
Kevin Hou¹, Shuyuan Deng², Yao Zhong³

¹Tsinghua International School, Beijing, 100084, China;
²Jiaxiang Foreign Language School Attached to No.7 Middle School International High School Division, Chengdu, Sichuan 610000, China;
³Stowe School, Stowe, Buckingham, MK18 5EH, England.

Abstract

After an introduction to the PaperGreen company’s business report, this essay would present to the audience how critical thinking applies to the process of creating business reports. Complementary to the own made PaperGreen company business report 2020, a strand of thinking and decision-making skills would be presented. PaperGreen, a virtual paper company, was founded in 2017, Finland. Will be the simulating company of this essay. Prior to the essay, a business report of PaperGreen was constructed and presented to Professor Lin Giralt from Rice University. The essay will begin by briefly introducing the business report written.

Keywords

Business Plan; Mission and Vision; Strategy; Competitive Advantage; SWOT Analysis; SMART Goals; Corporate Culture.

1. Introduction

With the thriving of the economy and globalize connection in recent decades, start up an own business as an entrepreneur has been a popular career. According to data, there are 582 million entrepreneurs around the world [1]. Most people have a great passion to be self-employed and contribute to society. However, it is not an easy thing to run and manage a business by ourselves, there are always chances to fail or be bankrupt. Research shows that only 56% of entrepreneurs make it until the fifth year [2]. Therefore, it is very important to know and be proficient in how to manage and maintain a healthy business. For example, a good manager should have the ability to make the right strategy, and they always need to think about innovation in their firm. Upon that, also knowing which part has the outstanding point to help improve the competitiveness of their firm. Most importantly, what can this business do to contribute to society? All these requirements of being a successful entrepreneur could be reflected in writing a business plan. In this essay, the reader will enhance and develop their thoughts on how to think analytically when they write their business plans.

Background:

Finland is a country with about 5 million population, famous for its forests, with well grown, flexible timber. Up to one-third of all wood resources of the European Union are in Finland [3,4]. Considering these innate advantages in Finland as well as today’s environmental challenges, PaperGreen devotes itself to the paper recycle industry soon after it has entered the market. After three years of development, the annual sale of PaperGreen increases to 3.5 million dollars, indeed a relatively low annual revenue. Comparing to the top paper companies in Finland, which have annual revenue of 9 billion, PaperGreen is considerably a small company. According to our market research, leading paper companies in Finland have revenues up to 9 billion [3,4]. In addition, there are only a total of 17 employees in the company. Lastly, the main products
that PaperGreen produces are notebooks, notebook papers, and notepads. All of them are made 50-100% of ecological materials, which is a highly effective and environmentally friendly percentage comparing to PaperGreen's competitors.

2. Mission and Vision

In a business plan, mission and vision, the declaration of an organization's overall purpose, is an important step for companies to consider. The same applies to PaperGreen. This step will define the company's objectives and describes its desired future purposes. To set one company’s mission and vision, writers of the business report should be aware of the nature of their company and the position of their overall ambitions. Mission, in specific, should outline the DNA of the company, it defines the core intention in the industry and their one or more intended service and product. On the other hand, Vision is the wish or the picture that the company has in mind for a relatively short period of time. The time range designed for vision is mostly between 2-5 years.

In the PaperGreen business plan, its mission is to promote environmentally friendly products under a high technology society and therefore protect the earth. Upon that, to expand itself and spread the brand of its quality recycled paper products. This mission was established through a rigorous thought of the process. Since PaperGreen’s nature is an environmental company that manufactures recycled-paper products, its main goal has to be to protect the mother earth. This core intention would help outline the backbone of the company. With this sublime goal, the company would develop at a fast-pace. Apart from that, the company needs to expand itself and spread its brands. This defines the core intention of PaperGreen in the next few decades. In which they need people to know about their brands and be aware of their quality recycled paper products. Besides, the vision of PaperGreen was: to establish increase popularity in Finland, provide the best quality products with top technologies, and double the sales turnover in 2 years. The choice of vision was harder than a mission. While when business plan writers only have to consider the main backbone of the company for the mission, they actually have to suspect what will happen in the future for vision. Therefore, when coming up with the vision for a business plan, the writer must find a balance between specific and broad visions. The vision plan could not be too specific, or else it’s very unlikely for things to happen exactly as the writer predicted. At the same time, it could not be too broad, because it will iterate the Mission, and it will not contribute to the company. In PaperGreen's vision, this control between specific and overly specific was reflected. At first, PaperGreen wanted to increase popularity in general, but considering the company size, it's too intense for them to set such a broad goal, so they set their vision to be: increase popularity in Finland. Besides that, for the second vision, writers wanted to say: improve our product with the technique of recovering fibers from waste paper to make it over 80 percent recycling product. However, the writers didn’t know if the recovering fiber technique will still be the top technology in recycling paper in 5 years, so it’s too specific. At last, they changed it into: provide the best quality products with top technologies. With these reminders in mind, a good Vision and Mission could be created for a company’s business plan.

