



# **Business Plan of Alambra / Petrou Brothers Dairy Products LTD**

MBE5500 THESIS

submitted by  
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## **Abstract**

A business plan or entrepreneurial plan is any startup plan that helps a manager understand the business's current state (strengths, weaknesses, opportunities, and threats) and predict its future operation. A start-up business plan of a company is a business plan consisting of the mission, business vision, goals, and action plans for the future of the new business. At the same time, it is prepared during the company's operation and is vital for the practical function of the company, acquiring new customers, partners, loans, and so on.

Based on the above, the primary purpose of this Thesis is the design and creation of a business plan for the company Alambra / Petrou Brothers Dairy Products LTD, located in Nicosia, Cyprus. Examining the operation of this business in real life and preparing the company's business plan will serve as an opportunity to map and plan the financial and commercial aspects of her business.

In addition, having such a topic as work will allow the student to test her business skills and get an unbiased assessment of the work done. Another goal of writing the paper is to test the ability to use their knowledge in the business field for practice while creating a relevant business.

Concluding the above, the objectives of the present company will be examined, which refer to the creation of professional development of services in the specific area, the production and maintenance of satisfaction for all its customers, the maximization of the value of the company, and clients with their online presence, projecting a solid corporate image and transparent information about its services and sample portfolio but also creating a detailed project process to define boundaries, allocate resources and achieve time targets. This aims to increase efficiency and will potentially help customers understand the service delivery process.

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# Table of Contents

Chapter 1 - Introduction.....	1
1.1    Definitions.....	1
1.2    The Purpose of the Thesis’s Problem.....	2
1.3    The Thesis Structure.....	2
Chapter 2 - Literature Review.....	3
2.1    Introduction.....	3
2.2    Key Questions Answered using the Business Plan.....	3
2.3    Advantages of a Business Plan.....	4
2.4    The Basic Steps of a Business Plan.....	5
2.5    Who Reads the Business Plan.....	7
2.6    How is a Business Plan Prepared.....	7
2.7    The Steps in the Design Process of a Business Plan.....	9
2.8    What is Expected from the Investor / Lender in Business Plan.....	12
2.9    Different Types of Business Plans.....	12
2.10    Programming Period in a Business Plan Adoption.....	14
2.11    The Content and Structure of a Business Plan.....	15
Chapter 3 - Research Methodology.....	19
3.1.    Methodology Research for the Thesis.....	19
3.1.1.    The Case Study Analysis.....	19
3.2.    The Case Study Methodology for Alambra Dairy Products.....	19
3.3.    The Different Categories of the Case study.....	20
3.4.    The Advantages – Disadvantages of the Case Study as a Research Method.....	22
3.5.    The Process of Conducting the Case study as a Research Methodology.....	22
3.6.    Design of the Case Study.....	24

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3.7.	The Data Collection for the Case Study .....	24
3.8.	Presentation of the Data .....	25
Chapter 4 - Case Study Analysis .....		26
4.1.	Business Historical Background .....	26
4.2.	The Business Plan for Alambra Dairy Products.....	27
4.2.1.	Vision - Mission and Values, Current Strategy and Goals of the Alambra Dairy Products .....	27
4.2.2.	Business' Resources and Capabilities.....	27
4.2.3.	Business Corporate Governance .....	28
4.2.4.	External Competitive Environment Analysis .....	29
4.2.5.	Industry Environment Analysis - Dairy Products Industry and Demand 33	
4.2.6.	Competition Analysis.....	35
4.2.7.	Five Forces Analysis (Porter) .....	36
4.2.8.	The Business Products' Channels of Distribution .....	38
4.2.9.	Business Strategy Choice – SWOT Analysis .....	40
Chapter 5 - Conclusions.....		44
References.....		46

# Chapter 1 - Introduction

## *1.1 Definitions*

A business plan details to manage of a particular activity for a certain period. The business plan presents in detail and documents the procedures for establishing and operating a business. Therefore, someone could characterize it as a tool that is designed to transmit information to multiple recipients. After all, the business plan is a tool that shows those directly involved where the business is, where it wants to get to, and its plan to get there. Tracing helps highlight potential errors and inaccuracies and helps estimate financial results (Shelton, 2014).

The specific activity can refer to the functions of a business, the whole business, or a single part of it. The horizon encapsulated in a business plan can include the first year of operation of a newly established company, the first five years of operation of an already established company, or even the entire duration of a specific project that is to be implemented in the context of the operation of a company. The business plan is prepared before the start of the activity and is updated on an annual basis or when drastic changes occur in the external or internal environment of the business that requires a review of the decisions considered (Beckett, 2012).

The purpose of the business plan is to help entrepreneurs to assess the viability of a specific business idea. Putting the business plan on paper helps to identify opportunities, risks, and mistakes. In this way, problems can be solved before they occur. At the same time, it helps management to determine to what extent the planned business activity is feasible, to increase the chances of success. The business plan also presents a comparative evaluation of the results over time about what is bounded, to monitor, control, and report on the business activity (Beckett, 2012).

It can also be used to raise external funding. Nowadays, the credit market offers a wide variety of financial products that can help the new entrepreneur in his investment plan. After all, every business plan always hides a motivation for financing. Based on the existing data, the European Commission has reserved a significant amount for the financing of start-ups (Beckett, 2012).

It is important to also mention that it may have the purpose of encouraging the participation in a joint venture of an external partner, e.g., of a supplier. It is even used as a marketing tool in the sense that it is a complete presentation of the business to suppliers, customers, and in general to any potential partner of strategic importance. Therefore, it can be used to attract competent human resources, which will staff the company. Finally, the business plan is the basis for the implementation of a business idea and the communication tool between executives (Beckett, 2012).

### ***1.2 The Purpose of the Thesis's Problem***

The main purpose of the Thesis is concerned with reading, collecting, and, discussing quantitative data and conducting literature reviews about business plan adoptions and operations in business by the advantages and disadvantages of the business plan, as also the various phases mentioned as to its adoption by a business.

### ***1.3 The Thesis Structure***

The structure of the Thesis is concerned with five (5) basic chapters. The first chapter is concerned with the introduction of the Thesis, the second chapter with the literature review analysis, the third chapter mentions the methodology research, the fourth chapter mentions the analysis of the business plan for the Alambra Dairy Products company, and the fifth chapter concerns the conclusion of this Thesis.

## Chapter 2 - Literature Review

### 2.1 Introduction

A business plan describes the method of managing a particular activity for a certain period. The business plan presents in detail and documents the procedures for establishing and operating a business. Therefore, someone could characterize it as a tool that is designed to transmit information to multiple recipients. After all, the business plan is a tool that shows those directly involved where the business is, where it wants to get to, and its plan to get there. Tracing helps highlight potential errors and inaccuracies and helps estimate financial results (Shelton, 2014).

The specific activity can refer to the functions of a business, the whole business, or a single part. The period presented in the business plan can include the first year of operation of a newly established company, the first five years of operation of an already established company, or even the entire duration of a specific project that is to be implemented in the context of the operation of a company. The business plan is prepared before the start of the activity. It is updated on an annual basis or when drastic changes occur in the external or internal environment of the business that requires a review of the decisions considered (Beckett, 2012).

### 2.2 Key Questions Answered using the Business Plan

Regardless of its structure, it should contain all those elements necessary for its documentation. Therefore, every business plan must provide answers to the following key questions:

Who are you? - That is, describe the business, and state what its vision and mission are. It is essential to mention the objectives of the company, its structure, and its infrastructure, as well as describe the products or services provided by the business. If the products or services offered are simple or familiar to the readers of the plan, the reference to them should be brief. If it is a business with entirely new or complex products/services, they must be presented in detail.

Whom are you targeting? - It is necessary to demonstrate that there are customers or categories of customers to whom the specific products and services are addressed. Someone should also show why these customers will buy your business's product or service. More specifically, someone should present the reasons why customers will prefer the products you produce or the services you offer. At the same time, those characteristics that significantly differentiate them from other competitive products or services must be highlighted (Beckett, 2012). Finally, someone should present how the specific venture will create value for the business and simultaneously generate the expected revenue so that it is sustainable (Shelton, 2014).

### **2.3 Advantages of a Business Plan**

It is a given that everything starts with the business idea. The business idea should be reasonable, feasible, and a genuine opportunity so that there is a serious chance of success. No matter how well-written a business plan is, there is no chance of success when it is based on "science fiction scenarios." On the contrary, when the idea is logical and can be implemented, it can attract the interest of potential investors and therefore help to secure financing or grants since it provides information about the business activity covering all areas that may interest them, such as the market to which the business intends to address, the management of the company, legal issues, but also characteristics that will give it an advantage over its competitors (Beckett, 2012).

