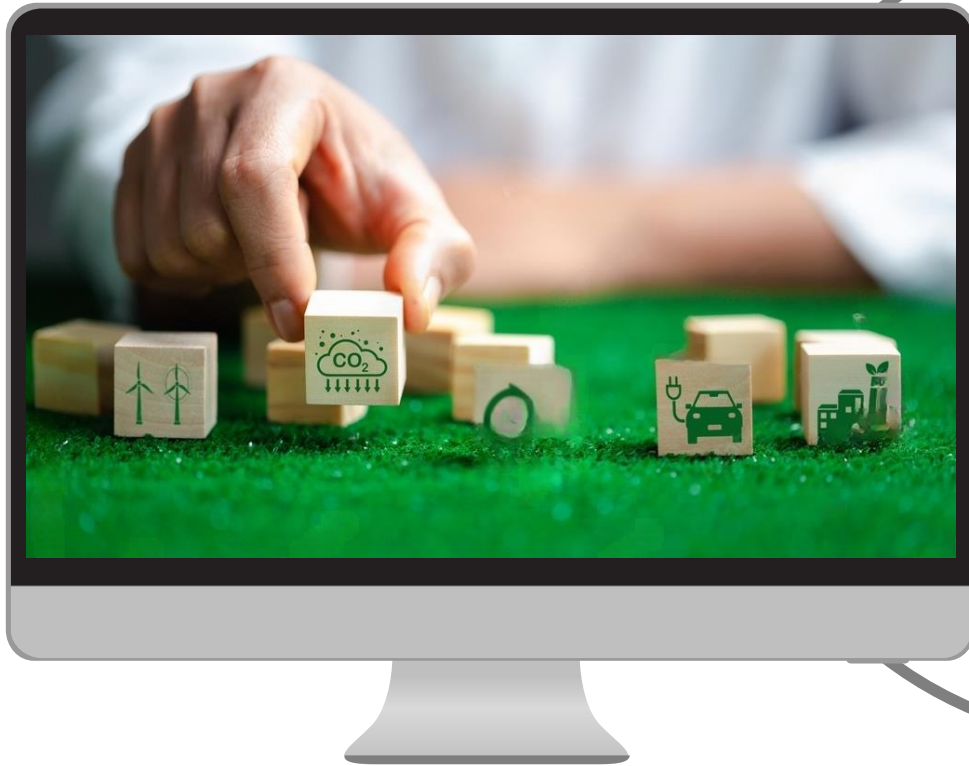
Technological Variables

In today businesses, technology is everywhere. It is changing rapidly, and therefore the management team and the analysts must understand how technological factors affect the company or the industry in general. They include, but are not limited to:

- Manufacturing innovations
- Modern technological developments
- Patents/Licenses
- ICT trends
- Intellectual Property
- Sustainable Energy
- Cyber Security
- Artificial Intelligence

Analysis of the External Environment

03



Environmental Variables

Environmental variables can pose material risks and opportunities for organizations, perhaps the most prominent environmental variables are the followings:

- Climate change
- Cases of extreme weather and earth phenomena such as earthquakes and hurricanes
- Excessive consumption of natural resources (such as fresh water, etc.)
- Global warming and emissions
- Public transport benefits

Analysis of the External Environment

03



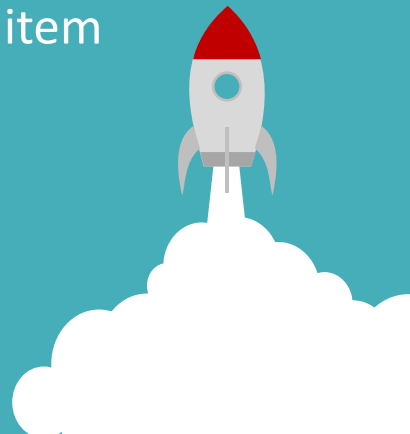
Legal Variables

Legal factors are those that arise from changes in the regulatory environment, which may affect the economy in general, particular industries, or even particular companies within a particular sector. They include, but are not limited to:

- Industry regulation
- Licenses and permissions required to operate.
- Labor Laws and Consumer Protection
- Protection of Intellectual Property
- Environmental Laws

What are the steps of the external environment analysis?

