

# TOPIC 4.1. Transversal Competences Management Skills



**CO<sup>1</sup>**  
LABOURative  
**LAB**



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# Introduction

## What is this Topic about?

This Topic is about Management Skills that are relevant when you must focus on creating your own “Self-Employment Plan” and take advantage of your capabilities for creating added value into the Job and Labour Market, focusing in particular in the Sharing Economy framework.

In particular, the Topic is about how to set a strategy and define a business proposal, including some guidelines for strategic diagnosis and basic concepts about price and costs management in order to properly plan the launch of your self-employment initiative.

## Why is this Topic interesting?

According to the global approach of co-Labourative Project, a key success factor for getting profit from the existing opportunities within the Sharing Economy framework is to be able to align them with your future vision as employee or self-employed. Therefore, is essential to define the positioning and business proposal in a way that your strengths and opportunities are maximized in order that you can be competitive into the Sharing Economy framework. This includes, of course how to manage with pricing and own costs in order to make this experience sustainable and again oriented with the short term vision.

## What are you going to learn here?

You will learn how use basic tools for strategic management, focused in the development of Business Proposals and/or Self-Employment Plans, specially focusing in the exploitation of the Sharing Economy context. This could also be applicable to the self-diagnosis of employees in order to use Sharing Economy as a way for increasing employability skills.

## Added Value for

- **Unemployed persons**

Unemployed persons will evaluate themselves and will define their personal plan for increasing their employability as “self-employed” or even as employee, within the Sharing Economy framework



- **Entrepreneurs**

Entrepreneurs will evaluate their business proposals within the Sharing Economy framework

- **HRR Staff**

This Topic will not be of specific interest of Human Resources Staff

**What will you able to do after work on this Topic?**

After this Topic you will able to carry on a Strategic Diagnosis using basic PESTLE, Porter's Five Forces of Competitive Position and SWOT-CAME Analysis, paying attention on the key questions affecting the participation in the Sharing Economy context. Then, you will able to use the CANVAS Model for developing your Business Proposal and you will also be able to define a price and cost management policy when launching your activity.

**What are you going to find here?**

- ❖ **Text Materials; PDF**
- ❖ **Presentation; ppt.**
- ❖ **Practical Activities**



## Setting Strategy

Within Employment, Self-Employment and Entrepreneurship field, the Strategy could be understood as a continuous search of an Action Plan focused in the development and exploitation of those competitive advantages which allow differentiating from competitors, getting profit from the personal structural and functional strengths, with a clear and unique final aim: create more value for their customers.

Setting Strategy requires taking into account the key factors around which the entire process of strategic analysis revolves; the person, the customers, the competitors and the environment.

## Strategic Diagnosis

### PESTLE Analysis


PESTLE<sup>1</sup> analysis, which is sometimes referred as PEST analysis, is used as a tool by companies and/or persons to track the environment they're operating in or are planning to launch a new project/product/service etc.

PESTLE is a mnemonic which in its expanded form denotes **P for Political, E for Economic, S for Social, T for Technological, L for Legal** and **E for Environmental**. It gives a bird's eye view of the whole environment from many different angles that one wants to check and keep a track of while contemplating on a certain idea/plan;

- **Political:** These factors determine the extent to which a government may influence the economy or a certain industry. For example, a government may impose a new tax or duty due to which entire revenue generating structures of organizations might change. Political factors include tax policies, Fiscal policy, trade tariffs etc. that a government may levy around the fiscal year and it may affect the business environment (economic environment) to a great extent.

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<sup>1</sup><http://pestleanalysis.com/what-is-pestle-analysis/>



SHE and NFE is supported by EU Commission and defined as powerful tool for society and employment, but, at the same time, it's a concerning issue that the EU Commission is now focusing through the development of new EU Directives that will influence how the exploitation of Sharing Economy is fully deployed.

- **Economic:** These factors are determinants of an economy's performance that directly impacts a company and have resonating long term effects. For example, a rise in the inflation rate of any economy would affect the way companies' price their products and services. Adding to that, it would affect the purchasing power of a consumer and change demand/supply models for that economy. Economic factors include inflation rate, interest rates, foreign exchange rates, economic growth patterns etc. It also accounts for the FDI (foreign direct investment) depending on certain specific industries who're undergoing this analysis.

In the SHE and NFE field, Economic factors than can be considered are related with the economic crisis starting in 2008 which have increased the unemployment rates and have created barriers for getting into the traditional labour market especially to young work seekers and long term unemployed.

- **Social:** These factors scrutinize the social environment of the market, and gauge determinants like cultural trends, demographics, population analytics etc.