3. Strategy

With mission and vision clearly determined, the next essential step of a business report is determining one’s strategies, which are plans of action to achieve overall aim. In a business plan, the strategy indicates the firm’s action plan, used to move the firm as a whole towards its Mission and Vision. Some guidelines that can help direct the strategy management could be: performance-orientated, continuous, dynamic but not static, considering both present and future, care about inner and outer of the firm, and satisfy stakeholders. In the PaperGreen
business plan, their strategy was separated into two main sectors, domestically and internationally.

### 3.1. Domestic Strategies

Domestically, PaperGreen will partner with office supply distributors and retailers that are their size or slightly larger. These distributors should have wide channels enabling PaperGreen to gain national distribution in Finland. Here, important decisions are made according to the strategic guidelines. The writers used this part of the strategy to aim towards their mission and vision, to establish increasing popularity in Finland. At the same time, it fulfills a continuous and dynamic goal, because the collaboration with distributors has to be consistent and functioning all the time. In addition, by limiting the size of the distributors and retailers, PaperGreen can effortlessly make an agreement with them since their popularity is about the same level. If PaperGreen collaborates with a really popular firm, then it's hard for PaperGreen to have any discourse power during the discussion. Paper Green can ensure that the distribution firm is fully responsible for their products if they are relatively small because PaperGreen will be the supporter of most of their finance incomes.

Externally, if PaperGreen did well in domestic strategy, they will expand their service to online platforms. PaperGreen will invest in online shops to advertise and sell their products, considering that E-commerce is reasonably helpful for businesses nowadays as it brings a large number of potential customers. This decision follows the guidelines of performance-orientated and satisfies stakeholders. First, this part of the strategy will not apply if PaperGreen did not do well in domestic strategy, therefore it’s a performance-oriented plan, only when a previous performance is fulfilled, this strategy would apply. Second, this part of the strategy satisfies stakeholders. In the market of recycling paper, stakeholders would not only be the distribution firms, but also customers around the world. Many of the customers would need online shopping to access PaperGreen’s service. Therefore, stepping into the online shops would help satisfy many stakeholders of the company.

### 3.2. International Strategies

Internationally, PaperGreen plans to enter Sweden and Norway, two adjacent countries of Finland, to partner with office product distribution firms. They consider using the market entering strategy of exporting, which is the activity of selling and shipping goods to a foreign country. They arranged to collaborate with a Sweden firm called Inkclub, an office distribution firm that offers us financial and administrative management services [5]. The method of exporting in this part of the strategy is an important decision made. The composer of the business plan chooses to export as the main way to enter international market because it is the fastest and simplest approach for a small company like PaperGreen to explore new markets. Upon that, exporting has a characteristic of 3 lows: low cost, low risk, and low control. In this case, it makes a small company like PaperGreen more flexible. On the other hand, other methods are at a higher cost and higher risk: Licensing - a company grants a license to another company to use its intellectual property temporarily; Joint venture-a business arrangement whereby two or more parties agree to share resources for a specific task; Acquisition-a company purchases most or all of another company’s shares to gain control of that company and Greenfield venture-a market entry strategy that establishes a new wholly-owned subsidiary abroad. With a company small like PaperGreen, it’s too risky to choose these strategies. Another method that would also be low risk and low cost is Global outsourcing, using organizations around the world to do some of the company’s work because their employees can do it cheaper than its own. But this method requires firms to move into a market with low labor wages. Apparently European countries do not fulfill this requirement. Therefore, the best choice here is to use exporting as the strategy to enter the global market for PaperGreen.
4. Competitive position

Competitive position is when a firm, following its vision, connects or emphasize their core competencies, the characteristics that make the company stand out from the competition. This was used often to create unique services or products that their competitors do not own. When a firm’s competitor loses its competitive position, and could not fulfill the stakeholder’s will and create more value, they will be eliminated by the market. A firm’s competitive position could be analyzed base on a few dimensions, including the cost, service, product quality, and innovation. To decide which component of each firm would decide their strength, writers must know what the firm is doing for each field.

