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MAESTRÍA EN ADMINISTRACIÓN



BUSINESS PLATFORMS - A MODEL FOR THE 21ST CENTURY **A SUSTAINABILITY LONG-TERM STRATEGY FOR A HOTEL IN MEXICO**

Trabajo recepcional que para obtener el grado de

MAESTRA EN ADMINISTRACIÓN

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Abstract

This work is the compilation of 8 weekly class deliverables for Business Platforms - A Model for the 21st Century lectured at Regis University in Colorado.

This work complemented learning for the simulation in capstone. In the simulator we were separated in 3 teams and we took business decisions regarding innovation, product design, sales, marketing, human resources, production and operations, installed capacity and finance.

In the case of these weekly deliverables I developed the subjects using a plan for the creation of a Hotel in Ensenada Baja California in Mexico.

The first step to develop this business plan is to create a mission and vision of the hotel in Baja California. The second task was to investigate and do a country political assessment. It is important to understand the current economic and political situation. This condition can change so the applicability of this plan may also be changed. The third task is to understand the competitors and to create a value proposition that make the plan unique. The last step was to link this plan to ethics and do profit by “doing well” so the entire community get advantage of the plan.

This is only a part of a business plan. There are so many other variables that need to be analyzed but were not part of the objective of this subject.

Mission and vision statement

Introduction

The objective of this assignment is to create the mission and vision of a new company that wants to use sustainability as long-term strategy. The idea is to use the example of a new bed and breakfast chain in an emerging market. This paper will describe the fundamental elements of sustainability and the explanation of the financial success of the business as if this would be presented to venture capitalist.

The assumption is that the bed and breakfast chain opens operations in Mexico as it is also considered emerging market, specifically it will be opened in Ensenada Baja California, where the wine route is located.

Mission and Vision Statement Assignment

Executive Summary

In Mexico, the tourism sector is one of the most significant for the local economy. It contributes with 8.5% of GDP. It also generates 2.5 million of direct jobs. Mexico has a lot of tourist destinations so there is a lot of opportunities for this type of business from micro (boutique) businesses to massive hotel chains. In terms of this assignment I would like to focus in boutique type of hot that can offer a unique value proposition and more personalized service (Soy Entrepreneur.com, 2014).

The name of the business will be “Hotel Kluss”. It is bed and breakfast that will provide service of hosting, also it will organize tours around the region. It has the following characteristics:

- Small amount of room to give personalized service.
- It will hire people from the community to increase their level of life.
- Excellent employee engagement. It will care about their employees. It will have volunteers programs for the employees to help communities as well as to be a moment to chat with others.

- As much as possible it will use resources from the area to avoid damage the environment.
- It will have a sustainable strategy with practices as recycling, use of solar cells to create the energy needed, etc.

Vision

The Hotel Kluss has the vision to achieve leadership within the group of the same level hotels. Our vision is to be the best hotel in area that offers quality in each activity we do and to position ourselves as the preferred bed and breakfast in the mind of our tourists.

Mission

A major: Let the customer feel comfortable and serene. The mission of Hotel Kluss is to become the refuge of the traveler who comes to fulfill his/her dream of visiting Ensenada, or the traveler who wants to rest. All of this in a sustainable and socially friendly environment.

Market Opportunity Analysis

The marketing planning primarily function is to identify and create competitive advantage (McDonald, 2008). There are 4 important questions to be answered in a marketing plan: “What are our products and services? Who are our customers? Why do our customers buy from us? And what sets our business apart from our competitors?” (Bangs, 1998).

This business is a B-C service. The market segment is for people that travels from Mexico and other countries and want to stay in a hotel that is ecofriendly and cares for the community that has excellent service, food and touristic activities in the area.

Competitive Landscape

There are many competitors in the tourism market. The target market of "Hotel Kluss" are travelers in medium or medium-high socioeconomic level that want to stay in a comfortable hotel that offers a value proposition in terms of CSR, o they shares values with the bed and breakfast's values.

A more detailed analysis must be done in terms of knowing the competitors and their value proposition. From the touristic web sites we know there are at least 12 hotels in the area but it is not the only source of information. Ensenada is a touristic area but it is not as exploited as Cancun for example. So there might be a good amount of offer but not to satisfy all the demand.

Customer Analysis

The marketing concept is the idea to match customer needs with what a company can offer to get what both need. In order to do this, the market type must be defined, the value proposition and the customer wants must to be determined and value must be delivered and monitored (McDonald & Wilson, 2011).

The service is in mature state within the product/service lifecycle. It is a relatively stable market and needs are pretty much defined. The segmentation much be for customers that are in medium or medium-high socioeconomic level to be able to set a price that is attractive for the customer but that will also provide attractive profit to its investors.