- Determine the degree of importance for each criterion by giving it a score from 1 to 100
- Determine the existence of the criterion for the organization being studied and give a score to the extent of the criterion existence from 0.1 to 1
- Determine the value of the criterion by multiplying (the impact \times the degree of importance \times the extent of the criterion existence for the organization.
- Sum the value of the subcriterion for each item and divide it by the number of subcriterion per item
- Sum the value of each item and divide the result by the total number of measured items



An example of analyzing political variables? It is worth noting that the variables are numerous and their impact on companies varies and; therefore, the criteria that have an impact on the company must be identified

The Analysis of the Political Variables

Value	Extent of its existence 0.1 to 1	Importance 1 to 100	Degree of impact positively and negatively -- / +	Variables
				Corporate Tax Law
				Customs Law
				Policy Fiscal
				Commercial Disputes
				Antitrust
				Combating unethical and unfair competition
				Employment and Wage Issues

An example of analysis of economical variables? It is worth noting that economical variables are numerous and their impact on companies varies, and therefore criteria that have an impact on the company must be identified

The Analysis of the Economic Variables

Value	Extent of its existence 0.1 to 1	Importance 1 to 100	Degree of impact Positively and negatively -- / +	Economic Variables
				Average interest rates
				Inflation rates
				Volume of employment and unemployment
				Exchange rate changes
				Domestic Product
				Combating unethical and unfair competition
				Employment and Wage Issues
				Average rates of expenditure on goods and services
				Economic incentives in the country
				Poverty rates
				Prices of raw materials such as oil
				Wage Price Indexes

An example of social variables analysis. It is worth noting that the variables are numerous and their impact on companies varies, and therefore the criteria that have an impact on the company must be identified

The Analysis of the Social Variables

Value	Extent of its existence 0.1 to 1	Importance 1 to 100	Degree of impact Positively and negatively -- / +	Variables
				Demographic considerations
				Consumer lifestyle
				Consumer beliefs
				Consumer Culture
				Consumer customs and traditions
				Working Environment
				Standard of living
				Income Distribution

An example of analysis of technological variables? It is worth noting that the variables are numerous and their impact on companies varies, and therefore the criteria that have an impact on the company must be identified

The Analysis of the Technological Variables

Value	Extent of its existence 0.1 to 1	Importance 1 to 100	Degree of impact Positively and negatively -- / +	Variables
				Manufacturing Innovation
				Modern technological developments
				Patents/Licenses
				ICT trends
				Intellectual Property
				Sustainable Energy
				Cyber Security
				Artificial Intelligence

An example of environmental variables analysis. It is worth noting that the variables are numerous and their impact on companies varies, and therefore the criteria that have an impact on the company must be identified

The Analysis of the Environmental Variables

Value	Extent of its existence 0.1 to 1	Importance 1 to 100	Degree of impact Positively and negatively -- / +	Variables
				Climate change
				Cases of extreme weather and earth phenomena such as earthquakes and hurricanes
				Excessive consumption of natural resources (such as fresh water, etc.)
				Global warming and emissions
				Public Transport benefits

An example of analyzing legal variables. It is worth noting that the variables are numerous and their impact on companies varies, and therefore the criteria that have an impact on the company must be identified

The Analysis of the Legal Variables

Variables

Value	Extent of its existence 0.1 to 1	Importance 1 to 100	Degree of impact positively and negatively -- / +	Industry regulation
				Licenses and permissions required to operate
				Labor Laws and Consumer Protection
				Protection of Intellectual Property
				Environmental Laws

Analysis of the
external
environmental
variables

Write the title of the activity
on the wallpaper

Group Workshop



04

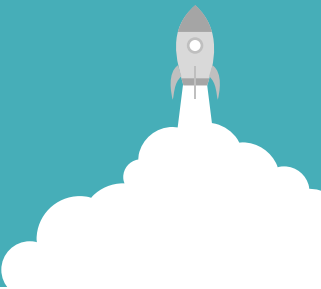
Analysis of the External Specific Environment



What are the specific environment variables that affect your company the most?

The specific external environment has a direct impact on the performance of small and medium-sized enterprises, and we can define the specific variables as a set of external forces that have a strong impact on the business sector, perhaps the most prominent of these forces are as follows:

The Most Important Variables of the Specific Environment



Competitors Influence

Competitors directly affect each other, so it requires studying competitors periodically and reporting the company's performance compared mainly to its direct competitors and to its indirect competitors in general



The most important variables for example:

- 1- Number of competitors
- 2- The power of competitors
- 3- Industry growth rates
- 4- Storage costs
- 5- Competitors' products
- 6- Competitor capabilities
- 7- Diversity and similarity of competitors
- 8- Strategic Risks
- 9- Market exit barriers

Analysis the impact of competitors on the company?

