CERTIFIED TRADE ADVISERS PROGRAMME (CTAP)

DIAGNOSIS REPORT

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Supervised by: International Trade Center
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# A. DESCRIPTION OF THE ENTERPRISE AND ITS BUSINESS

## A.I Enterprise Details

<table>
<thead>
<tr>
<th>Enterprise name:</th>
<th>Ramallah – Palestine</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address:</td>
<td>Ramallah</td>
</tr>
<tr>
<td>City:</td>
<td>Ramallah</td>
</tr>
<tr>
<td>Postal Code:</td>
<td></td>
</tr>
<tr>
<td>Province/State/Region:</td>
<td>Palestine</td>
</tr>
<tr>
<td>Telephone(s):</td>
<td>1.</td>
</tr>
<tr>
<td></td>
<td>2.</td>
</tr>
<tr>
<td>Fax(es):</td>
<td>1.</td>
</tr>
<tr>
<td></td>
<td>2.</td>
</tr>
<tr>
<td>E-mail(s):</td>
<td>1.</td>
</tr>
<tr>
<td>Website:</td>
<td></td>
</tr>
<tr>
<td>Date of establishment (month and year):</td>
<td>1970 (over 40 years)</td>
</tr>
</tbody>
</table>

### Names of directors

1. 
2. 
3. 
4. 
5. 

### Annual sales (approximately)¹

<table>
<thead>
<tr>
<th>Local currency:</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD:</td>
<td></td>
</tr>
</tbody>
</table>

### Profit margin (brut)

(approximately; e.g., 1-5%, 6-10%, 11-15%, etc.)

NA

### Percentage change in annual sales in the past 5 years

NA

### Number of male employees (permanent and temporary)

Permament: NA

Temporary: NA

### Number of female employees (permanent and temporary)

Permanent: NA

Temporary: NA

### Does the enterprise already export? (select one option)²

- Yes, directly
- Yes, indirectly
- No, but would like to
- No, and does not plan to

### If the enterprise already exports or would like to export, indicate to which region (select one or more options)

Africa; √ Europe; South America; North America; √Central America; Caribbean; Asia; Oceania/Australia; √ Middle East.

### Indicate to which particular country or countries the enterprise is exporting or would like to export

Japan, Indonesia, Saudi Arabia, other pro-Palestinian products – political support that encourage Palestine

### Indicate the current amount of exports as a percentage of total sales and the amount expected in the near future

Current: NA

Expected: NA

---

¹ As Requested by Mr. Gultekin Ozaltinordu not to ask about any financial info

² Export is for the dead sea business – only initial quantities and not repetitive orders, not huge quantities
### How does the enterprise finance (or plan to finance) its export strategy?
(e.g., bank loan, equities, government subsidy, donors, etc.)

<table>
<thead>
<tr>
<th>Loans and equity</th>
</tr>
</thead>
</table>

### Who does the enterprise look to when it needs assistance in resolving its problems?

<table>
<thead>
<tr>
<th>Accountants; Lawyers; Banks; Management consultants; Production technique consultants; Government assistance agencies; Chambers of commerce or sectoral chambers; Friends/Family; Other.</th>
</tr>
</thead>
</table>

### Which type of assistance is most sought?

<table>
<thead>
<tr>
<th>Assistance in defining the business strategy; Assistance in production techniques; Assistance in marketing techniques; Assistance in obtaining financing; Information on export markets; Other.</th>
</tr>
</thead>
</table>

### Other relevant information

### A.II Interviewed People

#### PERSON 1³

<table>
<thead>
<tr>
<th>First name(s)</th>
<th>Surname(s)</th>
<th>Telephone(s)</th>
<th>Mobile telephone(s)</th>
<th>Fax(es)</th>
<th>E-mail(s)</th>
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</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>1.</td>
<td>2.</td>
<td>1.</td>
<td>2.</td>
</tr>
</tbody>
</table>

**Function in the enterprise**

Sales and marketing manager

<table>
<thead>
<tr>
<th>Highest level of education achieved</th>
<th>MBA</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Years of experience</th>
<th>10+</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Years of experience in enterprise’s sector</th>
<th>5+</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Years of experience in the enterprise</th>
<th>5</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Years of experience in export activities</th>
<th>NA</th>
</tr>
</thead>
</table>

**Other relevant information (Outline below)**

#### PERSON 2

<table>
<thead>
<tr>
<th>First name(s)</th>
<th>Surname(s)</th>
<th>Telephone(s)</th>
<th>Mobile telephone(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>1.</td>
<td>2.</td>
</tr>
</tbody>
</table>

³Contact Person assigned by PalTrade
A.III Business selected for the job

SELECTED BUSINESS:

Company Manager’s definition of the business:

“THE COMPANY offers an of effective skin care products, blending the skin-beneficial qualities of Dead Sea minerals with plant extracts and vitamins, in advanced cosmetic formulas to the export market”.

This definition is not adequate one not comprehensive to be adopted, it doesn’t fulfil the full definition of a good business definitions in terms of:

- **Complete**: definition lack to reflect the customers’ needs in terms of the need for natural products – not clearly stated also doesn’t reflect segmentation variables and trends clearly in the definition. In term of for whom this is also not stated since the export market is not the definition of who the customers are – export market is not the customers that will buy products.