Service Strategy

It is important to have a strategy of differentiation, this only is valid is the customer value the difference. The customer will select the product or service over others, or be willing to pay extra for what it is offered, or have a combination of both (Harvard Business Essentials, 2006).

In Mexico the sustainability topic is just getting special force. People is just becoming aware of the impact and the importance of being social and environmental responsible. This is a very good point for the bed and breakfast proposition as there are market and is growing but there are not many people that offers this solutions. So the equation is the right one.

Measurements and ratios

It will be important to set measurements against the strategy the bed and breakfast wants to follow. It definitely will not be possible to be part of the DJSI as this is a small company but to set a framework and measures the impact in terms of sustainability. It will be important to set the sustainable reports to be able to compare and improve against themselves over the years and to show results to its investors (Geraghty, 2010).

Some examples would be:

- Energy generated by solar cells
- Volunteer hours
- Amount of recycled material
- Jobs generated in the community

Country political assessment

Introduction

The objective of this assignment is understand the complexity of the relationships among business, non-profits and government structure by using the example of a Bed & Breakfast in Mexico, Ensenada Baja California.

Country Political Assessment

Mexico is a country that can be considered emerging market and at the same time part of the third world. There are many differences in socioeconomic levels. This means very few but extremely rich people and a thousands of extremely poor people. The country has a considerable large size of population (around 120.8 Million of people) so it is difficult to control and make all the poor people get to middle socioeconomic level. There is a lot of challenge in education.

Nevertheless, Mexico has a long history in terms of charity. It has more than 20 years having is type of organizations to enter into topics as environment and human rights. But there has been a lot of challenges in terms of government structure applied to these organizations, for example tax incentives are limited to only some charitable purposes. There has been a lot of empowerment from organizations to push for better laws. It was 11 years ago when the Federal Law for the Promotion of Activities Undertaken by Civil Society Organizations created a legal framework for non-profit organizations. This law make easier to have transparency (© 2012 International Center for Not-for-Profit Law (ICNL), 2012).

Mexico have had a very recent change in fiscal reform. There was a study done by the ICNL to determine the changes. Since Mexico has a very bureaucratic processes, the weak relationship between the government, the public and civil society limits the growth and

sustainability of the latter. Some of the changes in the new fiscal reform are (The International Center for Not-for-Profit Law, 2012):

- Expanded eligibility to receive tax deductible donations
- The application procedure authorized donee status was simplified.
- Improve transparency
- Simplify processes of donation with U.S. and there are translated documents to explain the laws.

This changes were positive. On the other hand there still gaps to have a more solid sector (The International Center for Not-for-Profit Law, 2012):

- Some non-profit organizations cannot ask for their recognition as there are still gaps and inconsistencies.
- There are complex and expensive processes to get the authorized donated condition
- There is an insufficient number of lawyers and accountants who really have the skills to competently advise the non-profits.

In terms of the Bed and Breakfast, it is a for-profit organization that would like to work with sustainable and social activities. The company will need to hire a knowledgeable lawyer and accountant that provides the processes to follow to get the fiscal benefits from new law reform. There will be a need in terms of good definition if philanthropic activities, donations that can help the P&L to have better results (The International Center for Not-for-Profit Law, 2012)

Conclusion

Mexico is a country that still have a long way to go in terms of fiscal laws, charitable organizations running as they should, for-profit organizations that would like to have social and philanthropic activities and want to have fiscal incentives, etc. Sadly, Mexico is still a country where corruption is at all levels of government, there are bureaucratic, very tedious

and long processes in the government. People gets desperate and encourage corruption. On the other hand mindset is changing, at least at middle and middle-high socioeconomic level, where there is education. People are more aware that there are a lot of needs in our society, so more often there are social and environmental support.

On the other hand, government is trying to put new laws but the way they are improving and changing is very slow because if this massive corruption out there.

I would say that the opportunity that Mexico has, it that every time the world is getting flatter. I mean with the technology, all the cultures are closer than ever before. I have the hope that this almost null barrier of information and closeness to others more developed make our people, culture and government to change for better ways.

Competitive Assessment

Introduction

The objective of this assignment is to understand competitors of our bed and breakfast in Ensenada Mexico in a sustainable and social entrepreneurial initiatives as well as understand type of measurements competitors use in terms of CSR. Another component to understand and assess is the way competitors launch their sustainable initiative to the market. And finally if the competitors use measures to enhance and differentiate themselves.

Competitive Assessment/Industry Due Diligence

It is very important to describe and know the competitive “arena” where you will compete. There is no effective marketing program that is complete without an analysis of competitors (Harvard Business School, 2006).

It is very important to notice not only in this business that there are globalization, hyper competitiveness and changes in technology that businesses in nowadays are facing. Therefore businesses need to radically change the way they do things. (Guttman, 2010).