Regardless, if there is a need for funding, the business plan contributes to implementing specific strategies by proposing actions that can lead to their effective implementation. Also, the reflection it creates usually helps to improve the decision-making process and to make better use of its resources. Therefore, people could say that the business plan contributes significantly to the continuous improvement of the different parts of the business and better coordination between them (Beckett, 2012).

It is also important to mention that an organized business plan is the basis for monitoring and control. After all, specific objectives are defined and described sufficiently, which refer to qualitative and quantitative data, such as revenue, sales, cost data, net profit, and many others. The plan also includes a financial plan with financial data and forecasts for



specific periods. In this way, the management of the company can effectively monitor and control the degree of achievement of the predetermined goals, comparing them with the corresponding actual data that document the company's performance. Thus, a better and more objective evaluation of the business is achieved.

#### **2.4 *The Basic Steps of a Business Plan***

A business plan is a thorough, written account of a company's operations. A company's products or services, production practices and paradigms, markets and clients, marketing strategy, human resources, organizational structure, infrastructure, procurement needs, financing requirements, and the sources and uses of cash are all covered in detail.

Although the business plan recounts the past and present state of a company, its primary goal is to present the company's future. It often refers to a future term of three to five years, depending on the type of business and the type of entity, and is revised annually. Whether it is venture capital for an enterprise or any other source of investment or financing, it is a crucial component of any funding application. Consequently, it must be comprehensive, truthful, factual, well-organized, and reader-friendly (Beckett, 2012).

A detailed business plan reflects the current situation of a company, illustrates the desired future state, and states the methods that will be used to get the company to meet the goals set. In other words, the business plan keeps the goal in mind and promotes creativity. (Megginson, et. Al., 1994). A thoroughly formulated business plan helps communicate ideas and research findings and serves as a plan for future investors. Moreover, the business plan describes the ideal future state of the company, otherwise known as the benchmark. Therefore, it can serve as a measure of progress and evaluation of required changes.

Gumpert (1997: 120-147) provides the following reasons for writing a good business plan:

✓ It is a “wellness check.” It is advisable to write a business plan and solicit feedback from other people. The plan is not popular with everyone. The business management will be

able to better focus and change its assumptions and conditions with the support of agreements and disagreements.

✓ To get a complete picture of the company. A thorough understanding of every aspect of the business is obtained by creating a business strategy. The company's management can use it, for instance, to define the market, create a price plan, and decide which competitive factors must be in place for it to flourish more accurately. All these factors must be constant and appropriately linked through business planning. Additionally, the process of business planning frequently results in the identification of both flaws in the plan as well as competitive advantages or new prospects. The ability of the business to run itself will be increased if the procedures outlined in a business plan are implemented—any deviations from the plan that the company can target before they happen.

✓ Form strategic alliances: Both small and large enterprises require one another. Both small and large enterprises need financial support as well as creativity. The business plan could also be built on collaborative research to create a company's core product and capabilities (breakthrough innovations) and joint marketing to associate, promote, retail, and provide services for the product (innovation at the base).

✓ Mutual respect among the management team. In situations where the principle of involving as many managers as possible in the formulation of the business plan is put into practice, the members of the management of the company must come to an understanding.

✓ Determining funding requirements and submitting funding requests and deciding on the quantity, nature, and funding sources as necessary. During the funding application process, the business plan is referenced.

✓ Approval by the board of directors/shareholders. It is used to obtain approvals from the board of directors and shareholders.

✓ Recruitment. It is used to hire and acclimate new management and employees. Large, well-established companies frequently compete for the greatest employees. As a result, a start-up company's business plan must draw in quality employees.

- ✓ Employees are offered specific goals (management by a goal).
- ✓ Informing staff members. It serves as a tool for informing and motivating workers about the objectives of the business.
- ✓ Notifying lenders. The strategy for updating business partners and other relevant parties. It is sent to banks and investment firms that have previously backed the company and asks for regular updates on the goals being monitored.
- ✓ Informing partner organizations.

## **2.5 Who Reads the Business Plan**

Key personnel, the board of directors and shareholders, chosen business partners, or potential lenders and investors are likely to study the business plan. Depending on the stakeholders' level of responsibility and need for confidentiality, different business plan sections should be given to different people. Only those who can guarantee they won't distribute the business plan without management's approval should be given access.

Potential lenders or investors could be some of the most significant readers of the business plan. There are numerous potential sources that one might approach to provide the business plan if they are looking for outside capital to expand their business.

## **2.6 How is a Business Plan Prepared**

The type of business, as well as its structure and size, have a significant impact on the response to the question of who helps prepare the business plan. In a very small business, the founders and managers complete the design work, and it is drafted themselves. It might be carried out by various people in larger firms or organizations (Akinyele & Fasogbon, 2010).

The more management and employees participate in the creation of a business strategy, the less probable it is that unsustainable solutions will be found. In the end, part of the duties for carrying out the strategy will fall to individuals who work for the company. Therefore, it

makes sense to incorporate them early in the process from both a technical and psychological standpoint (Akinyele & Fasogbon, 2010). Employees are the best experts on the various facets of a company's operations, and no strategy can be properly implemented unless the key personnel are made aware of the objectives and the committed methods. Company employees who contribute to the preparation of a business plan are usually (Johnson, et. al., 2008):

- ✓ The Chief Executive Officer (CEO), who should be in charge of managing the process of corporate planning.
- ✓ The marketing and sales manager, who is more knowledgeable about consumer demand, the market's potential for growth, customers' unique needs and preferences, the pricing at which they are willing to pay, competition activity, etc.
- ✓ Development and production managers, who offer data essential to the business plan, including timetables for developing new goods, needs for new machinery and production equipment, demands for staff, and requirements for raw materials.
- ✓ The financial manager typically puts together his financial data business strategy, creates the business's financial requirements, and is a crucial component in communicating with lenders and investors (Akinyele & Fasogbon, 2010).

In certain companies, these professionals inform the workers about the business planning process and ask them to provide information, thoughts, opinions, and statistics. The tremendous benefit of this methodical technique in mobilizing a significant portion of the business is that it increases corporate awareness and motivation (Gumbert, 1997).

The actual report must then be produced by combining and harmonizing the information provided by the team members using the greatest talents the organization has to offer. Numerous sizable businesses employ highly qualified business development managers, whose key responsibilities include coordinating the business planning procedure and handling associated paperwork. But because they don't have enough internal resources, organizations engage outside consultants to help them with their company planning (Johnson, et. al., 2008).

## 2.7 *The Steps in the Design Process of a Business Plan*

It is not advisable to create a business plan once and then disregard it. Business management should include dynamic planning as a core component. Every year, the most prosperous companies create a three- to the five-year business plan. This suggests an information evaluation of the business plan from the previous year, comparing projected figures and goals with achievements attained and taking modifications, new knowledge, new experiences, and novel ideas into consideration. According to Akinyele and Fasogbon (2010), the steps involved in the business planning process are as follows:

1. Assessment of the situation. This should be an assessment of how customers, partners, competitors, and suppliers view the business. It should answer the question "Where are we now?". It should also be an honest and self-critical exercise that tries to answer the important questions that entrepreneurs should ask regularly: *"What are our major strengths and major weaknesses?" "What can we do well and what should we not do at all?"*, *"What are the main mistakes we have made in the past and what can we learn from them?"* *"Are we making a reasonable number of mistakes?"*

2. Establish a mission Mission statements serve as a means of communicating the company's direction and providing a sense of purpose. Knowing the mission will enable shareholders, staff, and business partners to organize and support it more effectively. The vision describes how the company envisions itself in the far future. It describes what the company aspires to be. A shared vision among the business's stakeholders is crucial to its successful growth. The goal of the company is stated in the mission. It outlines what the company hopes to offer to clients, staff members, shareholders, and the neighbourhood. The company's philosophy articulates the culture's ideals and guiding principles. The plan outlines how the company will achieve its goals. A company is frequently based on the vision of a single individual. As the organization expands, it may lose sight of its initial purpose and its goals may shift. Regular reviews and, if necessary, revisions of the assignment are advised. This ought should give a current picture of what it is attempting to do and provide answers to queries like:

- What business are you in?
- What do you do best?

- What needs are you meeting?
- What benefits are you creating?