For example, in the PaperGreen business plan, the cost would not be a strength for their products, because their product is mainly focusing on recyclable paper, where they use some of the new technology which would not show strength in low cost. Therefore, when they are writing their competitive position, they would barely talk about core competencies in cost. They only mentioned: PaperGreen demonstrates potential in creating low-cost recycling paper products. Apart from that, PaperGreen’s sales focus more on direct services towards other office product distribution firms. Therefore, there were minor services the company could provide. Since this is not a strength of PaperGreen, the business plan didn't even include anything related to service. These two sectors, cost, and services teach the writers of business plans that they should avoid explaining their firm’s weaknesses. On contrary, however, PaperGreen owns great product quality, with the most advanced recycled paper manufacture. They also have well innovation in the industry. Therefore, PaperGreen would establish its competitive position among the product quality and product innovation. From the case of PaperGreen’s business report, writers should be aware of their own firm’s core competencies. Prevent including weakness of their firm, and better show the strength of their firm.

5. SMART Goals

SMART goals stand for Specific, Measurable, Achievable, Relevant, and Timely [6]. SMART goals are fragmented, more specific pieces of the Strategy of a company. There are a few requirements SMART goals must fulfill. First of all, SMART goals must be specific, with detailed plans of what the company is going to do in order to reach the goal. In addition, the goal must be measurable, in which it has to have some sort of evaluation. It needs to be able to be identified as a success or a failure. Also, it needs to be achievable and relevant, where the firm must have the ability to reach the goal in a short amount of time, and the SMART goal must be relevant to the overall strategy. Last but not least, SMART goals must be timely and targeting a short period of time, because a company could never predict the future and know what goals they need in long term.

In the PaperGreen business plan, its writer came up with 3 goals in addition to their company strategy. Their first goal is to enter the Sweden market in 3 years, wanting to first reinforce their company in Finland for the first 3 years. Here, the time elapses, 3 years, is an important decision made. 3 years, for a firm’s development and a SMART goal, is not too lengthy nor too short, and it’s especially fit for a market development period. If the time duration is less than 3 years, then it would be too sure to stabilize sales in a certain market. That means a firm only has 8 quarters to evaluate how they are doing in a market. That is not enough time to build a whole, successful, and stable system of sales. On the other hand, more than 3 years would be too lengthy for a SMART goal in sales for a small company like PaperGreen. The goal never aimed towards an occupation in a large proportion of the own industry, therefore 3 years would be rational to accomplish the goal.

After the previous 3 years’ experience in selling in Finland, PaperGreen will have the ability to enter the global market. Since Sweden is the closest country to Finland, it’s easiest to enter their
global market. Here, the writers also made an essential decision, they considered that the only risk was that Sweden is also a country with an intensive paper industry, where they produce a huge proportion of the paper used worldwide. On the other hand, considering that PaperGreen is not huge to start with, only having 3.5 million-dollar annual sales and 17 employees; They will not be seen as a threat to the local paper industry in Sweden. Therefore, it’s easy for a small company like PaperGreen to survive in Sweden’s paper industry.

The next goal PaperGreen has is to increase its annual sales from 3.5 million to 8 million dollars in 5 years. During these five years, they plan to gain 2.5 million dollars more in the original Finland market and gain another 2 million dollars from the proposed Sweden paper market. In this case, PaperGreen can achieve to double, or earn even more within 5 years.

PaperGreen’s last goal was to enter the global market of Norway in 5 years. After they reached their annual sales goal of 8 million dollars, PaperGreen would like to enter the Norway market because it’s another European country that is geographically close to Finland. Here PaperGreen business plan writers made many considerations. With the experience in entering the Sweden market, PaperGreen would be able to enter another market more easily and with experience. In this case, PaperGreen can actually aim for greater profit and control over the market as a whole. At the same time, Sweden’s paper industry is not as popular in the world, so it would be easier to dominate the market there. In this case, the writer of the business plan was able to evaluate the relationship between their firm’s situation and their target market’s difficulty in entering.