I started this research looking for small bed and breakfast set in Mexico. I found one called El Patio 77 which is an old house that was physically adapted to be “ecological”. They reuse energy, they recover rainwater to use it for WC and water plants (El Patio, 2015). It is a good start for the purpose of this assignment I prefer to search bigger hotels. If we want to succeed and be the same we should compare to best in class.

The following hotels can be considered as benchmark. They might not be directly competitors as the segments are very different, the place is different but I consider they have very good ideas on sustainable activities that can be best in class and can be

implemented in the bed and breakfast in Ensenada and why not, open a new market segmentation there in Mexico:

1. The first one is **Angsana Resort**. It is a huge company that have hotels all over the world. They are a hotel with spa. This group starts explaining the culture. They started 30 years ago in Phuket Thailand. They bought a vast expanse of coastal land but discovered that it was much polluted due to the previous tenant that was a tin min. They planted hundreds of trees to convert this land into an ecological area (Angsana Resort, 2015).

This group of hotels do not see sustainability only related to environment, they also have in their mission the contribution and benefit to the communities they operate in. They have a program called “Star for Good” that encourage their guests to get involved in the initiatives they have related to sustainability. Their mission is “to do well and do good at the same time” (Angsana Resort, 2015).

They have one very good initiative to get funding. It is called the Green Imperative Fund. It is matter of match 1 dollar for every dollar donated by guests. Thanks to this, they were able to invest more than USD \$4.1 million in support of social and environmental efforts. Another activity is that in June they commit to plant 2 trees per room nights and guests are invited to participate in this activity. In October they have an activity to support communities preparing and serving meals for local people and again, the guests are welcome to participate (Angsana Resort, 2015).

I consider they already have a brand that are easy to sell to the market. They have a history, they created a culture and environment and definitely a brand that is sold to the market. They attack different segments and for those, they have different type of hotels but their mission to be social and environmental sustainable is their mission (Angsana Resort, 2015).

2. The other example that I want to use to get ideas to leverage in Ensenada is the opposite as Angsana Resort. The name is **The Black Sheep Inn** and it is located in the Andes Mountains of Ecuador. This hotel is rural and ecological. It is not the big resort with a lot of infrastructure and capital but it offers to other size of the coin to get best practices that can be leveraged. The hotel is 100% community operated. This helps the community providing a source of job.

This hotel helps the guests to discover many ecosystems as well as centuries-old culture. They serve vegetarian food with organic raw material that are produced in their gardens. They offer eco-trainings and it has being awarded because of their ecological conservation (The Black Sheep Inn, 2015).

This hotel has in its goal to be self-sufficient in energy, water and food production. They are improving their operations to achieve this goal. Some of the things they have done in the past for this purpose is to research and design for alternative energy installations, they have expanded their gardens and improve the way they collect water. They are also increasing the environmental education in the area. They use composting toilets that have gardens inside, they solar water pump for watering the gardens and they measure the electrical consumption. Another great activity they have is the recycling at the lodge. They believe in the zero waste (reduce, reuse and recycle). For example they avoid non-recyclable materials for packaging, they try to reuse as much as possible paper, cardboards, glass bottles and they also measure the recyclable trash per person (The Black Sheep Inn, 2015).

For what I read I can detect that this hotel also has their culture very defined and remarked and they also have very clear what they want to achieve as their mission of existence. Their philosophy goes in terms of the land, the culture, environment and community.

Conclusion

Analyzing our competitors can be the most valuable tool. It is absolutely critical for any new business and it gives a positive validation about our potential offering (Adams, 2010). Businesses need to rapidly evolve and its success depends on this (Guttman, 2010).

For example, Angsana Resort is a group of hotels have a lot of years in service. It means a lot of experience and knowledge. The bed and breakfast in Ensenada might not be compared to this huge hotel chain but it definitely can leverage some of the activities and do it with smaller scope, therefore smaller impact but it does not matter, the important thing is to have a clear mission and start impacting the communities and environment. I take from this resort the way they created their brand that is related to sustainability and that is easy to be introduced into the market as well as the activities they do for communities and environment.

The Black Sheep Inn hotel in Ecuador has so many good ideas of being social and environmental aware. They have plantation and reforestation, recycling, less-energy consumption initiatives that are well deserved to be leveraged in the bed and breakfast in Ensenada. The market they serve is more for a backpacker, traveler but they also serve families. They definitely are measuring their key performance indicators to improve year over year. They have a very clear target and they are doing activities to fulfill it over the time. I take from this hotel to have a clear mission, to measure, track performance of their activities apart from all the good initiatives they do and are easy to implement.