- **Generically broad and correct**: offer is not expresses in terms of meeting the need or needs to the potential clients such as organic, natural…..etc. that the buyers are looking for to satisfy.

- **Clear**: this definition may lead to some assumptions and some confusion since it doesn’t clearly identify what this product will offer and what are the needs that will be met straight forward.

- **Induce differentiation**: the differentiation of the offer from potential competitors is somehow there in terms of vitamins and the innovative products by using advanced cosmetic formulas – better quality than other competitors but there should be a more stress on these differentiations.
In more explicit way.

In relation to size of the segment, expected number of customers, or level of sales there is no study were implemented to reach such data – know there will be a huge demand from some data sources but not a complete ones.

can’t identify the real size, dead sea business is not penetrated the targeted market in huge volumes through orders to be received to since export attempts took place to some areas such as Italy and the kingdom of Saudi Arabia after the compliance of a long requirement standards list including product entering boarders requirements which took long to do (mainly it was the scrap and the salts (20,000 soaps + 3000 – 4000 creams – this was taken as quantities and not in dollar value as per their sales manager info. Needs to change the bad image that was taken by the Jordanians companies’ dead sea product users to be able to distribute their dead sea product and penetrate Saudi Arabia market.

Japanese market study now is in process since a joint efforts is taking place these days between Jetro – the body that is working to promote Palestinian product exports. There will be an exhibit that will participate in March 2013 for three days “Cosmo Tokyo exhibit” to present the company products. All needed requirements for Japanese market quality wise were passed successfully. Initial indicators were collected by in terms of the high purchasing power (the country’s population is 128 million), habits of customers since they are looking for natural and organic products, 80% of gifts people in Japan take creams and other organic and body products in most occasions – mainly organic and natural ones. The Japanese market given its cosmetic needs and trends will present a huge market for and it will open Malaysia and Indonesia market accordingly – high potential market based on their sales manager – no study done to ensure this statement. The size of the segment will be shortly identified in numbers.

Need to change packaging for the Japanese market trend of cosmetics customers since they are mostly looking for simple packages without any logos and gold paints design – only simple ones with the integrant and the use – company dead sea product “V brand name” existing package will not be accepted by the Japanese users.

The issue here that the high quality packaging is purchased from the Israeli companies – company inventory is only in limited amounts to cover one average order – can buy same quality of packaging materials from china but the issue here it will be so costly to purchase it in low quantities, company need to insure a huge orders received to be able to purchase packaging materials from China with lower prices than Israel. The change decision of packaging materials needs to be studied carefully in order not to increase unit prices - otherwise company will not compete on prices – risky factor.
The formulation of the business strategy as the vision of the manager doesn’t distinguish between the business definition and the business strategy and they use the same for both:

“The COMPANY offers an of effective skin care products, blending the skin-beneficial qualities of Dead Sea minerals with plant extracts and vitamins, in advanced cosmetic formulas to the export market”

This definition was used in their company profile, website and some Brochures has.

Explain with some detail what the current positioning variables for the business and provide an explanation of why the manager has adopted this positioning.

Based on the manager and the CEO the positioning of the product need more study from since for now they still have confusion on what are the positioning variables for this business – without allocation resources for the information and know how resource to build needed capabilities will not be able to formulate their business definition, business strategy and products positioning to designated markets will not be identified. In general they are focusing on the skin care, healthy, natural and the uncompromised quality with competitive prices.

They know very well that quality wise (integrant and finishing) they are better than their Jordanians and Israeli competitors, are producing private labeling for dead sea products for Israeli cosmetic company and they know that their products has better quality and finishing than competitors, but competitors are selling more than them due to the distribution channels for the Israeli products all over the world – they are well connected to all distribution channels and their government help them a lot and facilitate the export procedures to the whole world, also they have all needed budgets to initiate huge marketing campaigns.

Sales Manager and the CEO mentioned that better positioning will take place after penetrating some markets and after getting more info about designated markets– they need to insure that they enter some markets and demand start to be materialized so they get trust that their product start to penetrate the international market given that existing productions depend on orders received.

Sales Manager and CEO thinks that based on the high quality and the segmentation variables toward natural and organic products will enable to dominate some markets especially the ones that are promoting the Palestinian products also getting some certificates and complying with the standard
requirements of certain markets will enable them to penetrate and dominate the Malaysia, Japan and Indonesia markets more than competitors.

Based on the above and the high margin of the dead sea products is investing more on this business and they are investing more capital to open a separate line for the dead sea products fully equipped to be able to serve the potential demand – this line took all approvals for its sign and all requirements requested by the Ministry of health.

Selected a qualified team that did the whole design which was presented to the ministry of health were it was approved and licenses were issued for this line by the MOH. The new line design was studied carefully after a study to other factories in different markets that produce similar product in Israel, region and the international market.

B. DIAGNOSIS

B.1 Diagnostic strategy

B.1.1 Knowledge of competitors

The sales manager, plant manager and the CEO are aware of the competitors in term of names for the dead sea products and the quality of their products but they didn’t implement any study to identify their segment or product positioning in details – no study of the competitors in a professional way in terms of their market segment, distribution channels, segmentation, and product mix. *didn’t implement any market potential studies, economic studies, evaluating markets, forecasting sales, preparing feasibility studies and conducting even any basic research neither in house as initial ones or by outsourcing it.*

In relation to **production capabilities** has the required capability for producing their goods the strategy prescribes in terms of producing the desired quantities, quality, on time and produce at cost and fulfilling all potential orders – given some focus on some tasks when they open the new line.