In the SHE and NFE field, Social factors than can be considered are related with the increasing interest for collaborative consumption and platforms, as well as the fully digital skills of new generations. With the evolution of Internet came a transformation of society. The internet allowed us to create a world where technology is affecting our everyday lives and where our digital tools became an important part of who we are: The Digital Society.

- **Technological:** These factors pertain to innovations in technology that may affect the operations of the industry and the market favorably or unfavorably. This refers to automation, research and development and the amount of technological awareness that a market possesses.



In the SHE and NFE field, Technological factors that can be considered are mainly linked to the proliferation of Online Platforms and more and more “web-based” tasks, as well the full availability of software and hardware for almost every professional.

- **Legal:** These factors have both external and internal sides. There are certain laws that affect the business environment in a certain country while there are certain policies that companies maintain for themselves. Legal analysis takes into account both of these angles and then charts out the strategies in light of these legislations. For example, consumer laws, safety standards, labor laws etc.

In the SHE and NFE field, Legal factors that can be considered are mainly linked to the proliferation of Online Platforms and more and more “web-based” tasks, as well the full availability of software and hardware for almost every professional. raises issues with regard to the application of existing legal frameworks, blurring established lines between consumer and provider, employee and self-employed, or the professional and non-professional provision of services. This can result in uncertainty over applicable rules, especially when combined with regulatory fragmentation stemming from divergent regulatory approaches at national or local level. This hampers the development of the collaborative economy in Europe and prevents its benefits to materialize fully. At the same time, there is a risk that regulatory grey zones are exploited to circumvent rules designed to preserve the public interest.

- **Environmental:** These factors include all those that influence or are determined by the surrounding environment. This aspect of the PESTLE is crucial for certain industries particularly for example tourism, farming, agriculture etc. Factors of a business environmental analysis include but are not limited to climate, weather, geographical location, global changes in climate, environmental offsets etc.

In the SHE and NFE field, Environmental factors to be considered are related with potential environmental benefits created by new business models, including, among others, dematerialization, assets sharing and increase in resource efficiency. This could be interesting for some specific markets.

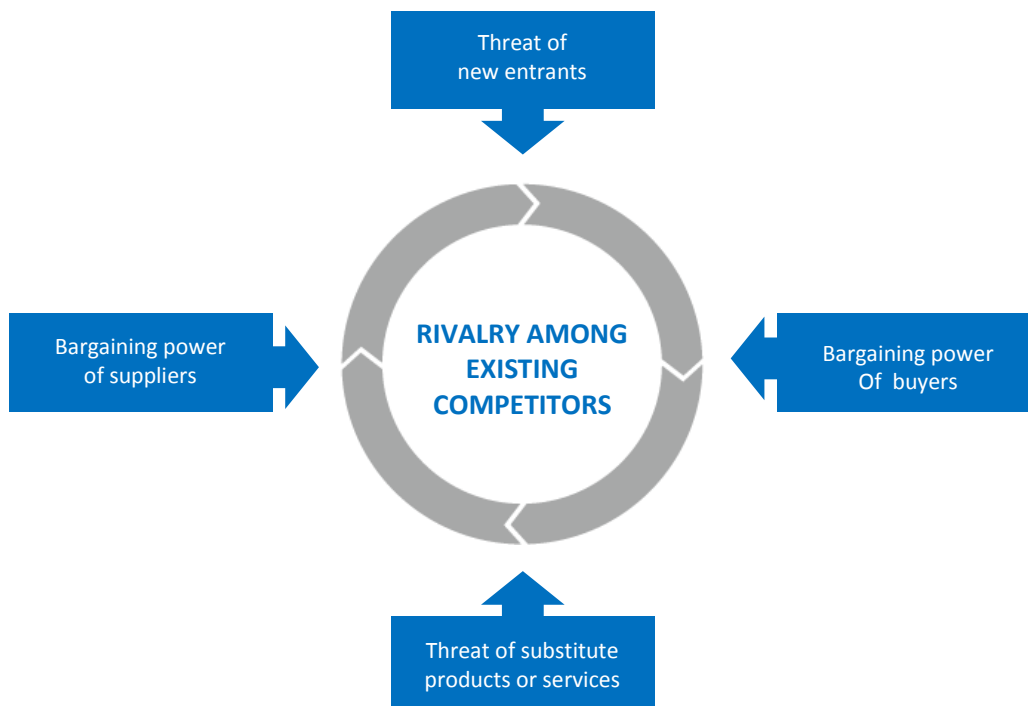


More than just understanding the market, this framework represents one of the vertebras of the backbone of strategic management that not only defines what a company should do, but also accounts for an organization's goals and the strategies stringed to them.