The written company plan should include philosophies or values. These are crucial pillars that need to be discussed both internally inside the corporate organization and with its external partners. Making decisions and employee productivity can be enhanced by having a strong corporate culture and a clear grasp of the organization's goals and core values. The staff can feel more confident in their work. Top management typically creates a company's vision, mission, philosophy, and strategy (Gumbert, 1997).

3. Preparation. The actual task of creating the company strategy must start when the objective and philosophical foundation have been established. When preparation, it's vital to handle a few key issues, such as:

- Appointment of coordinator. A staff member is appointed to be responsible for coordinating the business planning process and delivering the final document (business planning project manager) on time.
- Hiring a manager if a staff member is not available and has the relevant experience and talent to lead complex business planning processes. This person should know the requirements of the business plan readers.
- Definition of tasks. The various tasks and steps involved in the process, their timing, and the overall timetable for the work are defined.
- Identification of team members. The people who will participate are identified in processing and defining their roles, responsibilities, responsibilities and of expected contributions/deliverables.
- Collection of information. Compilation and organization of all key information will be required from internal and external sources (market research, reports on competition, new technological developments, etc.).

4. **Setting goals.** Setting goals for the future development of the business is a necessary condition for the development of the preparation of the business plan. Although these goals should be adjusted in the iterative process design, they can still be of great value in determining the "tuning" and "spirit" for further work. Goals should be time-bound, realistic, and measurable. Examples of such goals can be (Gumbert, 1997):

- ✓ In the next three years, the sales volume will increase by an average of 20% per year, intensifying the marketing and sales effort in neighbouring countries (export).
- ✓ Over the next year, production costs will be reduced by 10% through increased automation of production lines.
- ✓ By the end of the second planning year, three new products are launched in the local market.

5. **The business plan being edited.** A business plan is created by combining and coordinating marketing, sales, development, manufacturing, operations, and financing to help the company reach its ultimate objectives.

6. **Setting of staff objectives.** One of the most crucial things to do after the business plan is finished is to utilize it as a guide for establishing the objectives of the various departments and employees of the company. Achieving the sales volumes outlined in the plan is the sales manager's objective. The production manager is responsible for producing goods that are of the required caliber. Among other things, the development team must satisfy the demands of the anticipated production timeline for the new product. These specific goals should be laid down in writing, and progress on them should be regularly tracked and assessed. These should serve as the cornerstone of the employee's monetary reward.

7. **Process observation** the success of the firm is greatly influenced by the systematic monitoring of the plan's implementation. To guarantee the effective execution of the plan and the accomplishment of its goals, monitoring methods, action plans, and formalized feedback should be in place. Being a part of this process can have a big impact on how team members see their job in the company and can directly affect how they perform. Employees won't ever take business planning seriously if the plan is finished, put in a drawer, and forgotten about. The design must be modified if the underlying presumptions change. Therefore, temporary repairs are advised. The implementation, execution, and utilization of dynamic planning are

crucial for realizing its advantages. The key to maximizing the benefits of dynamic planning lies in the implementation, action, and updating of the plan (Gumbert, 1997).

## **2.8 *What is Expected from the Investor / Lender in Business Plan***

Investors and bankers may offer support in the ways outlined below in addition to donating the money needed to start and grow the business as outlined in the business plan.

- ✓ Investors and bankers may offer support in the ways outlined below in addition to donating the money needed to start and grow the business as outlined in the business plan.
- ✓ If the investor is a company operating in a related business sector, it could be good for synergies and partnering in one or more of the following areas (Gumbert, 1997):
  - ✓ Introduction of new markets through the partner's network.
  - ✓ Add the partner's products to the zoom list?
  - ✓ Joint development and production efforts to benefit the effects of economies of scale.
  - ✓ Transfer of technical and managerial know-how, etc.
- ✓ If the investor is a government-sponsored fund with development goals, the business may receive additional political support and lobbying.

## **2.9 *Different Types of Business Plans***

The structure, content, and depth of a business plan depend on many factors, including (Beckett, 2012):

- ✓ The main objective of the business plan.
- ✓ The stage of the business (start-up or existing company).
- ✓ Type of business/industry.
- ✓ Funding status.
- ✓ Size of the company, etc.

It's crucial to think about certain fundamental concerns relating to a business plan's shape and presentation before examining its content (material). The following items need extra attention if the plan is to appear professional and serve as a valuable tool:



1. The purpose of a cover is to tell readers what they are about to read and to get to the author. The cover of the business plan is often the first impression stakeholders or investors get of the business. The cover page is also a way to make the business plan noteworthy. The cover page should bear the words “Business Plan” and should include (Gumbert, 1997):

- ✓ The legal name of the business.
- ✓ The company logo
- ✓ The date of drafting or modification of the business plan, as well as the period it covers.
- ✓ The address.
- ✓ The telephone numbers.
- ✓ The fax numbers.
- ✓ The email address and website (address internet), if applicable.
- ✓ Other contact information, if any.
- ✓ Optional: a notice informing the reader that the plan is confidential. If multiple copies of the business plan have been prepared, several copies may be entered in the heading to ensure distribution control. The cover should be attractive and look professional. The fonts used should be easy to understand and the color contrasts should be pleasing to the eye. Any nice graphic or photo could make it more attractive.

2. The Paper. The business plan should be printed on good quality paper and printed on one side of the paper only.

3. Contact person. Identification of the business must be included and the person to be contacted about the plan must be named.

4. Fonts. Use a font that is easy to read and a font size that is large enough. This may require tables of financial projections to be spread over multiple pages to maintain readability.

5. Margins. Keeping wide margins. These are useful for readers to observe their questions and comments.

6. Terms and acronyms. If the business uses specialized terminology or acronyms, they should be used sparingly and ensure that any terms that someone outside the area of expertise would not know are defined.

7. Page numbers. Page numbering and confirmation of the correct pages should also be done in the table of contents of the business plan.
8. Size. The business plan should be short. Limiting the inclusion of extraneous material. More details can always be given in an appendix if required.
9. Samples. Include in the appendix sample advertisements, marketing materials, and any other information that helps present the plan.
10. Processing. Confirmation that the business plan has been carefully developed. Misspellings and grammatical errors do not make a good impression.
11. Overall presentation quality (Gumbert, 1997).

### ***2.10 Programming Period in a Business Plan Adoption***

When beginning planning efforts, one of the first questions that may come up is, "How long should the business plan be prepared?" To this question, there is no simple response. Some businesses create their business plans for just one year, while others do so for ten years or longer. However, statistics suggest that most organizations typically prepare three- to five-year business plans (Akinyele & Fasogbon, 2010). The best planning time is determined by the sort of business. The following list includes some key factors and considerations for choosing the time frame.

- ✓ Dead spot. Expect to likely make a net loss in the first year or two if the business is new or a significant expansion of an established one is planned. In this scenario, the company strategy must cover at least two years of profit in addition to exceeding the break-even point. Accordingly, the business plan must span a period of four years. For the lender or investor, it is crucial psychologically to observe at least two years of profitability, at the conclusion of which dividends may be given.
- ✓ Management fluctuations. An average corporation experiences a management turnover rate of between 10% and 15% annually. If the company's turnover is comparable to this percentage, then more than half of the managers will have been replaced within four years.

There is no reason to schedule any additional time in such a situation. Future managers must give their own creative ideas for strategizing the company's future. On the other hand, planning for a longer time frame may be important if the company is run by a family or a small group of partners who are dedicated to the enterprise.

- ✓ Infrastructure development period (project). The appropriate time frame for a business plan will also rely on how quickly the essential infrastructure must be developed.
- ✓ Period of market/customer development. The majority of business plans depict the company's development through time. A crucial premise is that as the company gains more notoriety in the marketplace, the number of customers will rise. Therefore, the amount of time needed to build a company, or its products determines how quickly it grows.
- ✓ Macroeconomic stability. The business can afford to make longer-term financial projections if it operates in a stable environment with easily predicted macroeconomic conditions. It could be appropriate to prepare for a period of five more years, for instance, if inflation and interest rates have been constant over the preceding five years (with just a small percentage change). Financial projections cannot be formed for a period longer than two to three years, however, if these parameters are significantly different and there is no need to attain a more stable and predictable state.
- ✓ Product technology. Technologies have life cycles. The sort of product, its technology, and how the technology is employed in production will all affect how long the business plan will last. There is no risk of product substitution, but there may be a risk of new competitors entering the market. A business strategy for the company's operations for five or more years can therefore be prepared legitimately from the perspectives of products and technology.