6. Key capabilities

Key capabilities are the essential product or service a firm can provide, to enforce its competitive position in an industry. Key capabilities are nothing tricky, the business plan writers just have to list out the factors that make their product or services unique.

For example, Paper Green’s key capability is that they own extremely ecological products. While producing environmentally friendly paper, producers must put a percentage of new wood into the mixture because the old, waste paper would not stick to each other easily and would produce very poor-quality products. At PaperGreen, they have the technology to make 50 percent of waste paper to be recycled and used in the production of the new paper, which is a wary higher percentage than other companies that produce ecological paper products. Upon that, another key capability of PaperGreen is that they also have a technology in which they can whiten paper without using chlorine or chlorine compounds [7]. This would eliminate the discharge of dioxin, a potent cancer-causing gas, as well as other pollutants that contaminate water. So their product would be extra ecological comparing to others. Here, for key capability, there are often not many choices to make, just simply addressing the reasons why your product should exist in the industry, and what is its difference from other firms in the same occupation.

7. VRINO analysis

Another analysis for product Is called the VRINO analysis, which stands for Valuable, Rare, In-Imitable, Non-substitutability, and Organizationally useful. This analysis is a more specific way to analyze a firm’s service or product. Here, valuable and rare go together. If a product has other substitute goods, then it would not be as valuable and rare compared to those products that don’t have substitutes. Take insulin as an example, insulin is a need for diabetes patients, and there are no substitutes, therefore this product is valuable and rare. Upon that, was Inimitable and non-substitutable, these acronyms symbolize the uniqueness of the product, service, or technology. If a firm owns a technology that other firms cannot mimic or create, then their product would be extremely strong. Last, organizationally useful create the link between the
firm itself and its product and service. If a firm owns a brilliant product, but it doesn’t contribute to their own company, then it would be useless.

PaperGreen also had its VRINO analysis, speaking of valuable/rare, their product would definitely stand out. Since no other firms in the world have similar technology with PaperGreen yet, their product is currently unique, so they are indeed valuable and rare. At the same time, no other firms are able to learn their technology or to use another technology to substitute it. Therefore, their product is also Inimitable and non-substitutable. Last but not least, PaperGreen’s ecological paper is also organizationally useful to our firm as a whole, since PaperGreen has used it for the past 3 years and it has brought us a lot of benefits already. From this example of PaperGreen, we can see that there is nothing much to decide when we were performing these analyses, we simply have to state the fact and avoid the weaknesses to be presented.

8. SWOT Analysis

Apart from product analysis, a business plan also requires company analysis. The most crucial analysis is the SWOT analysis, which stands for Strength, Weakness, Opportunity, and Threat. It is an analytical tool used to assess the performance, competition, risk, and potential of a business [6]. Here, in SWOT analysis, business plan writers must analyze its firm through four dimensions along with the company strategy. First of all, evaluating the strength of the firm. To avoid repetition, the strength here should not talk about specific strengths in product or service but talk about the sectors of their firm’s strength. These sectors could be Product development and R&D: Research and development include the activities undertaken by the company to innovate and introduce new products and services; Production, manufacturing, and sourcing; sales and marketing; post-sales service; and administration or finance. Similarly, the weakness should also be analyzed base on these sectors. Besides, an opportunity could be chances that could make the firm better due to the strength of the firm. The threat could be events that might happen due to the weakness of the firm.

Again, the writers of the PaperGreen business plan also did the SWOT analysis. First of all, the strength of their company is obviously their product, with its capability in production, manufacturing, and sourcing. On the other hand, PaperGreen’s weakness is also pretty straightforward. They are a relatively small company comparing to others in the same industry, especially in countries like Finland or Sweden. In this case, their product development and R&D could not be a strength because they don’t have as many resources to develop as the other big paper firms. PaperGreen, in comparison, also have weakness in sales and marketing, because other big paper firms have over centuries of history, they already occupy most of the market. Therefore, PaperGreen, a 3-year-old, newly formed firm, cannot compete with these huge firms in the same industry. However, the PaperGreen business plan writers, here, came up with a unique idea. They could change this disadvantage to one of their advantages and think the other way: if PaperGreen is a small company, then they will not directly encounter any competitor and will not be set as a target. From this, we can see the analysis business plan writers have to make, they need to think out of the box. Every coin has two sides, many times, disadvantages could also be a strength and cause benefits. This is what the business plan writers need to do for their firm, to investigate, and dig out more ideas with their analytical skills and decision-making skills [6].