In relation of **marketing capabilities** lack some required capabilities to serve the communication and distribution dimensions, so need to allocate resources over time to build them either on its own or through strategic alliances. Critical capability tasks will be identified in later section that need immediate built to be able to fulfill marketing objectives and serve targeted segment.

Think that the competitors are only the dead sea products companies which are the Israeli and Jordanians’ ones but I think that they have other competitors which are all cosmetic companies that produce organic and natural ones and also the company private labeling function is a competitor to their dead sea products since they produce such products for Israeli companies.
B.I.2 Selected segment

has some export attempts for several markets such as Italy, Kingdom of Saudi Arabia and now in Japan – so they have some ideas on the unmet needs which is mainly the need of natural, organic and skin care products – which was one of the secondary segmentation variables of the cosmetic industry and it became one of the important segmentation variables to be considered by all cosmetic companies. The sales manager and the CEO is aware of this increase trend in the export market – which their product could offer since the dead sea products can easily met this unmet increasing needs by their targeted segment if they reach the targeted segment and the right positioning of their products.

didn’t reach to stage to implement any market studies or even to benefit from the distributed studies from different sources also they even didn’t do any internal attempts for in house studies for the competitors and segmentation variables – by practice or by selling small amounts to some markets they become aware of their clients’ needs but didn’t build on this knowledge marketing capabilities to communicate and distribute their products and being able to penetrate these markets in huge amounts.

think that they can invest more in marketing activities after they get certain number of orders so they insure that this business will be expanding and they can insure profit from it – this is due to the family owned business mentality – afraid to put so much money in a business that till now is not generating income – given that they are taking a decision to invest in new line. want to have a line for export to offset the mature product in the local market (mitigate and distribute income generating risks) and being able to generate income from exporting products – is facing a high competition for its products in the local market due to small competitors that can produce cleaning solutions with lower prices to do low overhead costs while this company has high overhead costs that incur in increasing their prices.

B.I.3 Supply position

Till now is not able to position its product so that potential customers are attracted to since has some info but they don’t have all needed info for the targeted segments to position its products so the customer will be attracted to their products and build on it their positioning strategy – they have the willingness but they don’t know how to start and what need to be done in a systematic way that insure getting orders and stimulating demand from potential customers, they don’t want to spend money while not insuring the demand – afraid to invest money in a starting business given that the new businesses need to invest money in the marketing capabilities for the exporting markets since the
potential customers are not aware of and its existing products since other businesses are marketed in the local market only.

In relation to its customers (existing and potential) till now they are not aware of the Palestinian dead sea products - didn’t put any effort to build capabilities in relation to identified marketing critical tasks identified later on this report launch any programming promotions, advertising, setting up the channels of distribution. No significant orders placed – some attempts took place for once and for small amounts and never build on it to attract more repetitive orders or attract new orders. The demand were never being formulated in the form of new or repetitive orders to given that the Israeli companies sell in huge amounts and gain a lot of profit margins on the Medium -Long term for that produces such product.

**B.I.4 Management strategy**

As indicated earlier:

- form incomplete business definition and strategy – the business definition and the strategy were the same without any differentiation between the two – I think doesn’t know that there is a business definition and the business strategy to formulate and implement to achieve production and marketing objectives and to reach the overall objective of – getting money as much as possible.
- lack a lot of information on the customers’ needs in targeted markets
- lack a lot of information on competitors
- No single study took place for the exported markets
- Positioning of the product is not clear enough in
- Knowledge of international market is weak – more studies need to be done

*As per my observations and diagnostic of the business – see section B.II forward:*

- Requires information about markets and the economic and legal environment; it requires money to recruit employees and to communicate with buyers at the start-up. need to expends resources to acquire resources – this require financial resources, networks and relationships require a lot of efforts to establish them, information acquisition requires systems to be built for surveying, collection and dissemination – all of which cost money. Also set measuring indicators for each of the down mentioned resource for controlling purposes

Ps. has the production capabilities built and in place to produce its products and reach its production objectives; is allocate more resources “investing in a separate production line” so to be ready fulfill received orders and meeting the increasing demand in the M-L term.
**B.I.5 Effectiveness of the selected strategy**

As per strategy evaluation above – and based on the company sales manager the strategy is not complete and would not reach their marketing objectives since as I can see could meet their marketing objectives. The strategy lack the whom (unmet needs of their potential customers) and it lack the positioning of their products to attract users – *as indicated above need to build capabilities to reach its marketing objectives and need to allocate needed resources to build such capabilities – immediate work on critical tasks to reach objectives generic, marketing and productions objectives.*

To reach a complete strategy definition needs to build needed capabilities related to communication and distribution dimensions (critical tasks) that include collecting needed info and implement marketing studies and other needed studies that I mentioned above in section **B.I.1**, and extensive data gathering, research and study to be done in relation to competitors and the whole industry for the cosmetic business. Need to adopt what is recommended in this report to complete its business definition, business strategy and build needed capabilities to reach its production and marketing objectives.