## Porter's Five Forces of Competitive Position Analysis

This theory is based on the concept that there are five forces that determine the competitive intensity and attractiveness of a market. Porter's five forces help to identify where power lies in a business situation. This is useful both in understanding the strength of an organization's current competitive position, and the strength of a position that an organization may look to move into.

Strategic analysts often use Porter's five forces to understand whether new products or services are potentially profitable. By understanding where power lies, the theory can also be used to identify areas of strength, to improve weaknesses and to avoid mistakes<sup>2</sup>.



<sup>2</sup> <https://www.cgma.org/resources/tools/essential-tools/porters-five-forces.html>



The five forces are:

**1. Supplier Power.** An assessment of how easy it is for suppliers to drive up prices. This is driven by the: number of suppliers of each essential input; uniqueness of their product or service; relative size and strength of the supplier; and cost of switching from one supplier to another.

In the SHE field, evaluation of Supplier Power must consider issues like the positioning of the owners of Online Platforms, that could fully condition your activity.

**2. Buyer Power.** An assessment of how easy it is for buyers to drive prices down. This is driven by the: number of buyers in the market; importance of each individual buyer to the organization; and cost to the buyer of switching from one supplier to another. If a business has just a few powerful buyers, they are often able to dictate terms.

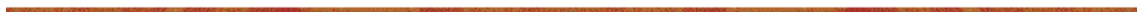
In the SHE field, evaluation of Buyer Power must consider issues like the crowd competition, taking to a price reduction.


**3. Competitive Rivalry.** The main driver is the number and capability of competitors in the market. Many competitors, offering undifferentiated products and services, will reduce market attractiveness.

In the SHE field, evaluation of Buyer Power must consider issues like the problem of undifferentiated products and services, which ask for differentiation strategies

**4. Threat of substitution.** Where close substitute products exist in a market, it increases the likelihood of customers switching to alternatives in response to price increases. This reduces both the power of suppliers and the attractiveness of the market.

**5. Threat of New Entry.** Profitable markets attract new entrants, which erodes profitability. Unless incumbents have strong and durable barriers to entry, for example, patents, economies of scale, capital requirements or government policies, then profitability will decline to a competitive rate.





In the SHE field, evaluation of Buyer Power must consider issues like the low entry barriers, which is a good characteristic for starting the self-employed activity but is negative when the activity must be consolidated.

## SWOT and CAME Analysis

SWOT<sup>3</sup> analysis is an acronym for strengths, weaknesses, opportunities, and threats and is a structured planning method that evaluates those four elements of an organization, project or business venture. A SWOT analysis can be carried out for a company, product, place, industry, or person.

- **Strengths:** characteristics of the business or project that give it a strategic advantage over others
- **Weaknesses:** characteristics of the business that place the business or project at a strategic disadvantage relative to others
- **Opportunities:** elements in the environment that the business or project could exploit to its advantage
- **Threats:** elements in the environment that could cause trouble for the business or project

SWOT analysis aims to identify the key internal and external factors seen as important to achieving an objective. SWOT analysis groups key pieces of information into two main categories:

- **Internal factors;** the strengths and weaknesses internal to the organization
- **External factors;** the opportunities and threats presented by the environment external to the organization

Analysis may view the internal factors as strengths or as weaknesses depending upon their effect on the organization's objectives. What may represent strengths with respect to one objective may be weaknesses (distractions, competition) for another objective.

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<sup>3</sup> [https://en.wikipedia.org/wiki/SWOT\\_analysis](https://en.wikipedia.org/wiki/SWOT_analysis)

The factors may include all of the 4Ps as well as personnel, finance, manufacturing capabilities, and so on.

The external factors may include macroeconomic matters, technological change, legislation, and sociocultural changes, as well as changes in the marketplace or in competitive position. The results are often presented in the form of a matrix.



SWOT analysis is just one method of categorization and has its own weaknesses. For example, it may tend to persuade its users to compile lists rather than to think about actual important factors in achieving objectives. It also presents the resulting lists uncritically and without clear prioritization so that, for example, weak opportunities may appear to balance strong threats.

It is prudent not to eliminate any candidate SWOT entry too quickly. The importance of individual SWOTs will be revealed by the value of the strategies they generate. A SWOT item that produces valuable strategies is important. A SWOT item that generates no strategies is not important.

From the data introduced in the SWOT Analysis, the most suitable strategies for the business project can be established. There are four types of strategies:

**Offensive Strategies (To Exploit):** They are obtained by relating Strengths + Opportunities. They are growth strategies that seek to relate internal and external strengths to improve the situation.

