



**AE1049 FINAL DEGREE PROJECT**

# **STRATEGIC PLANNING AND MANAGEMENT OF SMES**

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## INTRODUCTION

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Currently, due to the economic crisis in Spain, enterprises try to cope with this negative issue in order to remain in the same industrial area in which they belonged to. Nevertheless, enterprises are surrounded by a lot of competitors who try to find a solution to this economic situation. A lot of entrepreneurs think that the best solution could be the creation of a new business in order to improve their economic situation, especially if they are unemployed. However, they enter into the labour market without planning the creation of the new business nor its future running. What is more, although some people create a marketing plan, they do not do it appropriately since strategic views to implement its business in order to achieve objectives in the long term are not taken into consideration.

For achieving an appropriate management of the enterprise, the best option is to use methods which aim at helping and guiding entrepreneurs when creating plans and activities. One of the methods or helping tools is the Balanced Scorecard. This method allows controlling and improving the actions which lead to the achievement of the main goal.

All things considered, I have decided to base my final degree project on SME as well as its management. The SME which I am going to work with is really known for me and my family since my husband, my son and I have spent there a lot of time working and helping there since the owner of this enterprise is my sister. For this reason, I am going to conduct a study of the same enterprise of the past since due to the fact that with the working experience of my family and I, a lot of details can be provided.

As mentioned earlier, the method that is going to be taken into consideration is the Balanced Scorecard developed by Norton and Kaplan in which real factors are compared such as strategies for improving them. In addition, a Balanced Scorecard is included in the study with information about how an improvement allows the enterprise to reach the desired goal.

## 1. OBJECTIVES

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### 1.1 GENERAL OBJECTIVES

The main objective is to design a strategic planning and management of SME while defining a strategic plan based on the Balanced Scorecard. By doing so, strategic plans are going to be controlled and therefore effectiveness and competitiveness of the enterprise is going to be achieved.

### 1.2 SPECIFIC OBJECTIVES

To describe the situation of the enterprise in order to examine which issues need to be improved and where the Balanced Scorecard, which is going to provide advantages in the strategic planning, can be applied. All these issues are going to be developed based on the strengths as well as weaknesses of the previous realisation of the SWOT in the enterprise.

To try to contribute with improvements in all the levels in which they can be completed. Therefore, the business can be more profitable in the future. Consequently, it could be seen as a good investment for future interested buyers or renters when their owner retires next year.

To study how interpersonal relations with the customers are developed in order to see whether the CRM Software is needed. This tool will be considered necessary in order to reach an easy and complete control with the customers as well as informing them about offers and innovations of the enterprise.

### 1.3 JUSTIFICATION

Due to my long professional career in the section of bakery and pastry I have decided to conduct a study of the enterprise in which I have personal and professional links since 1980. This enterprise has been selected with the aim of improving aspects in the different departments. As a consequence, I will reflect upon its viability for the professional future of me and my family.

All these aspects are going to be accomplished thanks to the use of the method mentioned above. This method is going to be applied to the planning of the strategic management which is going to combine the view, mission and strategic objectives with the use of strategies and detectable objectives. These objectives are going to achieve a highest performance and a better fulfilment of the enterprise and its employees. What is more, it is crucial to mention that all these things are going to accomplish that every issue which does not work properly becomes something positive that do not stop its survival in such competitive area.

Hence, to attain all these aspects, the environment and the sector where the enterprise is developed is going to be evaluated. It needs to be mentioned that the enterprise is going to be seen as a part of everything that involves it since its development process can be affected by the obstacles and weaknesses. By taking into account the environment and the sector, overcoming obstacles and weaknesses is going to be easier.

In order to accomplish this, I am going to use a helpful method which is seen as a great tool for the planning management of a business. This method is called Balanced Scorecard (BSC) and it is considered optimal since it brings a study of all the areas and their relationships or synergy which can help to improve the business entity. As this method aims at providing plans for improving, it translates the objectives, the goals and the concrete actions. What is more, it controls the plans through indicators that allow the entrepreneur to know whether the plans are fulfilled in every separate area.