**Competitive Advantage/Value
Proposition
Sustainability/Social
Entrepreneurism**

Introduction

It is important to have things to differentiate themselves. This enables helps to position the service with differential advantage over competitors' offerings (Ruskin-Brown, 2005).

The objective of this assignment is to create the value proposition for our B&B in both terms: to create value for the society and to be profitable. I will determine also the way it should be measured. The value proposition must not be the same as the competitors (research from previous week).

Competitive Advantage/Value Proposition Sustainability/Social Entrepreneurism

There is the need to create a marketing concept which is the idea to match customer needs with what a company can offer to get what both need. In order to do this, the market type must be defined, the value proposition and the customer wants must to be determined and value must be delivered and monitored (McDonald & Wilson, 2011).

In the case if the B&B set in Ensenada Baja California, the need is to provide a place to stay for the day and night for travelers that can be backpackers as well as families. This need can be met by different hotels and B&B in the area. The value proposition of our B&B is to be sustainable and provide the feeling and environment to the traveler.

“To be sustainable” is getting more and more into our day lives. According to The Boston Consulting Group (BCG), 31% of the companies say that being sustainable has contributed to their profits and 70% of the companies have put sustainability as permanent strategy (Sustainability Climbs Agenda, 2012).

Best Practices in sustainability/social entrepreneurship in Mexico:

Social entrepreneurship exists from long time ago in many parts of the world. But definitely it got more importance in the past decade. There are a lot of challenges in being social entrepreneur such as structuring their organizations to be perceived legitimate (Kistruck & Beamish, 2010).

According to the World Tourism Organization (OMT), the sustainable development in Mexico is an answer to the needs of tourists and at the same time it protects and improve future opportunities. The principles to define the sustainable tourism are (ProMexico Inversion y Comercio, 2014):

- The natural and cultural resources are conserved for continued use in the future, while providing benefits.
- Tourism development is planned and managed in a way that does not cause serious environmental or socio-cultural problems.
- Environmental quality is maintained and improved.
- It seeks to maintain a high level of visitor satisfaction and the destination retains its potential prestige.
- The benefits of tourism are widely distributed across society.

Value Proposition and its profitability:

1. As Ensenada Baja California has beach, one of the big issues in Mexico is the pollution through into the sea (ProMexico Inversion y Comercio, 2014). One of the value proposition of the B&B is to reuse the water coming from an internal water treatment plant. This will help the bottom line (P&L) of the B&B by saving amount paid in water. However the ROI of the water treatment plant needs to be consider in the working capital of the business plan.

2. Mexico has a big problem in terms of malnutrition as well as obesity. Between 5 and 14 years of age, there chronic malnutrition in 7.25% in urban populations and 5 times more in rural areas. Furthermore Mexico ranks in first place in childhood obesity and it has the second place in obesity in adults (Unicef Mexico, 2015). I would recommend to create an organic menu offered to their customers. An extra amount should be considered to be donated to the communities to decrease the malnutrition and obesity in the community. Another value proposition is to include free classes of nutrition to people in the community on certain days of the week. This practices may not impact directly the P&L but it will help the company with marketing strategy of promotion among travelers. More travelers may want to stay there if they know their value. So indirectly it will help to increase revenue.

3. Ensenada Baja California is well known for their unique climate, it has snow at Sierra de San Pedro and also deserts as Desierto de la Muerte. It is unique for its “Mediterranean” areas where its famous vines grow at Valle de Guadalupe (Wikipedia, 2015). Mexico has the need to take care of the vegetation as it is rare or it is the touristic attractive as may touristic activities damage the environment (ProMexico Inversion y Comercio, 2014). The value propositions is to do every single touristic activity without harming the environment and if the environment is touched the B&B will provide an activity to heal the damage. For example reforestation if certain amount of paper used. Just as the value proposition above this will help for marketing purposes.

Value proposition’s measurement:

The triple bottom line measures profit, people and planet and it was first used in 1994 by John Elkington. The idea is that companies have 3 different bottom lines. One is the traditional profit & loss, the second one is related to people account measuring how socially responsible is the organization for its operations and the third one is the planet account or how environmentally responsible it has been (Copyright © The Economist Newspaper Limited, 2015).

I definitely suggest that this TBL is tried to be implemented in the B&B in Mexico. It might be a novelty in the country that will attract tourists who are aware and interested in the care of the environment and society.

Conclusion

It is difficult always to think on something new, something that is not done by anyone so it can be proposed as value proposition. Nevertheless I tried to think in terms of what Mexico needs to be better, what we need to improve to have a better society. By thinking on specific needs I ended with some value propositions that still are not innovative, are done by many others, but those are needed in Mexico, in the area, in the community more than we are doing right now.