### ***2.11 The Content and Structure of a Business Plan***

The real components of the business plan should be incorporated when the goal of the plan has been considered and the essential background planning has been completed. The following categories of information should be included:

- ✓ The mission of the business and the goals that management wants to achieve.
- ✓ The business' target markets and customers, products and/or services, and niche of competitors. The qualitative and quantitative results are expected to be achieved.
- ✓ Human resources, infrastructure, equipment, raw material, and financial resources needed to achieve business objectives.

- ✓ The technical, organizational, and administrative procedures to be applied.

The above information can be easily structured in the business plan in the following chapters, as follows (Akinyele & Fasogbon, 2010):

1. Summary: This is the business plan's executive summary. It should exude energy and reflect the company's core values. The majority of the target market for the organization will begin reading the summary before diving into the business plan, making it the most crucial section of the plan. Potential investors, lenders, or business owners should continue to be interested after reading the summary. This section of the business plan needs to be given more attention and shouldn't be longer than two pages.

2. The Company: Corporate identity: What is it? Brief company history is given, along with information on start-ups, current business strategy, the management team, and a history of previous products and triumphs (and failures). The company explains its business strategy to the public, but it carefully executes what it plans to do. The company plan must be logically sound, plausible, relevant, and credible. In this context, past successes and potential problems should be objectively and honestly assessed, considering both positive and negative aspects, and should be described along with the current situation (e.g., viability, sustainability, sales, and profit trends, describe future goals, how they build on or diverge from the past, and why and with what success). It is necessary to describe the management team and how it adjusts to changing circumstances.

3. The Market: Who are the potential customers or the target market? They were discovered, but how and why? What results did the market study and forecast show? What is the customer base, what are the potential customers, and how can I best approach them? What are the demographics of the target market and what possible changes are there? Information on the target market's size, accessibility, stability, purchasing power, and volatility. What will persuade the market to accept and purchase the company's offering? Is the market expanding, contracting, or staying the same? With acceptable and moral barriers to market entry, how does the company aim to protect this market?

4. The Product / Service: What does the business sell? To whom Why? How, Never? Through whom? How often? Describe the company's innovation/invention/discovery product or service

with its key features, values, costs and benefits, quality, and usefulness to target markets. How can the product have fulfilled the unmet needs and wants of the target customers? What convenience and savings (of time, money, energy, effort, stress, space, and pace) does your product provide that your competition doesn't? Quantifies costs and benefits to the prospect.

5. The production phase: There is a description of the fundamental parts, supplies, and components needed to create the good or service. You can read about your suppliers, purchasing tactics, material inventory, work-in-progress inventory, and finished goods inventory. It is expected that there will be issues with design, manufacturing, technology platforms, patents, intellectual property, size, combination, packaging, logistics of transportation, costs, and pricing.

6. Sales and Promotion: Plan and strategies for marketing, advertising, promotion, and distribution in detail. consultants for both internal and external marketing. There include mention of promotional methods such as price bundling, product bundling, warranties, sale prices, credits, financing, product extensions and upgrades, and refund and recall procedures. What ambitions does the business have for website design, internet marketing, and other cutting-edge internet marketing techniques? What are the retail plans, prices, and tactics? What are the methods for handling complaints? How will the company's salesmen, retailers, and distributors be inspired? How will corporate marketing, PR, image-building, distribution, retail, and sales initiatives be supported?

7. Competition: If the product isn't entirely original, it probably has alternatives and competing brands; they should be looked at and assessed. It is important to look at competitors, their goods and services, equity and quality, price and return policies, price and product bundles, guarantees, and credit and financing. their tactics? How will this competition establish competitive quality as a competitive advantage? How will a long-term competitive marketing advantage be created in this market?

8. Financial: What are the prices, markups, parities, and costs? What is penetration, insurance, and competitive price methods? The first, second, third, fourth-, and fifth years cash flows, cash outflows, and net cash flows are planned based on the business's forecast. Depreciation, wages, taxes, gross margins, dividends, ownership vs. lease vs. rent, selling and administrative costs, capital expenditures, interest expense, and ownership vs. lease vs. rent are all examined.

9. Concluding remarks: List the advantages and disadvantages, opportunities and dangers, and special characteristics and characteristics.

Marriel Michael

## **Chapter 3 - Research Methodology**

### ***3.1. Methodology Research for the Thesis***

#### ***3.1.1. The Case Study Analysis***

In the disciplines of sociology, anthropology, psychology, education, political science, and social work, the case study is a common research methodology. A case study is based on a specific case rather than a population or sample. The researcher focuses on a particular case or circumstance and investigates the different interactions that take place inside it, which is a significant benefit of this approach (Yin, 2003).

A successful case study consists of several parts where the problems or topics to be discussed are stated. Additionally, it includes enough information to enable readers to deal with the same or similar problems. Next, it contains the whole context that the researcher is studying, that is, the personality of the participants, the problems of the conflicts, and the sequence of events.

#### ***3.2. The Case Study Methodology for Alambra Dairy Products***

As stated above, the case study technique of scientific research is the most widely used and is used in many fields of study, including sociology, psychology, economics, and political science. When questions of the "how" and "why" variety must be addressed, when the researcher has little control over events, and when the study's focus is on a contemporary phenomenon, this typically qualitative methodology is preferable to other research strategies (experiment, archival analysis, survey, historical review) (Yin, 2003).

Additionally, the case study methodology is appropriate when the researcher is engaged in 'theory construction' and the subject of study is not well-known (Eisenhardt, 1989). According to Ghauri (2004), the case study is a versatile research methodology that may be used to answer a variety of various kinds of research questions. Case studies have been defined differently by various researchers.

A case study, according to Yin (2003), is an empirical inquiry that investigates a current phenomenon within a real-world setting, particularly when the lines separating the phenomenon from the overall context are not clear and when multiple sources of evidence and theoretical presumptions are used to guide data collection and analysis.

A case study is defined by Woodside and Wilson (2003) as research that focuses on describing, comprehending, forecasting, and/or regulating the subject. This definition is broader than that of Yin (2003). (e.g. process, animal, individual, household, organization, group, industry, culture, or nationality). A case study is any phenomenon of some type that takes place in a specific environment, according to Miles and Huberman (1994). Eisenhardt (1989) described the case study as a research method that focuses on comprehending the dynamics that are displayed circumstances.

Based on the foregoing, the student has advanced to the completion of the specific thesis by reading, gathering, and discussing quantitative data and writing academic articles about the adoption and use of business plans in business, including their benefits and drawbacks as well as the various stages of adoption by a business.

### ***3.3. The Different Categories of the Case study***

Three types of case studies—explanatory, exploratory, and descriptive—are defined depending on the goal of the study (Yin, 2003). The explanatory case study is used to explain the causal relationship between cause and effect and is used to address questions of the types "how" and "why," i.e., it is appropriate for the examination of causality.

The research case study is used to examine the consequences of a phenomena or a scenario and is used to address questions of the type "what" (identification of research questions and hypotheses). The case study by Stuart (1998) titled "The influence of organizational culture and internal politics on new service design and introduction" falls under this category. The study's research goal is to determine "how the organizational culture and internal politics influence the design and introduction of new services." A descriptive case study, such as the one by Gottfridsson (2012) titled "Joint Service Development - The Creations of the Prerequisite for the Service Development," aims to describe a phenomenon in its context. This



case study's research goal is to describe how the development of new services in the public transportation sector is carried out.

Regarding the design of the case study, two categories can be distinguished, the single case studies and the multiple case studies. Conducting a single case study is preferable when the researcher's goal is to explain and confirm or challenge a theory. In this case, the phenomenon under study is characterized as 'critical'. Furthermore, a researcher chooses to use a single case study when the phenomenon is 'extreme' or 'unique', to simply record and analyze it.

However, the single case study can also be used when the case is 'representative', to present the situation prevailing in a typical part of a whole (for example a case study for a primary school in a city). In addition, the use of the single case study is indicated for the case that is being studied for the first time by a researcher and is characterized as 'revealing'.

Finally, a single case study can be used to study the same phenomenon at different points in time, aiming to observe changes over time. In summary, we can say that the logic on which the conduct of a single case study is based corresponds to the logic used to conduct a single scientific experiment (Yin, 2003). On the other hand, the application of multiple case studies aims to study and p comparing cases to conclusions.

Multiple case studies, which allow for case replication and extension, are a potent tool for "theory construction," according to Eisenhardt (1989). Based on the researcher's assumptions about the study's outcomes, various instances were chosen. This means that using several examples enables the researcher to examine a variety of situations, determine their similarities and differences, and determine whether his predictions were accurate. In the event that a prediction cannot be verified, it is changed, and new numerous case studies are used in the research. According to the preceding explanation, conducting many case studies functions similarly to conducting multiple scientific experiments (Yin, 2003).