The Competitors Influence

An example of the influence of competitors on the company's activity

Opportunity	Threat	The most important variables
		The competitors influence
	X	Many competitors
X		Few competitors
	X	Competitors are equal
X		One or few strong competitors
	X	Industry sales growth rates are slow
X		Industry sales growth is strong
	X	High storage costs
X		Low storage costs
	X	No differentiation or no conversion costs
X		High differentiation and high conversion costs
	X	Increased capacity is required
X		Reduced capacity
	X	Diversity of competitors
X		Similarity of competitors
	X	High strategic risks
X		Low strategic risk
	X	Barriers to exit the market are high
X		Exit barriers are low

An example of analyzing the influence of competitors on the company? The more criteria to be studied, the closer the results of the analysis will be to reality, and therefore the criteria that have an impact on the company must be determined

Analysis of the competitors Influence

Value	Extent of its existence 0.1 to 1	Importance 1 to 100	Degree of impact positively and negatively -- / +	Economical variables
				Number of competitors
				The power of competitors
				Industry growth rates
				Storage costs
				Competitors' Products
				Competitor capabilities
				Market exit barriers
				Strategic Risks

Analysis of the competitors influence on the company

Write the title of the activity on the wallpaper

Group Workshops



The Influence of New Entrants

New entrants seek to deduct market share, and thus pose a threat to the company, and for this it is necessary to study the possibility of entering new competitors into the market in order to determine the business strategy that will prevent or reduce the impact of new entrants to the market



The most important variables for example:

- 1- Economies of scale
- 2- Ability to control expenses
- 3- Diversity and similarity of products
- 4- Capital Requirements
- 5- Switching costs
- 6- Easy access to distribution channels
- 7- Government laws that prevent new entrants

Analysis of the influence of new entrants to the market

The Influence of New Entrants

An example of the influence of new entrants on the company's activity

Opportunity	Threat	The most important variables
The influence of new entrants		
X		Economies of scale
	X	There is not enough abundance in low volume of production
X		The ability to control expenses is high
	X	Low ability to control costs
X		Strong diversity of products
	X	Poor diversity of products
X		Huge capital requirements
	X	Minimum capital requirements
X		Switching costs are significant
	X	Low switching costs
X		Inability to access distribution channels
	X	Easy access to distribution channels
X		Government laws protect access to the market
	X	Government laws do not protect access to the market

An example of the influence of new entrants on the company? The more criteria to be studied, the closer the results of the analysis will be to reality.

Analysis the Influence of the New Entrants

Value	Extent of its existence 0.1 to 1	Importance 1 to 100	Degree of impact positively and negatively -- / +	Variables
				Economies of scale
				The ability to control expenses
				Diversity and similarity of products
				Capital requirements
				Switching costs
				Easy access to distribution channels
				Government laws that prevent new entrants

Analysis of the influence of new entrants on the company's activity

Write the title of the activity on the wallpaper

Group Workshop



The influence of Buyers' Power

Buyers constitute the main goal and the target of small and medium enterprises, and the influence of the target buyers is usually analyzed and studied how to achieve the highest possible material gain to the buyers by providing the needs and desires of buyers in a way that enhances their satisfaction.



The most important variables for example:

- 1- Purchase Quantity
- 2- Cost of purchases for buyers
- 3- Diversity and similarity of products
- 4- Buyers' profits
- 5- Substitution costs for buyers
- 6- The ability of buyers to manufacture the purchased products
- 7- The industry to which the products belong
- 8- Quality of the products
- 9- Information on the products purchased by buyers

Buyer Power Influence Analysis

The Influence of Buyers' Power

An example for buyers' power

Opportunity	Threat	The most important variables
	X	The buyer buys in bulk
X		The buyer buys in small quantities
	X	Purchased products represent a significant part of the buyer's cost
X		Purchased products do not represent a significant part of the buyer's cost
	X	The purchased products are similar and standard
X		The purchased products are very differentiated and unique
	X	Low switching costs
X		Switching costs are high
	X	Buyers' profits are low
X		Buyers' profits are high
	X	The buyer has the ability to manufacture the products being purchased
X		The buyer does not have the ability to manufacture the products being purchased
	X	The industry to which the products belong imposes high quality
X		The industry to which the products belong imposes limited quality
	X	Buyers have complete information
X		Buyers have limited information

An example of the influence of the buyers power on the company. The more criteria to be studied, the closer the results of the analysis will be to reality .