## 2. METHODOLOGY

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### 2.1 STRATEGIC PLANNING

The strategic planning consists of an analysis of the mission, of the view, and of the strategic objectives. With the fulfilment of the objectives, results which achieve to enhance the satisfaction of the customers are obtained. This strategy is widely used for different issues such as a help in which the enterprise is analysed, the final goal, and what to do and how to do it for achieving the desired objectives in the future. All this is completed by the establishment of different goals and the steps which are needed to be taken in order to accomplish these goals.

In order to develop the strategic planning, indicators and goals are used. These indicators and goals allow measuring the objectives in order to check if they are reached. Otherwise, the strategy to achieve an improvement continues.

In order to apply the strategic planning in the enterprises, a model was developed approximately 20 years ago. This model is called Balanced Scorecard (BSC). Sainz de Vicuña, J.M., (2003): *El plan estratégico en la práctica*.

### 2.2 BALANCED SCORECARD (BSC)

The Balanced Scorecard (BSC) was developed by the professor Robert Kaplan together with his consultant David Norton. There is a close relationship between the enterprise strategy and the Balanced Scorecard since the set of indicators are connected to the objectives of the enterprise. This is a model of planning and management which allows alienating the organisation with the strategy and translating the strategy to the related objectives. These objectives are measured by indicators and joined by actions plans that allow alienating the behaviour of the members of that organisation. This method shows the view of the specific objectives of all the levels by using a measure system of the planned objectives. Kaplan, R. y Norton, D., (2001) *Cómo utilizar el Cuadro de Mando Integral para implantar y gestionar su estrategia. The strategy focused organization*.



The BSC help the enterprises to fulfil, as better as possible, the creation of value on the long term. Strategic maps to solve the parts of the enterprise which do not work properly are used. What is more, by influencing the interpersonal behaviour it accomplishes the business strategy. Martínez, D. y Milla A., (2005): *La elaboración del plan estratégico y su implantación a través del Cuadro de Mando Integral*.

Balanced Scorecard key elements:

**a. The mission, the vision and the enterprise values:** these are key factors which need to be taken into consideration with the aim that the strategy develops these concepts.

**b. Strategic maps** refer to a set of strategic objectives that are joined by cause and effect relations. They are accomplished in a very graphic way. Furthermore, they help to understand easily the coherence between strategic objectives and the strategy of the enterprise. By doing so, the importance of every strategic objective is valued. For creating a strategic map four perspectives are used:

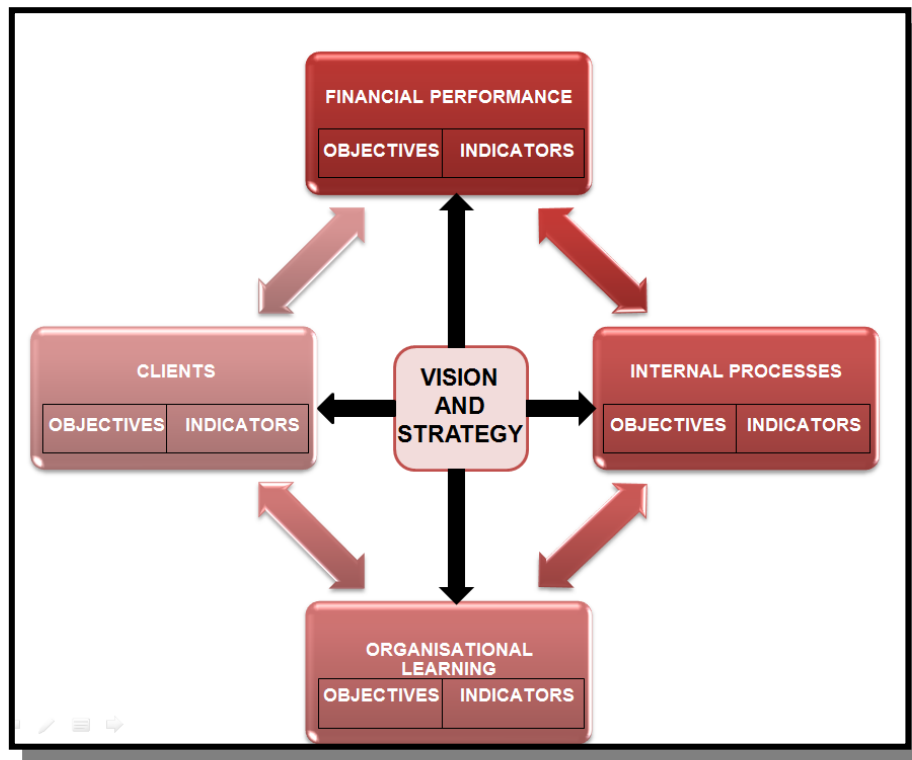
- ➔ Financial perspective
- ➔ Customers' perspective
- ➔ Internal processes perspective
- ➔ Organisational learning perspective