*Business definition, Strategy “incomplete” - provided by company manager (sales and CEO):*

“The company offers an of effective skin care products, blending the skin-beneficial qualities of Dead Sea minerals with plant extracts and vitamins, in advanced cosmetic formulas to the export market”

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**B.II Capacity analysis**

**B.II.1 Evaluation of the critical tasks**

**Marketing critical tasks:**

1. **Programming Promotions:**
   - Programming promotion: no design for a promotional program in taking into consideration all data gathered to different markets that they want to penetrate. The main types of promotions are not in place. Pushing strategies and pulling strategies are not in place
   - Personal sales competence: sales presentations in the targeted markets, trade show and incentive programs are not in place.

2. **Programming Advertising:**
   - The message, Themes, schedules, media and layout of advertising (advertising plan) is not designed as should be and not in a systematic way taking into consideration changes to be adopted based on specific market requirements
3. Setting up the channels of distribution:
- Are not able to select and develop the most effective and efficient network for the flow of goods, services, information and money to the targeted markets. In this company the channel decision is not part of the strategy, even though need to establish capability to have access to the designated markets using external channels such as distributors (channel members are the customers of). This company relies on relations with commercial companies as distributors to sale their products (B2B) – they need to focus on this task as this is the most critical one.

4. Prompting and Responding to Sales Enquiries:
- Building procedures to answer enquiries is not developed as a task by itself and no initiation of contact with prospective buyers. None of the ways to reach targeted customers are in place such as trade fairs and exhibitions, trade missions, personal sales visits, press releases in the trade press, sales advertisements in the newspapers. The company uses the email to respond to sales enquiries, sales manager and the CEO are only the two persons that respond to such enquiries. Is developing its website to be used in the near future for such task.

5. Pricing and Quoting – not critical one but need attention and monitoring:
- In relation to pricing adopt the cost plus method for its pricing – not aware to other pricing methods which need to be aware of – they may need to use more than one pricing method (market penetration pricing, price differentiation, market segmentation, and promotional prices….etc). doesn’t set the price for the end user it depend on the distributers and the countries regulations for cosmetics prices in terms of ceiling percentages that they can add on each product. Is intending to change the packaging (Israeli suppliers vs. international suppliers and the optimum amounts for inventory) and this need a careful decision and through study in order to be with the cost structure and not to increase costs significantly.

For future consideration/ when the new line start operations: Production critical tasks / not critical tasks, these need attention and monitoring after operation start in the new line:

1. Improving methods not critical task but need more attention by:
- Develops some techniques for improving methods such as the flow charts and creative process design mainly done by the plant manager as per his notification. Doesn’t develop the benchmarking taking into consideration other companies and best practices for the industry, the only benchmark that company has is the capacity of the equipment vs. actual production.

2. Designing and Installing Plant not critical but need attention and monitoring/ new line:
- New business line is under processing for the Dead Sea products – assigns three engineers (mechanical, chemical and electrical eng.) – it took into consideration the inventory location, the sequence of operations, the finished goods inventory. Took the approval on this design from the ministry of health to be able to start it. Location took into consideration all MOH requirements and standards.
The equipment specs were formulated by the plant manager who has the in house experience, and he did a survey for this business in Israel. Approval took place from the board and part of the equipment was already purchased. The only issue that I found is that didn’t did international survey on the spec of the high tech equipment used for such product – the equipment is semi-automated and not fully automated due to:

1. The cost constrains for this investment – huge capital for purchasing such equipment – given the purchased ones is better than the Israeli factories equipment for such business.
2. Have the labor relatively cheap to do the work needed by human resources.
3. High tech maintenance knowledge does not fully exist in house – need training and extra costs for such training.
4. The process with the semi-automated is quick and can fulfill the total capacity and expected demand
5. This design will ensure the international waste benchmarks for such business which is up to 10%.

The new line still under construction and never tested and production not started for this line, but with the old line the other productions tasks were performed in an efficient way given the received orders and no critical tasks were identified. Has the knowhow and the capabilities are there to reach their production objectives.

The above production task is not considered as critical but it may be critical when this line starts its production and company should monitor this task closely – given the learn from the existing production line.

The production and sales manager are not aware of the classifications that the BMS has for tasks but in general for the:

- **Marketing tasks:**
  
The sales manager are aware of some components of marketing tasks that are not in place and critical to reach the marketing objectives such as the distribution channels which was identified as critical one for , while other tasks are not clearly identified.

- **Production tasks:**
  
The new line preparations and internal installation still under process – this need to be tested after production and accordingly the tasks to be evaluated fully after starting production – given that they benefit from the existing line in the knowhow and the experience how to make the production more efficient and the production line adopt effective operation processes. But the plant manager need to be
aware of the above mentioned tasks for more focus and monitoring and for further tests.

Methodology was to go through all **marketing tasks** with all its components with full explanation on each task and its component – a joint identification of the critical tasks took place.

With the production manager same methodology was adopted – no critical tasks were identified but based on the conversation some highlight took place on some production tasks which were mentioned above – may find this critical tasks upon start production in the new line given the existing production doesn’t have any critical tasks – can reach its production objectives given the existing capabilities.

