



DAIRY BOX BIZTALK MANUALS

BASIC BUSINESS PRINCIPLES

*Dairy*codemy

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The Dairy Box Biztalk Manuals corresponds with the Business Talks organized by the Philippine Carabao Center spearheaded by the Business Development and Commercialization Unit (BDCU)

BASICS OF BUSINESS

Concepts, Rules and Tips

"All lasting business is built on friendship."

— Alfred A. Montapert —

What is Business?

- Any organization involved in the exchange of goods or services. It can be private owned, not-for-profit or government owned.
- The “business” that we will discuss here is the one established to generate profits.

Remember: We help the economy of our country by helping ourselves become economically productive. So, we have to be bigger in doing business!

THE BUSINESS GAME

"You can think about business as a game. You can play the game as it exists, or you can change aspects of the game: the players, the rules, the scope, the objective, etc."

— Tom Murck —

Basics of
BUSINESS

CONCEPTS, RULES, AND TIPS



The Importance of Vision, Mission, Goals and Core Values

These define what your business will ultimately become in the future, what's the reason for its existence, what you feel you need to accomplish and the values that will guide you as you do it in the midst of an ever changing environment.



Alaska Milk Corporation's Vision

Is to be a leading consumer foods company with a diversified portfolio of consumer food brands and products that are market leaders in their respective categories

Jollibee Food Corporation's Mission

To serve great tasting food, bringing the joy of eating to everyone



Jollibee®



McDonald's Core Values

- We give back to our communities
- We grow our business profitability
- We believe in the Macca's System
- We strive continually to improve
- We operate our business ethically
- We place the customer experience at the core of all we do
- We are committed to our people

The profitable perspective is the customers' perspective. Customers reward or punish the producing sector so you have to know them more. If your production is not customer based, then there's a big chance to have an imbalanced supply and demand.

When **supply** is greater than **demand**– In the buffalo dairy sector, this scenario could lead to huge losses due to milk spoilages.



When **demand** is greater than **supply**- the business should catch up immediately to meet the quantity demanded. If not, business failure might happen due to leaving customers and unmet details.

Do you have a Unique Selling Proposition?

If you can't make yourself unique, then prepare to innovate and compete. It takes very keen observation to see what needs haven't been provided. But once you see it, you better work it out fast. More new products nowadays are the result of improving technology. Competition in business is inevitable so compete fast and be smart, find your competitive advantage. According to Investopedia, Competitive Advantage is an advantage that a firm has over its competitors, allowing it to generate greater sales or margins and/or retain more customers than its competition.

*A risk taker is entirely different from a calculated-risk taker.

Examples of Risk Calculation

1. Cost and Benefit Analysis

Sample Case: Adoption of new technology

Decision point: Adopt or Refuse to adopt

Risks involved: New technology could be more costly or more impracticable to apply.

Calculate the risk to help decide: Perform Cost and Benefit Analysis

2. Marketing Researches/Surveys

Sample Case: New Product Development

Decision point: Develop it or not

Risks involved: No market or low market acceptance

Calculate the risk to help decide: Perform Marketing Research/Survey First



3. Performing Financial and Economic Analyses

Sample Case: Providing Special Discounts for product Distributors

Decision Point: What % should the discount be?

Risks involved: Providing too high % discount leading to losses.

Calculate the risk to help decide: Perform Financial Analysis dealing with product costing and setting min. acceptable profit margin

Value Received vs. Value Parted With

Value Received > Value Parted With = More than Satisfied



Value Received = Value Parted With = Satisfied



Value Received < Value Parted With = Dissatisfied



Value Adding is profit adding **only** if you have already mastered producing the original product.

Example: One has to really master milk production first before it goes to value adding. The eventual expansion of the market due to value adding has to be supported by a reliable milk supply, otherwise it will suffer greater losses.



"There is no such thing as free lunch."

In other terms, Opportunity Cost is the benefit you lost from an option because you chose a different option.

So why do businesses fail?

According to statistics published by the Small Business Administration (SBA), about half of all employer establishments survive at least five years and a third survive ten years or more.

Identified 2 main reasons why businesses go out of business.

- Being Driven by Wrong Reason/s
- Incompetent Management

As a conclusion, remember what Steve Jobs once said,

"Great things in business are never done by one person, they're done by a team of people."

Steve Jobs