Furthermore, also arises Paper Green’s changes and opportunities. Their firm is extremely agile and flexible just because they are relatively small. They are able to adjust their designs to better fit customer’s needs, which is an important service other big companies cannot provide easily. Here, we can see how Paper Green business plan writers could stand on a different perspective and see disadvantages as opportunities. Lastly, PaperGreen also faces several threats, one of the most threatening ones is that bigger and stronger firms might be able to learn or substitute
their special technology to make more ecological products. Since bigger firms are stronger with a more advanced R&D group, they can do better than PaperGreen. While making analysis is important for business plan writing, it also requires the writer to make conclusions and advice for future adaptation according to the analyses. For example, PaperGreen made a conclusion that they have to act quickly, as stated in the SMART goals. Also, PaperGreen needs to enter markets quickly, to earn enough benefit before other firms arise. Overall, the main goal of analysis like SWOT is to not only evaluate the situation of the company overall but also to make conclusions of what the firm can adjust to maximize profit.

9. Corporate culture

In a company, Corporate culture is also extremely important. It's the culture that could be identified as a mutual standard, value, ideology, and understanding amongst an organization. It could be distinguished into two different layers, external and internal. In the external layer, it could be uniform dressing, ways of action, physical codes, or ceremonies. On the internal layer, it explains the uniform conviction. This could be identified and found out through how people explain and certificate their actions. There are four main types of corporate culture.

First is Adaptability culture. It is special upon its values, adaptability culture allows the firm to quickly detect and explain consistent new information and adapt it into new abilities for the firm. This kind of culture often occurs in environments that require immediate reaction, and high-risk situations.

The second is Achievement culture. This type of culture emphasizes the result. Firms how have this culture often encourage competition and improvements. Workers who are willing to improve upon themselves and work for a long period of time would be the best fit for this type of company. Furthermore, achievement culture firms often participate in stable external environments, they don’t require flexibility and adaptability.

The third is Consistency culture. This type of culture often sets reward or incentive systems. Workers in this type of firm would often be rational, orderly, and consistent. This culture also requires the internal of the firm to have identical goals to stabilize the environment.

Fourth is the Involvement of culture. This type of cultural value the needs of its employee. Emphasize cooperation, equality, and participation. Firms with this culture often find a balance between employee and customer value. In this way, cooperation could happen more frequently, and firms could adapt to a consistently changing environment.

In the PaperGreen business plan, for their ideal corporate culture, they identified it as adaptability culture and involvement culture. Because the paper industry is more flexible and external, which means that PaperGreen needs to follow the trend of the whole market so that the external environment can affect a lot upon the firm. Therefore, doing the changes and adapt to the market will be a crucial thing. Here, decisions are made upon deciding the cooperate culture. At first, the business plan writers are not sure if the paper industry in Finland is more stable or flexible, but then the writers considered what PaperGreen is doing in ecological paper. It is different from the traditional industry and PaperGreen always needs to innovate. Since PaperGreen is a small firm, they are more able to the changes even if it is a challenge. Unlike the other huge scale company, where they need to be very careful and considerate upon making changes.

10. Ethics and Social Responsibility

Besides, the ethics and social responsibility initiatives are also important, we all know that a company is not only an organization to earn a profit, it has to undertake the responsibility to help the whole society become better.
We decided to do the distribution to the immigrants in Finland. Finland is a wealthy and well-developed country, the people there should not have the problem of buying the daily necessities, but the immigrants will have. And according to our research, there are 402,600 foreigners residing in Finland in 2018 and this corresponds to 7.3% of the population which is a decent size group. Therefore, PaperGreen plans to donate 1% of our products to them with our best wishes that they can be well settled in.