Ps. The tasks as indicated in the BMS with all its components was not known by the production managers, this doesn’t mean that they are not aware of the tasks, the manager has idea on some critical tasks but not all of them – they have qualified people but the issue is that didn’t want to invest in the critical marketing tasks they link it with the orders to be received which need to be the contrary to get orders they need to invest and allocate resources in the marketing capabilities. Invests more on the production capabilities by investing in a separate line for the dead sea product.

**Symptoms:**

- Customers are not aware of products that satisfy unmet needs of existing or potential customers– not able to market their product, this was reflected in the following symptoms:
  1. Is not able to keep existing customers this mainly reflected in not getting orders on repetitive way from existing customers - orders received once and never repeated
  2. Is not able to attract potential competitors’ customers (band shifting) and non-users of company products; this is mainly reflected in not getting orders from potential customers since can’t raise client and no target awareness of the enterprise products by their targeted group.
  3. Minimal enquires received
  4. The business doesn’t make money

lack (not capable ) to manage (planning, acquiring and controlling) know how, HR, financial and networking resources which affect not reaching the marketing objectives – in addition to incomplete
need to perform the following activities which require a series of management decisions in terms of three broad categories (planning, acquiring and controlling) to manage them effectively and efficiently:

1. The know how resources:
   - Collect info relating to customer attitudes (appraising reactions), conducting market potential studies, conducting economic studies, evaluating markets or preparing feasibility studies and even conducting basic research to identify the competitors, customer needs, segmentation, business definition, business strategy .....etc.

2. The Human resources:
   - plan for the quantity and quality HR needed to manage all marketing objectives given the critical tasks, also need to develop the organizational plans for exported function marketing including analyzing job requirements and job responsibilities for marketing processes and critical tasks performance, also need to describe and evaluate the jobs related to marketing to be well known by managers. Installing activities, wages and salary administration plans for exported marketing employees is not in place, forecasting of work force for marketing objectives need to be well identified....etc. adopting the existing recruitment procedures within for any potential vacancies.

3. The financial resources and physical assets and infrastructure resources:
   - need to maintain adequate level of working capital, include the marketing tasks with its financial effects within its yearly budgets with its controls procedures (compare actual with budget), including incorporate them in its short term and long term,

4. The networks, partnerships and strategic alliances resources:
   - need to develop strategic relationships needed to sell its products, need to participate in all activities done by industry associations related to export, management bodies, technical and professional org, also need to secure legal assistance when needed related to the exported markets.

B.II.2 Assessment of production capacity

Following a procedure similar to that used to evaluate the implementation of critical tasks, below provide an assessment of production capabilities and management of the resources needed for production:

To produce the desired quality

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4 As indicated earlier in this report when new line is start operations, production capabilities need to be assessed in details
No unexpected or unsatisfactory outcomes in any of the other tasks belonging to this group

<table>
<thead>
<tr>
<th>Tasks</th>
<th>Resources (information Know how, HR, Financial and physical assets, networks and relationships)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Planning</td>
</tr>
<tr>
<td>Adopting quality standards</td>
<td>Y</td>
</tr>
<tr>
<td>Adopting the quality standards</td>
<td>Y</td>
</tr>
<tr>
<td>Adopting the appropriate quality control procedures</td>
<td>Y</td>
</tr>
<tr>
<td>Offering adequate before and after sales services</td>
<td>Y</td>
</tr>
</tbody>
</table>

No symptoms were detected to poor performance accordingly no management problem under this section.

No management problem and accordingly no activities should be improved to solve solutions.

To produce the desired quantities

No unexpected or unsatisfactory outcomes in any of the other tasks belonging to this group:

<table>
<thead>
<tr>
<th>Tasks</th>
<th>Resources (information Know how, HR, Financial and physical assets, networks and relationships)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Planning</td>
</tr>
<tr>
<td>Design and installation of the plant is adequate</td>
<td>Y</td>
</tr>
<tr>
<td>Design of the production processes is engineered</td>
<td>Y</td>
</tr>
</tbody>
</table>

3Y for Yes, and N for No
No symptoms were detected to poor performance accordingly no management problem under this section.

No management problem and accordingly no activities should be improved to solve solutions.

**To produce in time**

No unexpected or unsatisfactory outcomes in any of the other tasks belonging to this group

<table>
<thead>
<tr>
<th>Tasks</th>
<th>Resources (information Know how, HR, Financial and physical assets, networks and relationships)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Determining its inventory requirements</td>
<td>Planning</td>
</tr>
<tr>
<td>Adequate materials handling methods</td>
<td>Y</td>
</tr>
<tr>
<td>Purchasing and expediting</td>
<td>Y</td>
</tr>
<tr>
<td>Adopting procedures to keep its stocks effectively in order</td>
<td>Y</td>
</tr>
</tbody>
</table>

No symptoms were detected to poor performance accordingly no management problem under this section.
No management problem and accordingly no activities should be improved to solve solutions.

**Producing at acceptable cost**

<table>
<thead>
<tr>
<th>No unexpected or unsatisfactory outcomes in any of the other tasks belonging to this group Tasks</th>
<th>Resources (information Know how, HR, Financial and physical assets, networks and relationships)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Planning</td>
</tr>
<tr>
<td>Using appropriate line balancing techniques</td>
<td>Y</td>
</tr>
<tr>
<td>Using appropriate maintenance systems</td>
<td>Y</td>
</tr>
<tr>
<td>Using appropriate method improvement techniques</td>
<td>Y</td>
</tr>
<tr>
<td>Installing effective cost reduction programs</td>
<td>Y</td>
</tr>
</tbody>
</table>

No symptoms were detected to poor performance accordingly no management problem under this section.