However, Stake (1995) makes a distinction between three different sorts of case studies: the fundamental (intrinsic), the instrumental, and the collective. When a researcher wants to gain a deeper grasp of the case study itself, they will employ the word case study. Instead, the instrumental example serves a supporting function and is employed to enhance an already-existing theory. The numerous case study and the collective case are comparable.

### ***3.4. The Advantages – Disadvantages of the Case Study as a Research Method***

The case study methodology has certain strengths, which make it preferable to other scientific research methods, and certain weaknesses, on which researchers' doubts about this methodology are based. The advantages include the fact that the case study, although it has several similarities with the historical retrospective, enables the researcher to directly observe the phenomenon he is studying and interact with it (Yin, 2003).

Furthermore, the case study contributes to the study of different real contexts (Ghauri and Firth, 2009). Another advantage of the method is the fact that the researcher goes deeper into the study of the phenomenon, thus favoring 'theory building'. Finally, the holistic nature of the case study allows the researcher to study the case from different angles, within a certain period, and given different factors (Ghauri, 1983).

There are several issues with the case study technique, though. One of them is the lack of clarity, as the researcher frequently applies the research procedure wrongly or is misled by incomplete facts, leading him to draw rash and unclear conclusions (Yin, 2003).

To prevent this, the researcher must thoroughly process the data gathered and consult reputable guides pertaining to the methodology in question. A case study's potential to be generalized has also been questioned. The counterargument in this instance is that the case study generalizes to theoretical concepts rather than sets. After all, a conclusion needs to be supported by several case studies (Yin, 2003). The third allegation asserts that case study methodology-based research takes a lot of time and outcomes are given in a lot of documents. This assertion is false, because case studies are no longer carried out as they once were, according to Yin (2003).

### ***3.5. The Process of Conducting the Case study as a Research Methodology***

There are six steps in the procedure used to perform a case study. Prior to choosing the appropriate data analysis techniques, the topic of study and the goal of the research must first be decided. At the same time, the questions that must be answered—typically those of the above-mentioned types "how" and "why"—are posed.

The literature review, which gives the researcher the opportunity to identify any "gaps" in the theory and formulate the questions that need to be answered, is crucial to this first stage. The case studies that will be the focus of the study and analysis are chosen in the second step. Additionally, the procedures for gathering and analyzing data are described.

The researcher then prepares to collect data by organizing it in various ways, such as databases, so that it can be processed more easily. In the fourth stage, the data is collected with various and multiple techniques, to ensure the validity of the findings and, by extension, the conclusions of the research. At this point, it must be emphasized that the researcher, throughout the research, is imperative to keep in mind the purpose of the research and the questions that have been raised, to make the necessary revisions. In the next stage, the analysis of the data takes place, during which the researcher must be very careful and examine in detail and from various angles the data he has collected, to avoid the possibility of reaching unsafe and hasty conclusions.

### ***3.6. Design of the Case Study***

To conduct a case study, a plan, or outline, is necessary, which is a logical sequence that connects the empirical data with the initial questions of the research and, by extension, with its conclusions (Yin, 2003). The reason the research plan is used is to prevent the data from deviating from the questions. As Yin (2003) states, the basic components of a design are the research questions, the propositions (if any), the units of analysis, the logic that connects the data to the propositions, and the criteria for interpreting the findings.

First, the research questions must be recorded in the plan, which is usually of a 'how' and 'why' nature. Regarding propositions, although their existence is not imperative to conduct a case study, their creation contributes to the data collection process by orienting the researcher to the appropriate sources of evidence. Also, it is very important to clarify the unit of study and analysis of the case study, which is based on the research questions.

The unit of analysis can be an individual, an organization, a society, or even a country. Then, to determine the logic that connects the data to the propositions, several techniques are used. One of them is the pattern-matching technique, which matches the evidence with two opposite propositions to conclude. However, according to Yin (2003), there is no clear way to define criteria for interpreting research findings. One way is Campbell's technique, where findings are interpreted in terms of conflicting propositions.

Once the five key components of the design have been determined, the next critical step is for the researcher to proceed with theory development related to the case study topic. Creating the blueprint by defining its components contributes to the development of theory, which in turn contributes to the collection of data and the generalization of research results (Yin, 2003).

### ***3.7. The Data Collection for the Case Study***

For the researcher to proceed with the data collection for the case study, where this specific Thesis is concerned with the analysis of Alambra Dairy Products, she had at first to make some preparation, which includes, among other things, the creation of a protocol. The

protocol helps the researcher to choose the appropriate methods of data collection, not to widen and move away from the object of study, to be aware of the problems that may arise by anticipating alternative solutions, and to enhance the credibility of the case study.

Next, the researcher had to decide on one or more data collection methods to use. The most used data collection methods are the following: interviews, archival records, direct observation, participant observation, available documentation, and objects (physical artifacts). Therefore, an analysis based on existing published documentation and other related archived records of the company was conducted.

### ***3.8. Presentation of the Data***

The above-mentioned steps of the process of conducting a case study—the presentation of the data in a case study—are all equally crucial. In the case study report, the goal of the study is outlined, the literature is cited, the data collection and analysis methods are examined, the data are presented explaining how the research contributes to the body of knowledge, the research's potential limitations are mentioned, and recommendations for future research are made.

The structure of the case study report can follow the following forms, linear-analytical, comparative, chronological, theory-building structure, suspense structure (modification of linear-analytical), and unspecified. (Yin, 2003). As a conclusion to the above, the student after having collected the data about of the analysis of Alambra Dairy Products, had to proceed to the formation of the business plan for a particular company, as the specific analysis follows in the next chapter.

## Chapter 4 - Case Study Analysis

### *4.1. Business Historical Background*

Alambra's dairy business in Cyprus refers to the production and supply of high-quality and safe products that exceed the expectations of the company's customers and ensure a safe and healthy environment for its employees (Petroubros.com.cy, 2020). The company uses all modern cheese production methods, combined with the knowledge, through tradition and long experience (Petroubros.com.cy, 2020).

In the context of the corporate social responsibility campaign of the ALAMBRA dairy industry, with a high sense of responsibility for the environment and the goals set for an active contribution to the protection of the environment and the conservation of natural resources, the company has proceeded to create and operate a proprietary innovative biological plant in its state-of-the-art facilities. This particular investment is an important innovation for the Cypriot Cheese Industry since, with the use of the latest technology, the company's wastewater is anaerobically treated with the production of biogas for its use (Petroubros.com.cy, 2020).

Specifically, at the facilities of the biological station of the ALAMBRA Dairy Industry, the wastewater and the whey produced by the company with the daily processing of fresh milk are anaerobically treated, resulting in the production and storage of biogas for its use, contributing to the improvement of the natural environment. With the operation of the biological plant, a significant percentage of energy is saved and at the same time, the additional burden on the environment is reduced, by limiting the use of oil for the needs of the factory (Petroubros.com.cy, 2020).

The biogas that is produced is used as a renewable energy source, i.e., "green" energy, friendly to the environment, and used to operate steam boilers. The aim of the company is the further processing of the wastewater resulting from the biological purification and the production of water for irrigation to contribute significantly to the problem of anomie. This investment was made 10 years after the creation of its factory in Larnaca and was part of the investments made in its facilities, with extensions to its production areas and storage areas with the creation of a state-of-the-art distribution center. ALAMBRA Dairy, from its foundation

until today, continues to develop a full understanding of the needs of the modern consumer, incorporating ecological awareness into its successful course, always guided by quality and Cypriot tradition (Petroubros.com.cy, 2020).

#### ***4.2. The Business Plan for Alambra Dairy Products***

##### ***4.2.1. Vision - Mission and Values, Current Strategy and Goals of the Alambra Dairy Products***

The vision-mission of the company is to provide the best possible products to its customers through a process where all employees will give their best to fulfil the company's goals, with the main goal being the harmonious balance of all involved groups. The mission of Alambra dairy products' company is identified with the strategic planning through which the policies are defined, decisions are taken so that the best allocation of resources (capital and human resources) is made for the maximum possible and effective management of the company. The main management tool is the identification of employee ambition with our corporate mission. In the difficult business environment that people are going through, without orientation and with vulnerable values, the company included in the Cypriot traditional cheese industry aspires to become a leader in the production and distribution of excellent quality cheese products to our customers in Cyprus and abroad.