I do believe that social and environmental responsibility in long-term helps the company to succeed in profitability terms as well and make it survive for longer. It could be old fashion to measure success in terms of profitability only. That is the reason for TBL to exist. However I think it is really difficult to measure as two of them are not measures against money. I think is good to have this in mind but first we need to have a change in mindset and I am talking about Mexico. Mexicans need to change the way of thinking to start giving value to this strategy. I would like to see more of this with examples to set it in real life in my future projects in my country.

Company internal code of ethics and marketing plan

TO: Team of Hotel Kluss in Ensenada Baja California
FROM: Laura Toshishige, Hotel Kluss Director
DATE: April 11th, 2015
SUBJECT: Company Internal Code of Ethics/Marketing Plan

The objective of this memo to the team is to set the first ideas of the marketing strategy in terms of how sustainability measures will be communicated to the public. Sustainability is one of the core value of Hotel Kluss in Baja California and it needs to be communicated to the public, to shareholders and to the staff to ensure congruence.

It is important to have a strategy of differentiation, this only is valid is the customer value the difference. The customer will select the product or service over others, or be willing to pay extra for what it is offered, or have a combination of both (Harvard Business Essentials, 2006).

We need to strengthen the idea that The Hotel Kluss has the vision to achieve leadership within the group of the same level hotels. We need to be in the mind of our tourists. The Hotel is to become the refuge of the traveler who comes to fulfill his/her dream of visiting Ensenada, or the traveler who wants to rest. All of this in a sustainable and socially friendly environment.

Our value proposition is to reuse the water coming from an internal water treatment plant. Also to create an organic menu offered to their customers to reduce obesity in the community as well as with the travelers' community. Moreover the hotel will include free classes of nutrition to people in the community on certain days of the week. And finally to take care of the vegetation and to do every single touristic activity without harming the environment and if the environment is touched the hotel will provide an activity to heal the damage.

Marketing Strategy:

There are many opinions in terms of how companies should act with marketing and its sustainable activities. The idea to have marketing department separate from sustainable activities may help to differentiate the two topics in the eyes of the employees and the stakeholders (Duarte, 2010).

The idea of the hotel is to demonstrate on the social and sustainable activity and then to make it public in terms of achievements, and not using this to market the service. On the other hand the activities need to be communicated to the employees, to the shareholders and to the customers; otherwise the message of being sustainable will not be spread.

The cause marketing has got a lot of attention as it involves promotion on the product with linked parts from social activities to the revenue being contributed to the cause. The idea of the campaigns is to increase sales for the promoted product or service. The result is that sometimes these campaigns are not appropriately sensitive to the other party (Gourville & Rangan, 2004).

For this hotel I would not recommend to only focus on cause marketing to increase our profit but to focus on our operations, our quality and service and to truly focus on our social and environmental activities. The marketing campaigns will not only communicate our sustainable part but to transmit the holistic view of what we are. We need to be honest on what we do and why we do it and then we communicate the results to make other people aware. Our sustainable activities are in place because we believe is the right way to approach.

I still want to reinforce that this cause marketing is important. It is the newest way to do marketing in an era that suffers from environmental and social problems. According to the concept of cause marketing, marketer ignores conflicts that may arise between the desires of short-term consumer and consumer welfare in long term. This type of marketing involves ethics in the marketing mix (product, price, promotion and place) (Saucedo).

The hotel will definitely use cause marketing as it truly believe is a good way to make people conscious and aware of our social and community issues. Even if the travelers do not stay at the B&B, they will be aware to improve the way the act in the day to day.

Conclusion:

There are a lot of options when we decide to market our service in the hotel. We can use cause marketing as well as social marketing to improve the awareness and in consequence the bottom line of the business. The most important thing here is that this is used in an ethical manner. That we first produce the transformation over the community and environment, that this is in the DNA of our employees and then it can be communicated outside the company and may be used to attract new customers or retain the current ones. This type of marketing strategy may not be seen only for P&L improvement, it needs a lot of work before it is transmitted to others.

**Shared value and profiting by
“doing well”**

Introduction

The objective of this assignment is to understand the meaning and application of shared value using the example of the bed and breakfast set in Ensenada, Mexico.

Shared Value is a new way of understanding capitalism. It goes beyond charity or philanthropy and turns to see economy in a different way. It is new model that creates wealth by helping society and it can be done by any corporation that decides to implement it. It may not help all the types of needs in the society but it is a big step; it provides us a new way of thinking to become a better society.

Shared Value and Profiting by “Doing Well”

Many companies have adopted corporate social responsibility (CSR) in their DNA. But because of the needs, it is now time to move to a more advance strategy based on the generation of value (Business and the Environment Global News and Analysis, 2011).