No management problem and accordingly no activities should be improved to solve solutions.

**B.II.3 Evaluation of marketing capabilities**

Following a procedure similar to that used to evaluate the implementation of critical tasks, below provide an assessment of production capabilities and management of the resources needed for marketing:

**Communication with customers**
<table>
<thead>
<tr>
<th>Tasks</th>
<th>Resources (information  Know how, HR, Financial and physical assets, networks and relationships)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Planning</td>
</tr>
<tr>
<td>Adequate and appropriate sales literature</td>
<td>Y</td>
</tr>
<tr>
<td>Launching adequate and appropriate promotional programs</td>
<td>N</td>
</tr>
<tr>
<td>Launching adequate and appropriate advertising program</td>
<td>N</td>
</tr>
</tbody>
</table>

**Symptoms for lack of the communication with customers fully were due to poor performance of management in taking a series of decisions related to the following:**

- Programming promotion: no design for a promotional program in. The main types of promotions are not in place. Pushing strategies and pulling strategies are not in place.
- Personal sales competence: sales presentations in the targeted markets, trade show and incentive programs are not in place.

Symptoms that was found within this group mainly related to management problems in taking decisions as follows:

- The management was not able to identify completely with all its components the above critical tasks that need to build its capabilities – they are aware of some of the components.
- The management was not able to develop their capabilities (also not willing) in term of allocating needed resources to build them either on its own or through strategic alliances. Building these capabilities will need access to resources and utilize them effectively and efficiently through the planning, acquiring and controlling (developing measures).

Requires information about markets and the economic and legal environment; it requires money to recruit employees and to communicate with buyers at the start-up. need to expends resources to acquire resources – this require financial resources, networks and relationships require a lot of efforts to establish them, information acquisition requires systems to be built for surveying, collection and dissemination – all of which cost money. Also set measuring indicators for each of the down mentioned resource for controlling purposes.
Management activities that should be improved through building capabilities needed to solve these problems in terms of planning, execution and control combined:

- **In term of Information and know how resources:** should build their capabilities of planning, acquiring and controlling information and the know how resources by collecting *information relates to customer attitudes (appraising reactions) through*:
  1. conducting market potential studies,
  2. conducting economic studies,
  3. evaluating markets,
  4. preparing feasibility studies and
  5. Conducting basic research.

- **In term of the Human Resources:** need to plan for the quantity and quality HR needed to build these capabilities to work on above critical tasks such
  1. organizational plans,
  2. analyzing job requirements and job responsibilities for marketing processes,
  3. Describe and evaluation of jobs related to the above tasks is well known by managers.
  4. Installing activities, wages and salary administration plans for employees that will perform these tasks,
  5. forecasting of work force need to be well identified
  6. exchanging information with employees
  7. conducting management development programmes
  8. recruiting including all policies and procedures
  9. Training
  10. securing teamwork
  11. Appraising personnel.

- **In term of Financial and physical Assets Resources:** needs to
  1. maintain adequate level of working capital and
  2. budgets with its controls procedures (compare actual with budgets) – to be allocated to build these capabilities,
  3. Develop short term and long term plans.
  4. Securing funds

- **In term of Networks and relationships Resources:** needs to work on
  1. seeking and building strategic partnerships
  2. establishing associations and society relations
  3. participating in civic affairs
  4. securing legal / secretarial assistance
## Distribution of products and/or services

<table>
<thead>
<tr>
<th>Tasks</th>
<th>Resources (information, Know how, HR, Financial and physical assets, networks and relationships)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Planning</td>
</tr>
<tr>
<td>Setting up adequate and appropriate channels of distribution / marketing objectives</td>
<td>N</td>
</tr>
<tr>
<td>Setting up adequate and appropriate channels of distribution / production objectives</td>
<td>Y</td>
</tr>
</tbody>
</table>

**Symptoms for lack of the distribution of products and services fully were due to poor performance of management in taking a series of decisions related to the following:**

- Settings up adequate and appropriate channels of distribution to deliver its offers to the target buyers: was not able to select and develop the most effective and efficient network for the flow of goods, services, information and money to the targeted markets. In this company the channel decision is not part of the strategy, even though need to establish capability to have access to the designated markets using external channels such as distributors (channel members are the customers of). This company relies on relations with regional and international commercial companies as distributors to their products (B2B) – they need to focus on this task as the most critical one.

Symptoms that was found within this group mainly related to **management problems:**

- The management was not able to identify completely with all its components the above critical task that needs to build its capabilities – they know that they have problem in the distribution but they are working to build needed capabilities to work on this critical task.
- The management was not able to develop their capabilities (also not willing) in term of allocating needed resources to build them either on its own or through strategic alliances. Building these capabilities will need access to resources and utilize them effectively and
Management activities that should be improved through building capabilities needed to solve these problems in terms of planning, execution and control combined:

- **In term of Information and know how resources**: should build their capabilities of planning, acquiring and controlling information and the know how resources by collecting *information relates to customer attitudes (appraising reactions)* through:
  1. conducting market potential studies,
  2. conducting economic studies,
  3. evaluating markets,
  4. Preparing feasibility studies and conducting basic research.