The creation of relationships of trust between the company and its customers is a crucial management tool, always with respect to the people and the environment which must contribute to the satisfaction of the company's human resources and consumers. The Alambra dairy products company's strategic goal is the continuous investment in Cypriot entrepreneurship, innovation, and quality so that we stand responsibly towards our customers by offering a daily product of added value for a sustainable future.

##### ***4.2.2. Business' Resources and Capabilities***

Some of the Alambra dairy products' company core competencies are developing with respect to consumers, employees, the society, and the environment. Upon a collective and open administrative plan, the managers give their employees all the guarantees for the excellent

operation of the company to achieve the maximum added value in the produced products and services.

The Alambra dairy products company's loyal commitment to the needs of the customer combined with environmental awareness provides the managers a competitive advantage today. Certainly, the next years are years of uncertainty, with unpredictable socio-economic developments, but our customer orientation, the maximum value for money, and above all the reliability and trust of our name will be the cornerstone for consolidation and growth in the coming years.

The path of development, quality, and contribution to people that the managers have drawn over the years automatically provide the business with the competitive advantage that pushes us to create every day with a passion for innovation and a non-negotiable commitment to quality. Using these practices, people aspire in the coming years to adapt to the industry with the production of new-innovative cheese products, unprecedented in the Greek market.

The Alambra dairy products company daily strengthens its profile with strategic alliances, new actions, and export expansion to strengthen its competitive advantage and emerge victorious in this difficult competitive environment. The support of the employees in these difficult times provides the business with another powerful weapon in this battle. Its principle is not to wait for success but to prepare for it, and this daily occupies the thoughts and actions of people and management.

#### ***4.2.3. Business Corporate Governance***

The Alambra dairy products company is managed with the correct practices that have set up the largest multinationals, and giants in the field. The Board of Directors consists of 5 people, president, vice-president, managing director, and two more people, and these positions are taken by key people in the management of the company, people who have given their soul and body to the achievement of the company's goals and are elected by the general meeting of shareholders. The tenure of the Board of Directors is two years since the election.



The participants in the Board of Directors do not own company shares, they function exclusively as administrative bodies and are elected for this purpose. The most important advantage of the company's management is that the knowledge comes from the company itself, it is therefore people who can give their best as they are knowledgeable about the business. The Board of Directors draws up the strategy with which the company will move and is the highest administrative body

#### ***4.2.4. External Competitive Environment Analysis***

##### ***4.2.4.1. Macro Environment Analysis (Pestle Analysis)***

Modern companies develop their activities, regardless of the sector, they belong to, in an external environment that can be characterized as "very turbulent" due to the rapid changes that occur in it. So, every business, if it wants to succeed in today's competitive environment, must take seriously the events that are outside of its control. It should therefore be able to identify the presented opportunities and take advantage of them and avoid potential threats or even reduce their impact.

The purpose of the analysis of the generalized external environment is to identify the variables that affect the company and help it formulate strategies to improve its competitiveness, avoid risks that may be harmful to it, and to ensure its long-term prosperity, strengthening its position in the domestic and international market. The main external factors shaping the general environment of Cypriot cheese-making are analyzed below and are as follows: political-legislative, economic, socio-cultural, and technological.

#### **Political – Legislative factors**

The laws, executive branches, and numerous pressure groups that have direct or indirect impact over contemporary organizations are referred to as the political-legal environment. Businesses operating in a country may face serious strategic challenges as well as opportunities when the government of that country adds or removes a legislative or regulatory limitation.

Therefore, political, governmental, and legislative considerations are a crucial group of factors that can present both large and small firms with considerable possibilities and risks.

Antitrust legislation, the tax system, labor law, and committees or groups that regulate the business are a few examples of such factors.

Companies in the cheese sector are subject to legal regulations and specifications, which range from the distribution of processed products made from milk to the initial production of milk and address the welfare of the animals from whom the milk is obtained.

The Food and Beverage Code, which outlines the requirements and specifications that apply to cheese products for all phases of their production, including the conditions of the milk to be used to make cheese, the manufacturing technology of all currently available cheeses, and their packaging, up until the marketing of the processed products, regulates the production of cheese products. The Code also specifies extra requirements for the sanitation of the farm's raw materials, processing facilities, and staff members that work there.

The modern requirements of food production have led companies to develop and implement various self-control systems (HACCP) of the production process, to ensure the hygiene, safety, and quality of the food they produce. The application of the HACCP system is governed by regulation 178/2002 which defines the general principles and requirements of food legislation and defines the establishment of the European Food Safety Authority and defines procedures on food safety issues. An important point of the Regulation is Article 6 Risk Analysis and Risk Management which refers to the terminology of the HACCP system, while Article 18 of this regulation includes rules for ensuring the traceability of food and its ingredients, which is an essential element for ensuring the safety of food.

### **Economic factors**

One of the most crucial factors is the general economic climate, which has an impact on both small and large firms. All enterprises in the industry are impacted by macroeconomic trends, which are challenging to foresee over the long term. Business decisions and the overall direction of an organization can be influenced by economic factors such as the stage of the economy's cycle (growth, recession, crisis), unemployment, inflation, disposable income, interest rates, country growth rates, etc.

According to the Hellenic Statistical Authority, from the comparison of the General Consumer Price Index of December 2017 to the corresponding Index of December 2010, there is an increase of 2.4%, compared to an increase of 5.2%, which was noted during the same comparison of the year 2018 to 2019. For the entire year 2011, inflation fluctuated at 3.34% (ICAP, 2017).

On the contrary, for 2018, the average Index for the twelve months of January 2018 - December 2019, compared to the same Index for the twelve months of January 2017 - December 2017, showed an increase of 1.5%, compared to an increase of 3.3%, which occurred during the corresponding previous twelve months. On a twelve-month basis, inflation stood at 2.3% (ICAP, 2017).

On the other hand, the recession is characterized by a persistent, prolonged, and deep decline in output. Since the decline in output reduces the ability of borrowers to repay their loans, recession fuels deflation. Since the reduction in credit reduces new investment, deflation fuels recession. Because credit and output feed investment values, these values fall in a deflationary recessionary environment. As investment values decline, people lose wealth, which reduces the ability to lend, service their loans, and support production. The result of deflation is a reduction in the supply of money and credit, resulting in the financial ruin of many businesses (ICAP, 2017).

### **Sociocultural factors**

The set of values, attitudes, and culture that any civilization possesses are represented by sociocultural elements. Since they form the foundation of every society, socio-cultural elements frequently determine economic, political, and technical changes. Because of this, every organization needs to be aware of the shifting social norms in each society and adjust accordingly.

Two categories—Normative and Demographic—are used to evaluate the sociocultural environment. Normative terms cover values, traditions, laws, etc. Demographics include the following: population, births (fertility), deaths (mortality), average life expectancy, the number of households, the number of people living in each household, the distribution of the population between urban, semi-urban, and rural areas, the proportion of women who are employed, etc.

The component known as Lifestyle is made up of the normative and demographic features of the sociocultural environment that are interconnected.

Starting with the legal framework, the Alambra dairy products company assumes that cheeses, and notably feta, are items that do not go unnoticed on the Greek people's daily table since they are ingrained in their culture and heritage. As a result, they are a staple of his diet. He eats them raw, but they are also delicious cooked because they retain their "personality." Consumer preferences in Cyprus have changed in recent years to favor healthy food items. This tendency also applied to cheese products. As a result, low-fat and organic products are steadily becoming more popular with consumers.

### **Technological factors**

Technological factors are those processes that involve the generation of new information and its application to various products, procedures, materials, etc. Businesses should keep an eye on how the outside world is changing in order to develop the proper technology, but they should also be open to new opportunities to employ current technology in novel ways.

Technology developments are significant aspects that must be taken into account when the company's strategy is being developed. The cheese industry is regarded as capital-intensive since contemporary corporations invest significant quantities of money in cutting-edge technology. The sector has undergone major changes because of technical advancements in recent years, including stabilizing product quality, carefully controlling raw materials, and lowering production costs.

Also, an important technological development that brought about changes in the sector was the packaging of small quantities of cheese products in an airtight manner (vacuum pack), which is also used by the business, for branded sales directly to retail. Technology can play a key role and signal the next developments in the industry. According to Professor M. Porter, technological changes can lead businesses to gain a lasting competitive advantage and lead to profitability.