Analysis the Influence of Buyers Power

Variables

Value	Extent of its existence 0.1 to 1	Importance 1 to 100	Degree of impact positively and negatively -- / +	
				Quantity of purchases
				The cost of purchases for buyers
				Diversity and similarity of products
				Buyers ' profits
				Substitution costs for buyers
				The ability of buyers to manufacture the purchased products
				The industry to which the products belong
				Quality of products
				Information about the products purchased by the buyers

Analysis of the influence of
the buyers power on the
company's activity

Write the activity title on the
wallpaper

Group Workshops



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The Influence of the Suppliers Power

Suppliers directly affect the quality and price of products of small and medium-sized enterprises, therefore, the impact of the strength of suppliers is studied in order to provide basic and raw materials of distinctive quality and price, and in a way that enhances the production of distinctive products that have features and characteristics different from competitors' products .



The most important variables, for example

- 1- Few suppliers of materials
- 2- Substitute products for suppliers' products
- 3- The importance of your company to suppliers
- 4- Suppliers' products are important inputs to your industry
- 5- Suppliers' products are different or similar
- 6- High or low supplier switching costs
- 7- The ability of suppliers to make what you make

Supplier Power Influence Analysis



The influence of the Suppliers Power

An example of the influence of the suppliers power

Opportunity	Threat	The most important variables
The influence of the suppliers power		
	X	A few companies supplying raw materials
X		A large number of companies supplying raw materials
	X	There are no substitute products for the supplier's products
X		There are substitute products to suppliers ' products
	X	You are an important customer for the suppliers
X		You are not an important customer for the suppliers
	X	The supplier's product is an important input to the industry
X		The supplier's product is not an important input in the industry
	X	Suppliers ' products are different
X		Suppliers ' products are no different
	X	High supplier switching costs
X		Low supplier switching costs
	X	Suppliers have the ability to manufacture what you make
X		Suppliers do not have the ability to manufacture what they manufacture

An example of the influence of the power of suppliers on the company? The more criteria to be studied, the closer the results of the analysis will be to reality .

Supplier Power Influence Analysis

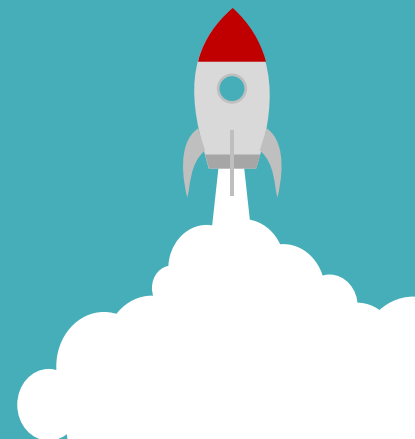
variables

Value	Extent of its existence 0.1 to 1	Importance 1 to 100	Degree of impact positively and negatively -- / +	
				Few suppliers of materials
				Substitute products for suppliers ' products
				The importance of your company to the suppliers
				Suppliers ' products are important inputs to your industry
				Suppliers ' products are different or similar
				High or low supplier switching costs
				The ability of suppliers to make what you make

Analysis of the influence
of the suppliers power on
the company's activity

Write the activity title on the
wallpaper

Group Workshops



The Influence of Substitute Products

Substitute products have an impact on your company's sales and; therefore, you should study what substitute products are there for the products that you manufacture and working on studying them to identify the extent of their impact on the growth of your company's sales .

The most important variables, for example

- 1- The number of substitute products available on the market .
- 2- Good substitute products .
- 3- Substitute products that are not good.

Analysis of the influence of Substitute Products



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The Influence of Substitute Products

An example of the influence of the substitute products

Opportunity	Threat	The most important variables
The influence of substitute products		
	X	Few substitute products
	X	Many substitutes are not good
X		Substitutes are not good

An example of the impact of alternative products on the company? The more criteria to be studied, the closer the results of the analysis will be to reality .

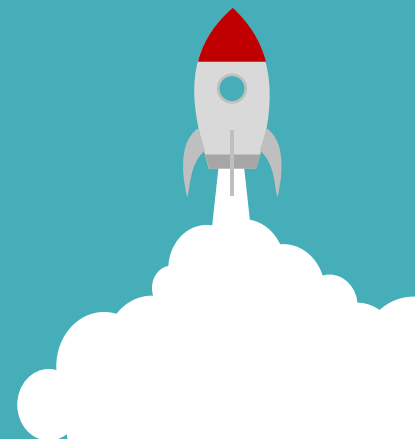
The Analysis of the Substitutes Products Variables

Value	Extent of its existence 0.1 to 1	Importance 1 to 100	Degree of impact positively and negatively -- / +	
				The number of the substitute products in the market
				The substitute products are good
				The substitute products are not good

Analysis of the influence of substitute products on the company's activity

Write the activity title on the wallpaper

Group Workshops





End of the Fourth Session



Thank you very much