- **In term of the Human Resources**: need to plan for the quantity and quality HR needed to build these capabilities to work on above critical tasks such
  1. organizational plans,
  2. analyzing job requirements and job responsibilities for marketing processes,
  3. Describe and evaluation of jobs related to the above tasks is well known by managers.
  4. Installing activities, wages and salary administration plans for employees that will perform these tasks,
  5. forecasting of work force need to be well identified
  6. exchanging information with employees
  7. conducting management development programmes
  8. recruiting including all policies and procedures
  9. Training
  10. securing teamwork
  11. Appraising personnel.

- **In term of Financial and physical Assets Resources**: needs to
  5. maintain adequate level of working capital and
  6. budgets with its controls procedures (compare actual with budgets) – to be allocated to build these capabilities,
  7. Develop short term and long term plans.
  8. Securing funds

- **In term of Networks and relationships Resources**: needs to work on
  1. seeking and building strategic partnerships
B.II.4 Evaluation of transaction ability

Following a procedure similar to that used to evaluate the implementation of critical tasks, below provide an assessment of production capabilities and management of the resources needed for transactions:

Getting Orders

<table>
<thead>
<tr>
<th>Tasks</th>
<th>Resources (information Know how, HR, Financial and physical assets, networks and relationships)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preparing specifications and negotiating</td>
<td>Planning  Execution  Control</td>
</tr>
<tr>
<td></td>
<td>Y        Y        Y</td>
</tr>
<tr>
<td>Pricing and quoting</td>
<td>Planning  Execution  Control</td>
</tr>
<tr>
<td></td>
<td>Y        Y        Y</td>
</tr>
<tr>
<td>Prompting and responding to sales enquiries</td>
<td>Planning  Execution  Control</td>
</tr>
<tr>
<td></td>
<td>N        N        N</td>
</tr>
</tbody>
</table>

Symptoms for lack of the distribution of products and services fully were due to poor performance of management in taking a series of decisions related to the following:

- Prompting and responding to sales enquiries: No building procedures to answer enquiries and no initiation of contact with prospective buyers. None of the ways to reach targeted customers are in place such as trade fairs and exhibitions, trade missions, personal sales visits, press releases in the trade press, sales advertisements in the newspapers. Uses the email only to respond to sales enquiries, sales manager and the CEO are only the two persons that respond to such enquiries. Is developing its website to be used in the near future for such task.

Symptoms that was found within this group mainly related to management problems:

- The management was not able to identify completely with all its components the above critical task that needs to build its capabilities - they only use the email for responding to enquires - they are not proactive only passive toward any enquiry.
- The management was not able to develop their capabilities (also not willing) in term of allocating needed resources to build them either on its own or through strategic alliances. Building these capabilities will need access to resources and utilize them effectively and efficiently through the planning, acquiring and controlling (developing measures).
Management activities that should be improved through building capabilities needed to solve these problems in terms of planning, execution and control combined:

- **In term of Information and know how resources:** should build their capabilities of planning, acquiring and controlling information and the know how resources by collecting *information relates to customer attitudes (appraising reactions)* through:
  1. conducting market potential studies,
  2. conducting economic studies,
  3. evaluating markets,
  4. *Preparing feasibility studies and conducting basic research.*

- **In term of the Human Resources:** need to plan for the quantity and quality HR needed to build these capabilities to work on above critical tasks such
  1. organizational plans,
  2. analyzing job requirements and job responsibilities for marketing processes,
  3. Describe and evaluation of jobs related to the above tasks is well known by managers.
  4. Installing activities, wages and salary administration plans for employees that will perform these tasks,
  5. forecasting of work force need to be well identified
  6. exchanging information with employees
  7. conducting management development programmes
  8. recruiting including all policies and procedures
  9. Training
  10. securing teamwork
  11. Appraising personnel.

- **In term of Financial and physical Assets Resources:** needs to
  9. maintain adequate level of working capital and
  10. budgets with its controls procedures (compare actual with budgets) – to be allocated to build these capabilities,
  11. Develop short term and long term plans.
  12. Securing funds

- **In term of Networks and relationships Resources:** needs to work on
  1. seeking and building strategic partnerships
  2. establishing associations and society relations
3. participating in civic affairs
4. securing legal / secretarial assistance

Fulfilling the orders

No unexpected or unsatisfactory outcomes in any of the other tasks belonging to this group critical tasks:

<table>
<thead>
<tr>
<th>Tasks</th>
<th>Resources (information Know how, HR, Financial and physical assets, networks and relationships)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Planning</td>
</tr>
<tr>
<td>Estimating production costs</td>
<td>Y</td>
</tr>
<tr>
<td>Scheduling work and routing</td>
<td>Y</td>
</tr>
<tr>
<td>Dispatching work</td>
<td>Y</td>
</tr>
<tr>
<td>Fulfilling freight operations</td>
<td>Y</td>
</tr>
</tbody>
</table>

No symptoms were detected to poor performance accordingly no management problem under this section.

No management problem and accordingly no activities should be improved to solve solutions.