**Defensive Strategies (To Keep):** These are obtained by relating Strengths + Threats. They are reactive strategies that relate internal strengths to counter external threats.

**Adaptive Strategies (To Correct):** They are obtained relating Weaknesses + Opportunities. They are reorientation strategies in which some element is changed in the weaknesses to take advantage of the opportunities.

**Survival Strategies (To Face):** They are obtained by relating Weaknesses + Threats. It seeks to relate the internal and external weaknesses to know the situation of the company with respect to the competition and the mechanism to be used to reverse this situation.

This analysis is known as **CAME Analysis**

### STRATEGIC ANALYSIS TOOL: SWOT

INTERNAL SITUATION \ EXTERNAL SITUATION		EXTERNAL SITUATION	
		THREAT	OPPORTUNITIES
INTERNAL SITUATION	WEAKNESS	<p><b>SURVIVAL STRATEGIES</b> FACE THREATS</p> <p>↓ WEAKNESS ↖ THREAT</p>	<p><b>REORIENTATION STRATEGIES</b> CORRECT WEAKNESSES</p> <p>↓ WEAKNESS ↗ OPPORTUNITIES</p>
	STRENGTHS	<p><b>DEFENSIVE STRATEGIES</b> MAINTAIN STRENGTHS</p> <p>↑ STRENGTHS ↖ THREAT</p>	<p><b>OFFENSIVE STRATEGIES</b> EXPLOIT OPPORTUNITIES</p> <p>↑ STRENGTH ↗ OPPORTUNITIES</p>

## Defining the Business Proposal

As a conclusion of the strategic analysis developed, Mission, Vision, Values and Value Proposition must be constructed, which refers to the unique mixture of products, services and benefits that the project or company offers its clients and which makes it different in the market and appreciated by the customers.

A good value proposition should convey the following:

- How your company, product or service solves the problem or need of your customer.
- What benefits the customer should expect from your service?
- Why you should choose yourself and not your competition. What is your differential value?

CANVAS TEMPLATE is a powerful tool for structuring the business model. CANVAS TEMPLATE includes the description of the next aspects;

### Infrastructure

- **Key Activities:** The most important activities in **executing a company's value proposition**.
- **Key Resources:** Resources that are necessary **to create value for the customer**. They are considered an **asset** to a company, which are needed in order to sustain and support the business. These resources could be human, **financial, physical** and **intellectual**.
- **Partner Network/Key Partnership:** In order to optimize operations and reduce risks of a business model, organization usually cultivate **buyer-supplier relationships** so they can focus on their core activity. Complementary **business alliances** also can be considered through joint ventures, strategic alliances between competitors or non-competitors.

## Offering

- **Value Propositions:** The collection of **products and services a business offers to meet the needs of its customers**. According to Osterwalder, (2004), a company's value proposition is what **distinguishes itself from its competitors**. The value proposition provides value through various elements such as newness, performance, customization, "getting the job done", design, brand/status, price, cost reduction, risk reduction, accessibility, and convenience/usability. The value propositions may be: **Quantitative** – price and efficiency; **Qualitative** – overall customer experience and outcome

## Customers

- **Customer Segments:** To build an effective business model, **a company must identify which customers it tries to serve**. Various sets of customers can be segmented based on the different needs and attributes to ensure appropriate implementation of corporate strategy meets the characteristics of selected group of clients.
- **Channels:** A company can deliver its value proposition to its targeted customers through different channels. Effective channels will distribute a company's value proposition in ways that are fast, efficient and cost effective. An organization can reach its clients either through its own channels (store front), partner channels (major distributors), or a combination of both.
- **Customer Relationships:** To ensure the survival and success of any businesses, companies must identify the **type of relationship they want to create with their customer segments**.

## Finances

- **Cost Structure:** This describes the most important monetary consequences while operating under different business models.
  - **Revenue Streams:** The way a company makes income from each customer segment.
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## MAIN SKILLS TO MANAGE MY ACTIVITY (HOW TO SET PRICES, HOW TO CONTROL MARGINS, FORECAST OF INCOME AND EXPENSES, ETC.)

The word price must necessarily be linked to the term value. The price must encompass not only the exact value of a product / service, but must be able to communicate the value of the same to the customer. This is how it really justifies what the customer pays, and the positioning that a brand or product has for that customer.

By value is meant "that quality that is held in esteem". The idea of economic value in business transactions is well known. However, there are many other qualities of a product that the customer esteems and values but that has a difficult economic valuation. However, he is willing to pay for them.