Creating Shared Value (CSV) is what can help the world to satisfy society’s needs faster as a virtuous cycle. According to Michael Porter and Mark Kramer this is a reinvention of capitalism. The idea is to create economic growth by generating benefit in the society. The difference with CSR is that CSV is in large scale and big proportion. It is not based in philanthropy by itself, it goes beyond that. It is based on 3 principles: reconceiving products and markets, redefining productivity in the value chain and enabling local cluster development (Porter & Kramer, 2011).

Benefit from the B&B to a social issue:

For the bed and breakfast we are thinking on the following value propositions:

- Reuse the water coming from an internal water treatment plant to avoid environment pollution. This will benefit the big issue in Mexico of environmental pollution.
- Create an organic menu offered to their customers, provide free nutrition courses to people in the community and offer healthy food to a needed person per every meal a traveler pays. This will reduce the percentage of obesity in the region.
- Do every single touristic activity without harming the environment and if the environment is touched the B&B will provide an activity to heal the damage. This will help to environmental issues.

Still all this value propositions are part of the DNA of the B&B and also will help to make awareness in the community of travelers and local society. But this is still not shared value. The B&B needs to find the way to create shared value in the service they provide (Porter, M., Hills, G., Pfitzer, M., Patscheke, S. & Hawkins, E., retrieved on 2015).

In order to create shared value there are some steps to follow:

1. Identify the social issues to target:
2. Make a business case
3. Track progress
4. Measure results and use insights to unlock new value
 - So for the B&B the social issue to be targeted can be the environmental damage made by resorts and hotel not only in Ensenada area but in the whole country.

- The business case is the amount of CO2 generated and release to the environment and the amount of finite natural resources left in the country versus the population. Another impact can be in terms of global warming.
- The idea to create shared value is to create a department in the B&B with a staff who have consulting skills and environmental knowledge and create the service of consulting to other hotels in the country to propose and help them to “be green” and avoid polluting. We can create a certification for each hotel that meet certain requirements of "no pollution". The service should be affordable and generate value with other hotels. In this sense we will provide extra revenue for the B&B and will help others to be better. We might see as we are helping the competitors to be better but I would like to see them more as strategic partners. We don't want to have only one B&B packed of travelers but all in the country. That would be a benefit to the country, to the society and to each individual (hotels).

Conclusion

I found the exercise of thinking on shared value creation is more difficult when it is a service. There are so many examples of value creation when what it is offered is a product so you can think on how your product will help a social issue to become extinct. When it is a service is more difficult because you are selling an experience to the customer; there is nothing tangible. Even though I think it is great to think on what can be offered in terms of value. And for me it was very clear that this goes beyond any value proposition on trying to be better, any philanthropic event or any volunteering committee. CSV is thinking in the prosperity of the society, providing also value to the company.

Annexes

Annexes are two presentations that we were asked to do. The first one was done at the beginning of this class and it is about effective collaboration as we were going to work for 2 months in teams. The second presentation is the executive summary of all the previous deliverables.

Presentation 1:



EFFECTIVE COLLABORATION

Laura Toshishige
Business Platforms
REGIS | ITESO

VALUE OF COLLABORATION IN TODAY'S ORGANIZATIONS

- Collaboration is very important for this days as we are more connected to another tan ever before (Sanchez, 2012).
- The importance of collaboration in organizations is to have more value created, member to be advocate for themselves, overall wellness, positive attitudes and at the end create help and value to communities (Sanchez, 2012).
- Collaboration is an important way to promote Innovation, new sales for example. There are some other arguments that mention it can deliver extra costs, collaborations costs (Hansen 2009).
- There are factors that allow to have a collaborative culture such as organizational values, to have a sense of family, the leadership team is directly involved and the longevity of the employee.

ETHICS IN COLLABORATION ENVIRONMENT

- One key factor of collaboration in today's organizations is the commitment of ethics and values. As the collaboration involve work among people, it is really important that the team members follow a code.
- There are many organizations that have their own code of ethics and values, for example PMI has responsibility, respect, fairness and honesty as their professional code (Pells, 2102).
- Even though there are changes in organizations there is no doubt it is important that something is in place.



Figure 1. Guiding Principles (Pells, 2012)

BUSINESS INTELLIGENCE IN COLLABORATION

- In the assumption that collaboration is very important in these times, business intelligence plays an important role. Another assumption is that the teams are becoming more virtual than ever before. Software solutions need to be developed.
- There are decision-making teams that are group of people that have a business challenge to resolve. These members can come from different units or they may be new to the organizations (Devlin, 2012).
- There is a proposal of improving this collaboration called iSight model. This model helps the person to integrate, interpret, intend and intuit information. It helps to organize the chaotic current decision-making ecosystem (Devlin, 2012).