B.III Final evaluation

The problem that the company is facing is incapable of serving the communication (mainly in programming promotions and programming advertising) and distribution (mainly in set up channels of distribution) dimensions of its business definition and segmentation strategy as made clear by the management decisions not to allocate resources to build them either on its own or through strategic alliances. This problem results in not receiving repeating orders either from existing customers (purchase more and more) or new and repetitive orders from potential customers (brand switching or non-users to become users) in addition of minimal enquires received by in relation to this business
either from any existing nor from potential customers, this prevents the business from achieving its marketing objectives of selling more and more often to current clients and competitor’s clients and convert the non-users to become users. The lack of capabilities internally in relation to these critical tasks resulted in jeopardizing the achievement of medium to long term profitability marketing objective. All these factors contributed to prevent THE COMPANY from achieving its ultimate goal: to make as much money as possible. The management need to take a series of management decisions required to manage each of the resources effectively and efficiently in the three broad categories (planning, execution, and control) to overcome the identified problems that resulted in the above mentioned symptoms which are mainly related in the:

1. know how resource (conducting market potential studies, conducting economic studies, evaluating markets, forecasting sales, preparing feasibility studies, or even conducting a basic market research)

2. HR resource (developing organizational plans, describing and evaluating jobs, installing activities, preparing wage and salary administration plans, forecasting work force and exchanging information with employees, conducting management development programmes, recruiting, training).

3. Physical and financial resources (adequate level of working capital and budgets with its controls procedures (compare actual with budgets) - to be allocated to build these capabilities, Including develop short term and long term plans.

4. Networks and relationships Resources: need to work on strategic relations ships needed , need to participate in the activities of (industry associations related to export, management bodies, technical and professional org, also need to seek legal assistance when needed (need to plan for it, allocate resources and developing measures)

If this problem is not addressed promptly THE COMPANY will find it more and more difficult to attract and convince clients to place orders as its inability of serving the communication and distribution dimensions which would work against the achievement of their own marketing objectives represented mainly in Inducing brand switching into the markets of their competitors, and/or avoid their users from switching to competitors, converting nonusers into users of your products, and/or avoid your users from becoming nonusers and securing medium to long-term profitability. For these reasons THE COMPANY could expect not penetrate aggressively any potential markets accordingly no increase in their market share, which could prompt them to close this business in clear bias towards personal layoffs. This could put THE COMPANY in a very unsustainable path that could jeopardize the existence of the new line that is investing in (negative ROI) since this business will not achieve the medium to long term profitability marketing objective and accordingly the ultimate goal of. Also will increase its return risks since there will be no offset of the low margins in the local market of its existing
other businesses due to the very high competition by higher margins of this business in the international markets that is expected by ’s management.

B.IV Suggested treatment

To overcome unsatisfactory outcomes and the lack of management decisions that need to be taken, the following recommendation need to be considered by: after getting this report will be aware of what management decisions need to be taken for all activities listed in different sections in this report and all capabilities to be built in. The symptom can be treated efficiently right away? Fix the symptom, will get a quick positive return but not enough the management need to take time to work on the real problems and management decisions to be taken for all listed activities mentioned in this report to overcome all unsatisfactory outcomes on the long run. Nonetheless, the problem-solving approach and deeper analysis is essential to ensure that the solution you eventually implement actually improves the situation, for the long-term. Symptoms can go away, and if lucky they might even go away for a reasonable amount of time. But if they come back--and they almost always do--when the problem hasn’t been thoroughly investigated and solved, they won’t be so simple to fix the second or third time around. To do so I am recommending as practice the following:

1. **Counselling:** this would mean the tasks will be remedied at the same time as working with the manager to guide an understanding of where the decisions were made that caused the symptoms in order to avoid such decisions in the future in the main three broad categories planning, execution and control in relation to all listed down activities related to critical business tasks identified in this report:

<table>
<thead>
<tr>
<th>Management activities</th>
<th>Critical Business tasks identified</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Conducting market potential studies</td>
<td>a. Programming promotions</td>
</tr>
<tr>
<td>2. Conducting economic studies</td>
<td>b. Programming advertising</td>
</tr>
<tr>
<td>3. Evaluating markets</td>
<td>c. Setting up the channels of distribution</td>
</tr>
<tr>
<td>4. Forecasting sales</td>
<td>d. Prompting and responding to sales enquiries</td>
</tr>
<tr>
<td>5. Preparing feasibility studies</td>
<td>e. Pricing and quoting</td>
</tr>
<tr>
<td>6. Conducting basic research</td>
<td></td>
</tr>
<tr>
<td>7. Developing organizational plans</td>
<td></td>
</tr>
<tr>
<td>8. Describing and evaluating jobs</td>
<td></td>
</tr>
<tr>
<td>9. Installing activities</td>
<td></td>
</tr>
<tr>
<td>10. Preparing wage and salary administration plans</td>
<td></td>
</tr>
</tbody>
</table>
11. Forecasting work force  
12. Conducting management development programmes  
13. Exchanging information with employees  
14. Securing team work  
15. Training  
16. Recruiting  
17. Appraisal personnel  
18. Maintaining an adequate level of working capital  
19. Prepare short – long term plans  
20. Securing funds  
21. Controlling budgets  
22. Seeking and building strategic partnerships  
23. Establishing associations and society relations  
24. Securing legal/secretarial assistance  

2. **Training:** there is a need for changing people’s behavior at work and a need to improve the weak areas of the managers’ capability by attending training programmes so that informed and rational resource decisions can be made for company employees.