The positive values that the customer appreciates are the following:

- Intrinsic or product quality
- Quality of service and customer service
- Value you receive in dealing with company personnel
- Company image


Negative values are more than price. They include values such as:

- The time spent
- The energy used
- Psychic costs.

There are several factors that we can take into account in pricing:

- The **location** and **level of competence**; The distance to the customers of our production center, as well as the level of competition in the different markets, are factors to be taken into account in pricing
- **Services**; Offering more services than competitors, allows differentiation and mark better prices.
- **Payments formulas**; Selling in installments can justify higher prices.



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- **Promotions;** When fixing the prices, you must take into account the promotions that are intended to be made in the future.
  - The **objectives** of the company
  - The **costs;** They are a determining factor in the pricing of the company

In the Sharing Economy context, peculiarities of demand must be considered, where access to the demand is enhanced but usually in low price conditions and even determined by the customer.

#### **Price Objectives;**

- **Survival;** this should always be a short-term goal
- **Maximize sales;** trusting that lower costs will increase long-term profit
- **Market skimming;** policy of high prices for each product launched to the market, and as sales fall, lower prices to collect the successive layers of consumers sensitive to them
- **Maximizing benefits;** ignoring the effects of the other variables of the marketing mix

In the Sharing Economy context, main recommended objective is to use it as an intermediate step in the development of a Self-Employment Plan. According to that, price policies must be determined for survival and quickly acquired better competences and contacts that could take you to a new level. Then, when the Self-Employment is consolidated, Sharing Economy could be used only when there are good opportunities for maximizing benefits.

## Pricing Methods

Costs are the minimum level of prices. Competition and substitute prices should be a reference to be taken into account.

The perceptions of the customers regarding the benefits of the offer made establish the maximum level of the price.

**Methods based on the market or demand;** Market-based methods have a subjective foundation. The perceived value of a product by the consumer marks the upper limit of the price

**Methods based on the competition;** In these methods the reference to price is the the competition, rather than the own costs or market behavior. However, costs mark the minimum price at which the product can be sold. Competition-based pricing supports the following three alternatives;

- **Prices above the competition;** This type of price should be set when the product is clearly differentiated and offers an image of quality or prestige superior to other alternatives.
- **Competitive prices;** In markets with perfect competition and undifferentiated products is almost the only alternative for pricing.
- **Prices below the competition;** It is the clearest way to use the price for competitive purposes.

**Methods based on costs;** They are the methods that are considered more objective and fair, and have strong cultural and social roots. However, from the perspective of marketing, they are not always the most effective for achieving the goals of the organization. Cost-based methods can be classified into two basic modalities: the cost plus margin method and the target price method, with which to determine the price that allows achieving the sales and profitability objectives.



## Specific Price Strategies in the "ON LINE" Markets

The price variable is as important in online and traditional markets, and in general the factors to be taken into account when pricing is concerned are the same. That changes? The fundamental change lies in the advantages offered by technology:

- For the customer, their access to more information through the comparators
- For the company, the ability to create personalized offers, dynamic pricing strategies and take advantage of interactivity to test customer behavior.

Such a transparent environment forces those who are in it to be more competitive "in price", but not necessarily cheaper. In fact, absolutely no one who knows the online environment is in favor of looking for only low prices.

What if we are more expensive as we fight price comparators?

- It is worth remembering that "the consumer on the Internet does not move only by price". It also does it for quality, comfort, service, trust...
- Customize prices; Internet offers you two fundamental advantages that are not in the traditional channels: personalization and dynamism. The first one means that you can be selling different users at different prices at the same time. The criteria we use can be very different thanks to the technology. The second is dynamism.
- Internet in any case allows interaction with the client. With the pricing policy, this can lead to the extreme of inviting the customer to tell us how much he wants to pay



## Study Cases

**Business Model of Vigga (Denmark) and how it's related with the Sharing Economy Context**

*<https://vigga.us/in-english/>*

**Business Model of BlaBlaCar and how it's related with the Sharing Economy Context**

*<https://unicornomy.com/blablacar-business-model/>*



## Videos

<https://viggaa.us/in-english/>

<https://www.youtube.com/watch?v=WzGhFmiB9G0>



## Complementary readings

STRATEGIC MANAGEMENT

<https://managementhelp.org/strategicplanning/index.htm>





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COORDINA Organización de Empresas y Recursos Humanos, S.L.



CPU - Gospodarska zbornica Slovenije Center za poslovno usposabljanje



FORBA - Forschungs- und Beratungsstelle Arbeitswelt



RCCI - Ruse Chamber of Commerce and Industry



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