Therefore, it is important that every business gives due importance and analyses its external environment. A cheese business that is indifferent to the aforementioned factors or does not pay the necessary attention ends up having significant problems. These factors are external strategic factors and affect companies at every level of management and operation, in defining the strategy, in the form of management that will be adopted, as well as in various operational issues. It is of course necessary to separate the most important of these factors for the best operation of the business since many of them cannot be analyzed effectively.

#### ***4.2.5. Industry Environment Analysis - Dairy Products Industry and Demand***

The dairy products industry is an important part of the Cypriot food and beverage industry with shares in basic figures exceeding 15% of the total, while it occupies a significant part of the country's total manufacturing sector. With an annual turnover of EUR 2.5 billion and growing, the Greek dairy market is changing rapidly, as new players and local dairies now seriously threaten the dominance of the traditionally *big players* (ICAP, 2017).

According to the relevant ICAP research, dairy companies include a significant number of production units, which differ from each other both in terms of size and the way their production capacity is organized. In addition, it is noted that they differ in terms of scope, as well as in the organization of their distribution network. The "tip of the spear", according to the same research, are products with high added value and long shelf life, such as highly pasteurized milk, enriched condensed milk, low-fat yogurts, and additives, as well as high-end dairy products and nutritional value for children.

ICAP points out that companies in the sector are "taking advantage" of the positive response of consumers to "new" products by investing in original packaging and innovative products, to increase consumption and maintain and/or strengthen their position in the market. Large-scale industrial enterprises must cover a significant part of the total market for dairy products, while small production units, which deal mainly with traditional products, serve the local market in which they operate, adding the same research.

Regarding the development of the sector in the coming years, according to ICAP research, it is estimated that it will present an upward trend. High-quality and value-added

products such as highly pasteurized milk, fresh pasteurized milk, European-style yogurt, and especially yogurt with additives and children's yogurt, milk desserts, and enriched condensed milk show prospects for development. At the business level, cooperation is expected between the businesses in the sector, to produce ducts, expanding their distribution networks, and generally further strengthening them in the Cypriot market.

The cheese sector is the largest in terms of value in the food sector with an annual value estimated at 1 billion euros, while the quantities consumed reach 320,000 tons. A wide variety of both imported and domestic kinds of cheese is available in the Cypriot market. Many companies are active in the productive sector.

- ✓ The majority are small with low production capacity.
- ✓ Large-sized production units are gradually gathering a greater and greater share of production, strengthening their position.
- ✓ Importers of cheese products have a significant presence and contribute to offering a wider variety of cheeses on the domestic market.

The per capita consumption of cheese in Cyprus, reaches 27 kg per year, ranking Cyprus together with France in first place internationally in the field of consumption of cheeses (ICAP, 2017). Cheese products are in increased demand as they are a staple food item, and demand is to some extent influenced by the price and disposable income of consumers. For this reason, it showed a decline of 2%-2.5% in 2009, during an economic crisis, while in previous years it recorded an increase of 4-5% per year. Nevertheless, the decline is considered very small compared to the course of other important sectors of the retail trade and the food industry (ICAP, 2017).

Based on the results of the last survey of the National Health Service, the average monthly expenditure of households on cheese products covered 8.38% of the total monthly expenditure on foodstuffs. Quantitatively, based on the same survey, the average monthly amount of cheese acquired per household was at the level of 3.5 kg.

In recent years, most companies active in the market have made a "turn" to standardized cheeses, to meet the needs of consumers on the one hand and to capitalize their brand on the other. Although today the portion of standardized packaged cheeses sold from the shelves of

supermarkets does not exceed 10% of the total market, nevertheless the messages are positive for their future.

The degree of self-sufficiency of the market, according to ICAP, is high, as Greek products cover 74%-75% of the total domestic consumption of cheese, while imports participate with the remaining 25%-26%. Haloumi, Giagias' cheese, and other soft cheeses covered about 51% of the total consumption in 2018 followed by semi-hard and hard cheeses at 17% and cottage cheese at 7%. Goat and sheep cheeses covered 77%-79% of the industry's production during the two years 2001-2002, with feta being the main product. Cow's milk cheeses, mainly semi-hard and soft, took 12%-13% and milk cheeses, mainly fresh myzithra, anthotiro, and dry mizithra, 9%, respectively, in the same period.

Even though Cypriot cheesemaking is characterized by high production potential, the export performance of the sector is at low levels, as exports do not exceed 9%-11% of domestic production in recent years. Haloumi and Giagias' cheese are the main export products, with the most important destinations being Germany, Italy, and Britain.

#### **4.2.6. Competition Analysis**

Many production companies are active in the dairy products market in Greece, most of which are small and medium-sized, with low production capacity and aimed at local markets. The largest market shares are held by the organized industries of the broader dairy sector, while imports are also carried out, which are estimated to be up to 1/3 of the domestic market. The largest production companies that are active in the sector are TYRAS S.A., DODONI S.A., VIVARTIA/Delta, and EPIROS from Greece, sending their products as exports to the country of Cyprus. The intensification of competition characterizes the domestic dairy industry to increase to around 2.5 billion euros. According to a study by Hellastat, competition has as its main parameters a high degree of concentration, a large number of small regional players with a dominant role in local markets, the tendency to enter new markets by the big players (Friesland in yogurt, Delta in evaporated milk) and entering the market of retail chains. At the same time, the movements of "Delta Participations" have given new dimensions to the market.

Moreover, the *war* that broke out between dairy companies, producers, and the Ministry of Development regarding the price, origin, and safety of dairy products is not just a

coincidence. Even companies in the sector were taken to the courtrooms regarding the launch of the former's product with an indication on the packaging of the Alambra dairy products company as the source of origin. The "battle" of businesses is estimated to continue to be fought on two main axes:

1. Acquisition of shares in new markets, with significant investments in equipment, research, and marketing, cooperation agreements, and acquisitions.
2. Maintaining and increasing share in existing markets, with competitive prices, product differentiation, new codes, and flavours (strengthening the preflavored), improving quality and packaging.

#### ***4.2.7. Five Forces Analysis (Porter)***

##### **Customers – Consumers**

The bargaining strength of the companies that purchase and resell dairy products is influenced by their size. The supermarket chains, the largest of which directly source the goods from the industrial divisions, are therefore said to have the most bargaining leverage as purchasers by industry participants. Supermarket chains' "power" stems not only from the vast quantities they produce but also from their capacity to improve a product's readability. It is important to keep in mind that large corporations frequently use incentive programs to attract customers to increase the number of their retail locations and distribution networks. These benefits, mainly for companies that also have standardized products for the largest sales points (e.g., supermarket chains) are higher, to ensure a more advantageous of their products in the stores.

##### **Suppliers**

Since most industrial units don't have vertically integrated production, livestock units supply the most fundamental raw material for industrial units, which is milk. Large industries typically enter into business agreements with numerous producers at once, and within the parameters of these agreements, they are responsible for the control, quality assurance, and



transportation of the milk. It should be mentioned that milk is further imported, primarily from Europe, at very affordable rates. Due to the fragmentation of livestock farming across a very large number of farms as well as the absence of structure in the livestock industry, livestock farmers have very little room for negotiating the purchase price of milk.

### **Competitors**

The dairy industry is a highly competitive market where a number of small and medium-sized businesses as well as some large industrial units operate. The financial resources required to renovate and modernize their production facilities and standardize their products are not available to medium- and small-sized businesses. Additionally, they struggle to establish a wide-ranging distribution network, which forces them to focus mostly or entirely on the local market for their products. Contrary to his small business sector, the large dairy companies generally have modern mechanical equipment that is periodically updated to better meet market demands and new information.

Additionally, they have built out distribution networks that span the entire island of Cyprus, and at the same time, they are able to set aside sizeable sums for the advertising, promotion, and support of their goods (to improve the readability of their brands), as well as for research and development of novel packaging designs and product standardization. They standardize a portion of their production in this context by putting it on the market in consumer packaging that reflects rising demand. Likewise, some industries have previously acquired or absorbed small- and medium-sized manufacturing units, allowing them to scale up their operations and change their capacity in accordance with their business strategies.

### **Risk of entry of new competitors**

Entering a new business in the dairy industry is not considered particularly difficult. Any barriers that exist are essentially determined by competition. The successful start-up of a new production company requires the careful selection of suppliers of the raw material, which is milk, the investment in appropriate facilities and similar mechanical equipment, as well as the observance of the hygiene rules provided by the institutional framework.

As far as the import sector is concerned, a new entrant must compete mainly with domestically produced products but also to some extent with established imported brands.