Figure 2. Decision Making models (Devlin, 2012)

EFFECTIVE WAYS OF COLLABORATION IN ORGANIZATIONS

- Multidisciplinary teams working are key to success to potentiate results with different backgrounds with common objectives (Scott, 2013).
- In terms of rules, there are scrum methodology to make the work more agile specially when the teams are virtual (Scott, 2013)
- It is recommended to have planning meetings and continuous communication (Scott, 2013).
- Use the concept of "we are one team" that enforce the fact that everybody is working for one goal or objective. At the end the work needs to be done for the best of the company without affecting individuals, groups, etc. (Scott, 2013).

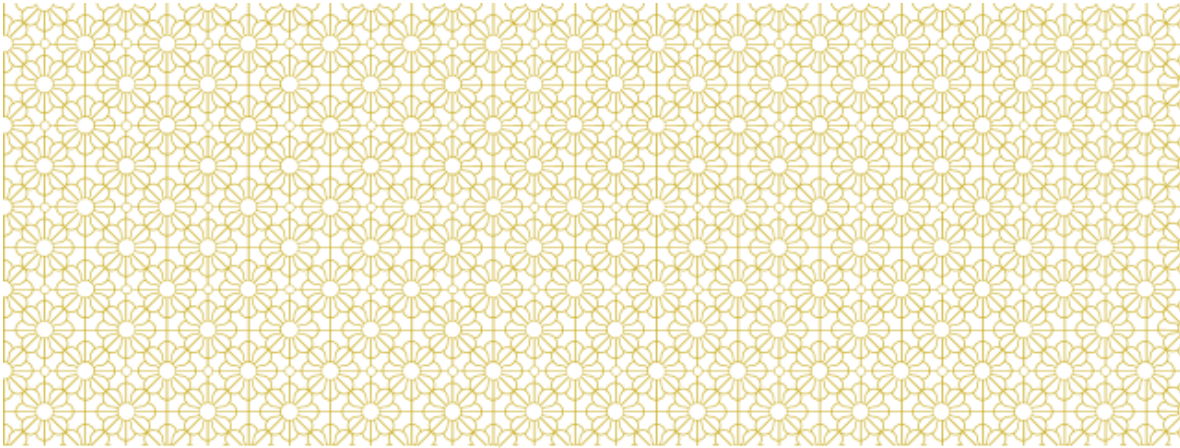
CONCLUSION

- Team collaboration has more pros than cons. Indeed it brings some costs but I consider those are returned on investment. Having multidisciplinary teams, great communication, motivated and motivating leadership that promote collaboration culture can bring exponentially results. I personally lived the two ways to work: individually and collaborative and the results are completely different.
- Indeed the times are changing and more virtual teams are formed. The ways to collaborate and communicate need to evolve as quick as these virtual teams are evolving.
- Ethics and values are extremely important as there are many different people, different cultures, different countries, environment, education background that makes ethics, values and codes very important. Those code can make people to behave the same way to achieve common goals.

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Presentation 2:



CREATING A SUSTAINABILITY BUSINESS PLAN

Laura Toshishige
Business Platforms
REGIS | ITESO

AGENDA

I. Executive Summary

II. Business Description

- ❖ Service Description & Value Proposition
- ❖ Mission & Vision
- ❖ SWOT Analysis

III. Market Analysis

- ❖ Market Description
- ❖ Demographics
- ❖ Competitors

IV. Plans

- ❖ Growth Plans
- ❖ Marketing Plans
- ❖ Financial Plans

V. References

EXECUTIVE SUMMARY

In Mexico, the tourism sector is one of the most significant for the local economy.

It contributes with 8.5% of GDP. It also generates 2.5 million of direct jobs.

Mexico has a lot of tourist destinations so there is a lot of opportunities for this type of business from micro (boutique) businesses to massive hotel chains.

The B&B will be set in Mexico: Ensenada Baja California (as part of emerging markets)

The name of the business will be "B&B Kluss".

It is bed and breakfast that will provide service of hosting with small amount of room to give personalized service.

It is the only one in the area that will offer value proposition in terms of helping local communities.

It will care of the employees and will encourage to have committees with volunteers.

* Profit will be generated as the B&B will have initiative to reduce costs such as recycling and reusing non renewable resources.

* It will offer extra services as consulting to generate more revenue.

* It will use their value activities as cause marketing to attract more customers and therefore generate more revenue.