**c. Indicators and their goals** refer to tools which are used to determine whether we are accomplishing our objectives and whether we are going to implement our strategy appropriately. These standard measurements are used in order to evaluate and communicate the results obtained when comparing them to the intended results.

The results indicators measure whether we have achieved our goal whereas the inducer indicators allow us to advance and detect if the goal is going to be achieved. In the strategic map, both types of indicators should appear.

The indicators design or selection can be considered as one of the most important period in the elaboration of the balanced scorecard. The designed or selected indicator should be able to measure correctly the associated strategic objective. In addition, this indicator has to contribute with value for the decision making regarding necessary actions for improving that indicator. Dávila, A., (1999): *Nuevas herramientas de control*:

*El Cuadro de Mando Integral; Kaplan, R. y Norton, D., (1997): Cuadro de Mando Integral (The Balanced Scorecard).*



*Figure 1 Balanced Scorecard Model. Source: Jimena, M., 2013. El balanced Scorecard.*

### 2.2.1 Balanced Scorecard dimensions

When dealing with the balanced scorecard dimensions we are going to focus on the four perspectives. These correspond to the different groups which have different functions such as organising the analysis of the enterprise results, define the strategic objectives, their indicators, their goals and also the strategic projects. In this method two types of perspectives are distinguished:

- **External perspectives:** these perspectives are comprised by the results of the organisational intervention. In these types of perspectives the financial and the customers' perspective can be found.
- **Internal perspectives:** these perspectives comprise the objectives that the enterprise has a scope for action. In these types of perspectives the internal processes and the organisational learning can be found.

Afterwards, every analysis perspective is going to be explained:

#### *2.2.1.1 Financial performance perspective*

The financial perspective shown in the balanced scorecard allows us to define, analyse and provide details about the financial objectives planned by the management. What is more, in order to achieve our vision, possible strategies and action plans can be divided. Kaplan and Norton define 2 types of strategies whose aim is to enhance financial results:

**Financial growth strategy:** its main function is to enhance the organisational incomes by means of intensifying the incomes through new sources or by incrementing the clients' value.

The strategy of obtaining new income sources is done through the sale of the product in new markets, the development and the creation of new products and the acquisition of new clients.

The strategy used to enhance the value of our customers consists of obtaining new incomes by establishing new relationships with our customers. Knowing our clients can contribute to our knowledge in the sense of what they need and the solutions we can apply to their problems. What is more, there is also the possibility of cross-selling. Dealing with the use of the CRM, it allows us to define, manage, and achieve this strategy based on the relationship with the client.

**Financial productivity strategy:** this strategy aims at enhancing the benefits of the enterprise by reducing the organisation costs and improving the assets usages.

The reduction of costs strategy consists of improving the structure of the organisation cost. That is, not only of the direct costs of our products and services, but also of the indirect costs. For doing this, the Lean manufacturing is used as the base of the costs reduction of the organisational structure looking for a continuous improvement.

The strategy of improvement of all the assets consists of reducing the working capital and the fixed capital which both are needed as a support for the organisational activity.

The financial perspective describes the concrete strategies results of the traditional financial concepts. Therefore, they should show the results of the strategic decisions taking into account the other perspectives. In addition, it should establish some of the goals in the long term. In these decisions, a lot of financial indicators which are measurable and qualified should appear since they are based on the accounting department. Therefore, they inform us whether the strategies contribute to target improvement. Kaplan, R. y Norton, D., (1992): *The Balanced Scorecard - measures that drive performance*.