Clearly, for any business, high costs are required for the promotion and organization of the distribution network. Companies that import dairy products mainly for professional use may face lower barriers.

### **Risks of Substitute Products or Services**

Since dairy products remain a continuous part of the diet of the Greek consumer population, they are not challenged by other substitutes as such. The demand for one type of milk may also change due to the ease with which some of these goods in the same industry can be replaced. Despite this, alternatives for some types of milk that are based on vegetable fats are utilized, such as light, soy, and milk protein supplements. In the broadest sense, substitutes can also be thought of as additional food items like dairy products or different kinds of snacks, etc.

Conclusions of five forces analysis, industry attractiveness, profit margins, and cost structure. In the efforts of businesses to promote their products, an important factor is the size of each customer (e.g., Supermarket), which also determines the bargaining power vis-à-vis businesses. Significant profit margins exist in the raw material market as suppliers (breeders) lack organization.

On the contrary, the profit margins regarding the sale of the products to large customers are limited as the number of competitive products is large and the services to them are constantly increasing. The high demand for cheese products makes the sector particularly attractive for new businesses that want to join it and gain market share. Finally, there is no risk from substitute products as they are a constant value in the eating habits of consumers.

#### ***4.2.8. The Business Products' Channels of Distribution***

The companies in the cheese sector have the products under consideration in supermarket chains, individual supermarkets, which serve local markets, but also small points of sale (mini markets, grocery stores), catering companies, and, to a lesser extent, hotel businesses and restaurants.

The size and degree of organization of production units also affect the distribution of their products. Large cheese companies distribute specific products mainly through their own distribution network and through agents and wholesalers. The network of large companies usually covers almost the entire Cypriot area, while the representative's distributor companies serve certain areas, which are geographically distant from the distribution centres and warehouses of said centers.

Smaller-sized companies sell their products directly in their stores - gas stations or in the local market, several of them cooperate with networks of representatives and wholesalers for the distribution of their products in other regions of the country, while others sell their products directly to customers from their central warehouses. In addition, agricultural cooperative associations are also active in the sector, some of which operate supermarkets located in their headquarters, while at the same time making their products available to wholesalers or agents.

As already mentioned, cheese products are available mainly in supermarkets, in small sales points (such as grocery stores, dairies, bakeries, etc.), as well as in catering companies and in mass catering areas, such as businesses, restaurants, etc. Supermarkets are mainly included in this channel. In the last decade, there has been a significant growth of supermarket chains both in terms of the geographical expansion of store networks, and the widening of the variety of available products and services provided.

Specifically, as stated in the edition "Panorama of Cypriot Supermarkets 2017", in 2016 the number of supermarkets in Cyprus, reached 1,921, which according to market factors, capture the largest part of the total sales of cheeses, providing a wide variety of cheeses products in bulk and in standardized packaging. Professional. The specific distribution channel includes the supply of mass catering facilities (restaurants, taverns, hotels), as well as catering units. The size of cheese sales of products carried out through the specific points is not easy to determine, as the quantities traded are not systematically counted.

#### ***4.2.9. Business Strategy Choice – SWOT Analysis***

The formation of a company's strategy requires the identification of strategic directions and the selection of the most appropriate of them. The assessment of these strategies is done through the determination of the internal Strengths of a business (Strengths), the Weaknesses of a business (Weaknesses), as well as the external factors that may be Opportunities for the business (Opportunities) or Threats (Threats). This analysis is known as SWOT Analysis. From a careful analysis of the external and internal environment of the Alambra dairy products company. the following strategic factors arise:

##### **Strengths**

§ The current trend for healthy food products, with low-fat content, is an opportunity that the company recognizes, although it does not produce low-fat products.

§ The shift of consumers, due to the fast pace of life, to the products that save them time is an opportunity for the company.

§ The shift of consumers to organic products is an opportunity that can become a threat to the company if it is not taken advantage of, as some of its competitors have started producing organic cheese products.

§ The recent certification of halloumi as a low-fat product and the interest of consumers can create new markets in foreign countries and an increase in demand in the domestic market.

§ The increase in per capita consumption of cheese compared to previous years.

§ The low bargaining power of suppliers and low milk prices.

§ The relatively high entry barriers for new competitors in the industry, which concern technology, economies of scale, and high capital requirements.

## **Threats**

§ The current economic recession in Cyprus, although the company does not seem to be affected much as it makes investments.

§ The threat from imported cheeses available at a lower price and mainly the threat from "white brine cheeses" that are substitutes for halloumi and Giagia Cheese.

§ The shift of consumers to organic products can also pose a threat to the company if it does not enter the production of organic cheeses.

§ The strict legislation regarding quality management procedures. Since the Alambra dairy products company belongs to the food industry, it must deal with the rules related to product safety. The extensive controls it faces from the state for raw material adulteration, given that the company produces feta according to the market's specifications.

§ Cow's milk quotas that limit the production of the company's products based on cow's milk, e.g., beef graviera.

§ The threat from supermarkets that constantly pressure companies in the sector to reduce the prices of their products.

## **Opportunity**

§ The company belongs to the Delta group, which ensures high consulting services and financial liquidity, while at the same time providing it with a reliable and highly organized distribution network.

§ The ecological consciousness developed by the company as a key priority (packaging recycling, biological purification of liquid waste)

§ The social responsibility of the company, as it contributes to the income of the farmers in the area, concerns personnel of the area, contributing significantly to the local economy and the retention of the population.

§ The bargaining power it has vis-à-vis its raw material (milk) suppliers, due to its name and size.

§ The state-of-the-art equipment it has.

§ The fact that it has three microbiological laboratories fully equipped with the latest technology and manned by scientific personnel, for the control of the raw material.

§ The certification that the company has according to the ISO 9001, and ISO 22000 standards as they provide internal benefits, and their listing in the packaging of the products.

§ The long-term cooperation relationships with representatives and branded supermarket chains abroad.

§ The company's good know-how regarding the manufacture of cheese products and the company's developed R&D, since it develops new products.

§ The company's internationalization-oriented management culture helps it expand into new foreign markets.

### **Weaknesses**

§ The immediate liquidity ratio, which shows the company's ability to cover its obligations without collecting receivables from the sale of its goods, is quite small (0.68) (ICAP, 2007) and reflects the low liquidity of the company, however, shows a small upward trend.

§ The average collection period of the company's claims is 139 days, while the average payment of suppliers and creditors is 31 days for the year 2006, which combined with the low immediate liquidity available to the company is a weakness for it. (ICAP, 2017)

§ The company's net profit margin is slightly up compared to previous years but remains low at 5.37% for the year 2006. (ICAP, 2017)

§ The short life cycle of its products.

§ The inability of the company to cover the large volume of orders from time to time due to its specific production force.

§ Seasonal staff are often not fully trained

Maribel Michael

## Chapter 5 - Conclusions

The aim of this study was the strategic and business planning of the company Alambra dairy products to formulate specific directions that will lead to a significant increase in sales and the approach of new markets. From the analysis of the current situation of the company, carried out in the fourth chapter of the business plan, and the sectoral environment, it becomes clear that the company with its capabilities and resources chooses to follow a development strategy.

The economic course of the company is characterized by the continuous upward course of its turnover and its positive results, its rational capital structure and in general, its good financial situation based on the analyzed correlations of the critical economic quantities and indicators as they emerged from the analysis of its financial data for the last three years.

Considering the above-proposed actions - strategies and the gradual implementation of the proposals based on specific assumptions, it is estimated that in the coming years there will be a further development of the company's turnover. This expected development is estimated to have significant positive effects both on the results and on the financial figures that make up its financial situation. At the same time, its competitive position is greatly strengthened, both in the domestic and international markets, in which the appropriate conditions for the company's presence are created.

On the extensive economic crisis that has governed the Greek Business World in recent years with extensive instability of macroeconomic figures with a considerably reduced demand and with the drying up of liquidity sources, as well as an opportunity for a healthy organization on a more correct economic and commercial basis, of Greek businesses, it is deemed necessary to develop or redesign their activities and functions, part of which the Credit Control Departments.

So, a company should create a stable credit control department that has the following characteristics. Independence is a primary element when conducting an internal audit, although the internal auditor may not be as independent as an external auditor (CPA) who expresses opinions derived from the results of the audit. In addition, the internal audit department should not be under the same address as any other department. Responsibility indicates the ability to



organize and be efficient when solving problems. For this to be possible, a separation between the control body and the control is required and finally, the creation of an internal control department aims to produce direct or indirect profit for the business. For this reason, the company should focus on improving management and avoiding errors.

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