BUSINESS DESCRIPTION: B&B KLUSS

Background

- There are many social and environmental issues in Mexico that need attention from the Government and private businesses.
- Some of the issues in Ensenada Baja California are:
 - Pollution through into the sea.
 - Malnutrition as well as obesity.
 - Need to take care of the vegetation

Value Proposition of the B&B

- Reuse the non renewable resources such as water and generate energy from solar cells, recycle garbage.
- Provide nutrition classes to community and offer organic and healthy menu, showing the calories attached to each meal.
- Encourage employees and customers to take care of natural vegetation and environment with visual aids and regular training for the employees

BUSINESS DESCRIPTION

- Let the customer feel comfortable and serene. The mission of **B&B Kluss** is to become the refuge of the traveler who comes to fulfill his/her dream of visiting Ensenada, or the traveler who wants to rest. All of this in a sustainable and socially friendly environment.

Mission



- The **B&B Kluss** has the vision to achieve leadership within the group of the same level hotels. Our vision is to be the best hotel in area that offers quality in each activity we do and to position ourselves as the preferred bed and breakfast in the mind of our tourists.

Vision



BUSINESS DESCRIPTION

SWOT ANALYSIS

Strengths	Weaknesses	Opportunities	Threats
The B&B will maintain their operations by sustainable processes for example recycle water	It is not known by the audience	New and offer different value propositions	People in the country does not know very well the social issues so the B&B might not be very popular at the beginning with local travelers
It will offer training to their employees and courses to the community to improve awareness of social and environmental issues. Any competitor does this.	A lot of marketing to be known will be needed. The market is mature and there are a lot of competitors	The area is very nice to have some holidays there and there are a lot of activities to do in relation to wineries and sea activities.	There are massive resorts in the area that can have more publicity on their services
It will be set in front of the beach with new facilities		People can become aware of shared value and social issues and can have empathy	
Employee engagement as part of the core value		The service is not massive but more focus on each customer	

It is important to turn results of general plans into actionable items. The purpose of the SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis is to help to do this (McDonald, 2008)

MARKET ANALYSIS

- The marketing planning primary function is to identify and create competitive advantage (McDonald, 2008).
- There are 4 important questions to be answered in a marketing plan: "What are our products and services? Who are our customers? Why do our customers buy from us? And what sets our business apart from our competitors?" (Bangs, 1998).

Customer Analysis

- The customer are travelers from Mexico and other countries. They can be families or travelers that are in medium or higher socio-economic level.
- Normally people that are aware and care about the environment.

Market Analysis

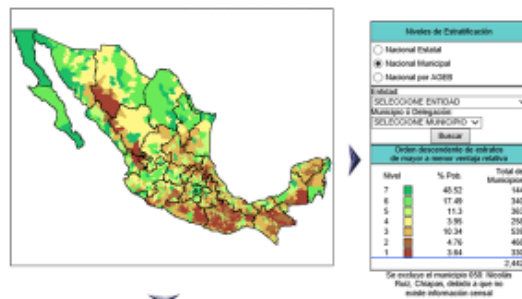
- It is stable market and need are defined.
- The service is in mature stage within the service lifecycle.

MARKET ANALYSIS

Potential market

- Market research plays important role to set a business. It helps to understand the segment.
- Mexico is a country full of contrasts. In the market for the B&B set in Ensenada we are looking for educated people in the medium or medium-high socio economic level. We can see in green the potential Mexican market of the B&B.

MAP OF SOCIO ECONOMIC LEVELS IN MEXICO



MARKET ANALYSIS

Weak (orange)
Average (purple)
Strong (brown)

Competitive Analysis

COMPETITIVE MATRIX

Company name	Value proposition	Rating from Trip advisor	Service offered	Pricing
Casa Encinos Bed and Breakfast	The excellent service. The tranquility of the place. They serve really good food	86%	The hotel is visited mainly by couples but in some cases by families. The location is great. The quality of rooms is great. The Price is reasonable. Cleaning is great. It is not in front of the beach.	\$1,800 MX per room
Esteros Beach Resort	Very nice views	75%	The hotel is visited by families as well as couples. Clean and nice views. It is in front of the beach. The service is average. It has rating from excellent to really bad. The building is old.	\$1,630 MX per room
Hotel Coral & Marina	Great service	82%	Very good food. The service is great. There are facilities missing at the rooms. Good location. Not in front of the beach. Very nice rooms. It does not have gardens.	Not available

PLANS TO FULFILL MISSION & VISION

Financial Plan

The fundamental financial elements that will allow the business to be successful are:

- It is critical to become profitable as soon as possible and for that reason this B&B is using sustainable activities as part of the DNA, helping to reduce costs in the income statement.
- It will use solar cells that have a return on investment of 7 years but that will help in the future. Nevertheless there are immediate costs that can be deducted from taxes.
- As part of the value proposition, there are services of consulting to other hotels in different areas that will generate more revenue to the company and will help as part of the marketing strategy to have more customers that care about social improvement.
- The social value propositions will serve as cause marketing to attract more customers and improve revenue.
- Since this is a unique hotel in the area, we expect to have good response from people.

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