As examples of the indicators we can find:

▪ Net profits	▪ Dividing per share
▪ Dividends	▪ Cash Flow
▪ Credit rating	▪ Invoicing
▪ Working capital	▪ Stock rotation
▪ Increasing incomes = $\text{Incomes} / \text{Total asset}$	▪ ROA (Return on assets) = $\text{Net profits} / \text{Own resources}$
▪ Increased sales = $\text{Market share year } N / \text{Market share year } N-1$	▪ ROI (Return on investments) = $\text{Earnings before interests and taxes (BAII)} / \text{Total assets}$
▪ EVA (Economic Value Added = $\text{Earnings after the interests} - \text{Cost of own funds}$	▪ Profit per employee o Productivity = $\text{Benefits before interests and taxes (BAII)} / \text{Average number of employees}$
▪ Solvency index = $\text{Working active capital} / \text{Current liabilities}$	▪ Decrease in costs = $\text{Fix cost} / \text{Total cost}$
▪ Short-term debts	▪ Inventory
▪ Profitability of the asset	▪ Earnings per share
▪ Earnings / new products	▪ Exchange quoted prize
▪ Immediate need for liquidity = $\text{Liquid assets} / \text{Current liabilities}$	▪ Debt = $\text{outside resources} / \text{Own resources}$

Table 1. Examples of indicators of the financial perspective. Source: Jimena, M., 2013. *El balanced Scorecard*.

### 2.2.1.2 Customers' perspectives

This perspective describes how value is created for the clients and how their demands are satisfied. In order to achieve this perspective, the enterprise should have loyal and satisfied clients. For observing this correctly, the interpersonal relations with the clients should be considered as well as their expectatives with respect to the business of the enterprise. These indicators should provide a global vision.

In this area there are, among others, these indicators:

▪ Quality of the products = N° of clients	▪ Retention of clients (quality) = % of the clients who remain
▪ Customers' loyalty	▪ Lost customers
▪ Sales per client	▪ Fixed contract
▪ New products / year	▪ Guarantee costs
▪ Market share (quality) = Proportion of sales / Total of sales	▪ N° suppliers
▪ Orders /offers	▪ Benefit per client
▪ Market ranking	▪ N° of delegations
▪ Prize with the competence	▪ N° of complaints
▪ New clients (quality) = N° of clients per day N / N° of clients per year N-1	▪ Clients satisfaction = Lost clients / Clients or refunds / Total of sales
▪ Clients visits	▪ Cost technical attention

Table 2.

There is another factor which needs to be taken into consideration which is the added valued that the enterprise provides to clients which consists mainly of providing satisfaction. Regarding this aspect, the following indicators are going to be highlighted:

▪ Delivery times
▪ Punctuality = Delayed deliveries / Total deliveries
▪ Creation of new products for their needs

Table 3.

Table 2 and 3. Examples of indicators from clients' perspective. Source: Jimena, M., 2013. *El balanced Scorecard*.

### 2.2.1.3 Internal processes perspectives

This perspective aims at showing which are the internal processes that generate the appropriate ways for creating value and satisfaction with the clients. At the same time they also satisfy the expectations of the shareholder. This is an analysis of the internal processes of an enterprise in order to identify the resources and capacities and improve them. Therefore, the indicators used with this aim, tend to obtain an optimal satisfaction with the client and also to achieve the financial objectives of the enterprise.

These processes are:

- **Innovation process:** percentage of new products, percentage of patented products, and the presentation of new products with respect to the competence.
- **Operation process:** analysis of quality, costs, timing, etc.
- **Process of customers' service:** Costs of repairs, response time, etc.

In this area, the indicators can be seen in this table:

▪ Net production	▪ Index on maintenance cost
▪ Waste evaluation	▪ Time out
▪ N° patents/ year	▪ Certified system
▪ Frequency index	▪ Percentage of rejections
▪ N° suppliers	▪ Age of the machines
▪ Certified products = N° of certifications	▪ Fail of quality= N° of complaints / N° of orders
▪ Transport cost	▪ Index suitable changes
▪ Value interval stocks	▪ Cost of the product
▪ University collaborations	▪ Compliance programmes
▪ Economical set manufacture	▪ Environmental compliance
▪ Technological information used = N° of electronic devices / N° of employees	▪ Rejections to suppliers (quality) = N° of faulty products / N° of total products

Table 4. Examples of the indicators from the perspective of the internal processes.  
Source: Jimena, M., 2013. *El balanced Scorecard*.