11. Cross-Functional Business process

The Cross-Functional Business process, which spans across several different departments of one business, in other words, type of organization, is an essential concept in managing a company. Cross-Functional Business process surpasses the limitation between S&M: sales and marketing department, including the activities of promoting, selling and distributing goods and services; Administration: the making or implementing of major decisions; and Operation: all the activities necessary to run a company and generate revenues. Though these three departments may seem to be function separately, a cross-functional business process merges them together through a series of process. Amongst the types of Cross-Functional Business process, there are two main types of organization.

The first one is functional structure, where positions are grouped into departments based on similar skills, expertise, work activities, and resource usage. A functional structure can be considered as a department divided by organizational resources. Each functional activity, such as accounting, human resources, engineering, and manufacturing represents a specific resource to perform organizational tasks. Personnel and facilities representing the resources of a public organization are grouped into a single department. When departments are grouped according to similar organizational outputs, the structure of departments appears. In the department structure, departments are created as separate units that produce a single product. Each functional department resource required to produce a product is assigned to one department. In a functional structure, all engineers are organized to be responsible for all products, while in a departmental structure, each department has its own engineering department. Each department focuses on a single product line and repeats across product lines.

The second one is a matrix structure, a structure of more than one line of reporting manager, meaning that employees have more than one boss. It uses both functional and departmental structures in the same part of the organization. Matrix structure has double power. The functional level of power is vertical, while the level of decentralization is horizontal. The matrix structure method provides a formal chain of command for the relationship between functions and departments. A matrix structure is usually used when an organization experiences strong functional and departmental pressure in its environment. For example, multinational companies usually use a matrix structure. The problem faced by multinational companies is how to coordinate various products in each country or region and in each production line at the same time. Therefore, the two lines of authority in multinational companies are usually geographic and product and the matrix provides excellent coordination of both at the same time.

Back to PaperGreen, they are in a functional structure. PaperGreen decides to be a functional structure because of their numbers of employees. 17 workers are definitely not enough for a firm to become a matrix structure. In addition, a small-scale company should remain their structures to be simple, therefore a few departments and a few levels are the best options for small scale firms. In this case, PaperGreen includes 3 separate levels and authority and also 3 different departments. The top authority is the CEO, followed by the 3 main sectors: administration, sale & marketing, and operation. These three sectors are important decisions made by the PaperGreen business plan writers. They considered the SMART goals of the firm and the three most important departments in most firms. For the administration department, PaperGreen has 4 people in charge, divided into F&A (finance and accounting), Human
Resource, and treasury. They also have 4 people in sales & marketing as well. They are separated into virtual and B&M: brick and mortar, a traditional business that has one or more physical stores that customers can browse and purchase in person; according to our strategy. The last department is the operation, where most of PaperGreen’s employees are. It was designed to be separated into Factory and W&D (Warehouse and Distribution). The distribution of employees is adjusted along with the strategy and goal of the firm. Along with the previous analyses stated earlier in the essay. Since Distribution is a weakness of Paper Green, they will put in more effort and human resources into this department. Also, since administration and S&M are equally important in PaperGreen’s development, they have similar numbers of employees.

12. Conclusion

Today’s business and market environment are dynamic. Many entrepreneurs or managers would fail to attach importance to the impact of the internal and external environment on the company. A business plan is crucial for a company or other businesses in any industry because it helps entrepreneurs to evaluate their companies from different perspectives using various business instruments and thus find the best way to survive from competitions.

Overall, the business plan highlights the main objectives and nature of a firm or business by setting Mission and Vision. In deciding future strategies and SMART goals, companies’ managers guide all employees to a correct path to success, at the same time inspiring them to keep moving forward. Moreover, the analysis of competitive position and key capabilities illustrates how the business will develop its strengths and continuously improve its products and services in the next few years. Based on that, VRINO and SWOT analysis give the firms a more specific way to sustain or enhance their products, otherwise developing strategies to compete with their rivals. All of the above together form the firm’s unique corporate culture. Specifically, it describes the set of values, beliefs, and attitudes of both employees and management that helps influence decision making within organizations. It represents the character and personality of an organization.

This essay elaborates on the decision-making process in a business plan and how it contributes to the analysis of firm characteristics. Every business has to undertake failures and risks in the running process. However, being careful and brave to evaluate and predict the inner and outer conditions of their businesses can greatly help reduce risks and contribute to success. A business plan is evidently an effective tool for managers to consider, as we can see from PaperGreen’s example.

References