#### 2.2.1.4 Organisational learning perspective

In this perspective, the enterprise should analyse the measures they have to take into account in order to maintain and develop a good knowledge. This knowledge is going to be used in order to understand and satisfy their clients' needs. What is more, this knowledge is going to enhance the efficiency and productivity of value in the long term, especially through three parts: capacity and competence of people, information systems as well as culture-clime-motivation for the learning and the action that should be enhanced.

- **The capacity and competence of the generic indicators are:** satisfaction of the employees, productivity, retention, training necessity, employees' abilities, etc.
- **The indicators for the information systems are used for providing useful information when working:** database, software, patents, information in real time, internal own process, etc. These tools are used in order to provide information to the person responsible for taking measures.
- **The indicator of culture-clime-motivation and for the learning process are:** initiative for the people and teams, ability to work in a team, alienation with the strategy of the enterprise, relationships between the incentives, the employees and the organisation success factors, improvement rates with respect to the internal citric processes as well as the clients.

In this area we have a summarised table with the following indicators:

▪ Employment file	▪ N° of quality circles
▪ Controls per employee	▪ Withdrawal rate
▪ Correlation prizes	▪ Index of strikes
▪ Shareholders employees	▪ Index quality of the information
▪ N° suggestions/employee	▪ Index of abilities
▪ Staff age	▪ Cost of aids
▪ Employees retention = N° of employees who drop out the enterprise / N° of the average workers	▪ Index incentives = Minimum wage / Maximum wage

▪ Social atmosphere = Absenteeism time / Effective time	▪ Productivity = 1 – Wages costs/ Net sales
▪ Improvement evaluation	▪ Indexes of communication
▪ Employees satisfaction = People with variable payment / Total staff	▪ Employees formation = Employees formed/ Total of employees
▪ Extra activities of the enterprise	▪ Innovation = Investment+ Investment and Development / Total expenses
▪ Extraordinary hours	▪ Inspection certificate

Table 5. Examples of indicators from the perspective of the organisational learning.  
Source: Jimena, M., 2013. *El balanced Scorecard*.

The four perspectives explained earlier can be shown in the following chart which shows the relationships among them:

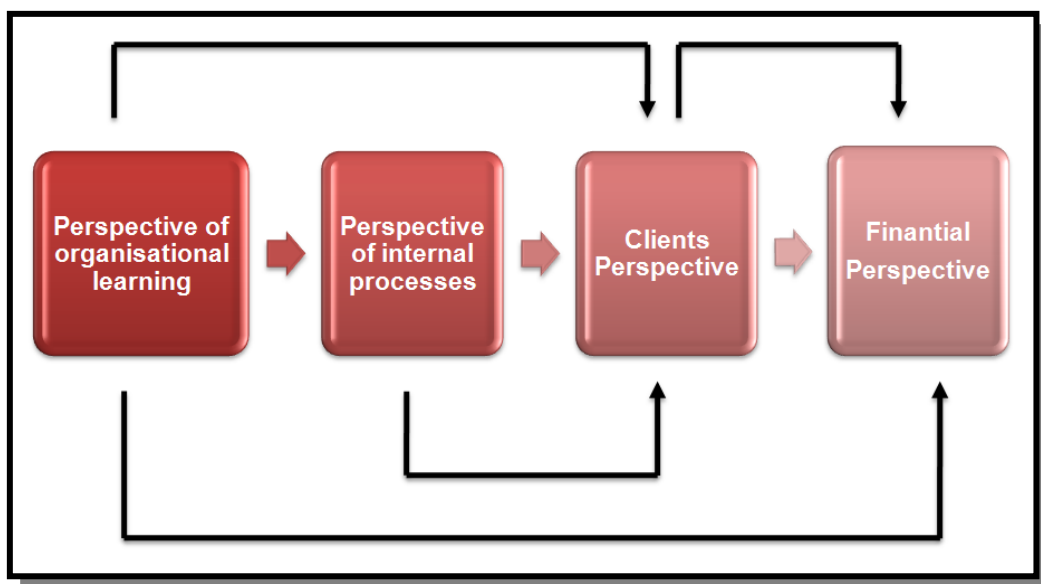


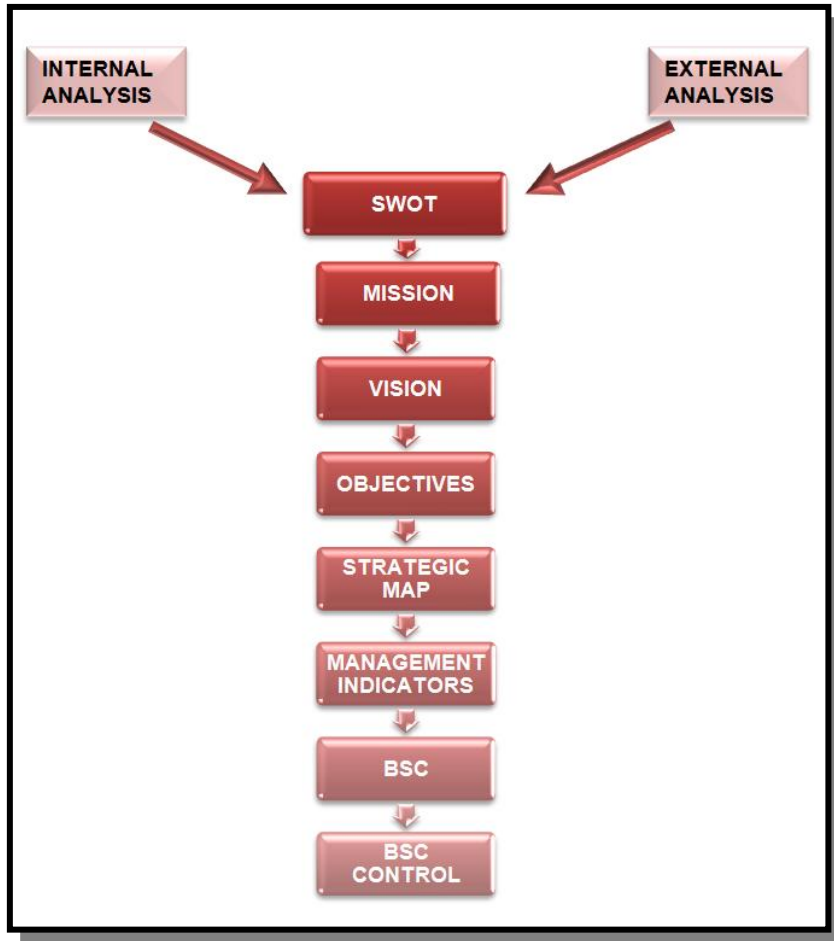
Figure 2. Relationship among the four perspectives. Source: Fernández, A., *Indicadores de Gestión y Cuadro de Mando Integral*.

As it can be seen, the perspectives reinforce one another since they are connected. Therefore, the perspectives which are located in from left to right influence the perspective they have on their right no matter their different objectives.



## 2.3 METHODOLOGY USED FOR THE BUSINESS ANALYSIS

The stages that form the working plan used for the analysis of the enterprise development are proposed by Kaplan and Norton as shown in the following figure:



*Figure 3. Working plan periods for developing BSC. Source: Fernández, A., Indicadores de Gestión y Cuadro de Mando Integral.*

First of all, the first action which needs to be done is an exhausted analysis of the internal circumstances as well as the external organisation with the aim of observing the setting in the short and in the long term in which the enterprise is developed.

In this strategic plan of the Panadería Nácher, Limited Corporation, a brief description is going to be provided, its current situation and the analysis of the environment as well as a strategic formulation.

### 3. INTERNAL ANALYSIS

---

#### 3.1 BUSINESS IDENTIFICATION

##### 3.1.1 Business introduction

**Name of the enterprise:**

PANADERÍA NÁCHER, S.L.

**Type of enterprise:**

Limited Corporation

**Address:**

C/San Guillermo, 1 - Burriana

**Year of constitution:** 1980



*Image 1 Identifying logo. Source: Romero, J.*

**Purpose of the company:**

To elaborate the activities which include the trade of bakery, pastry, sweet shops, coffee shops and restaurants.

**Code CNAE 2009:**

**Primary code:**

1071 – Bread and fresh products of bakery and pasty elaboration.

**Secondary code:**

4724 – Retail trade of bread and bakery, pastry, sweet shops and coffee shops products in specialised shops.

**Code NACE Rev. 1.1:**

**Primary code:**

1581 – Bread and fresh products of bakery and pasty elaboration.

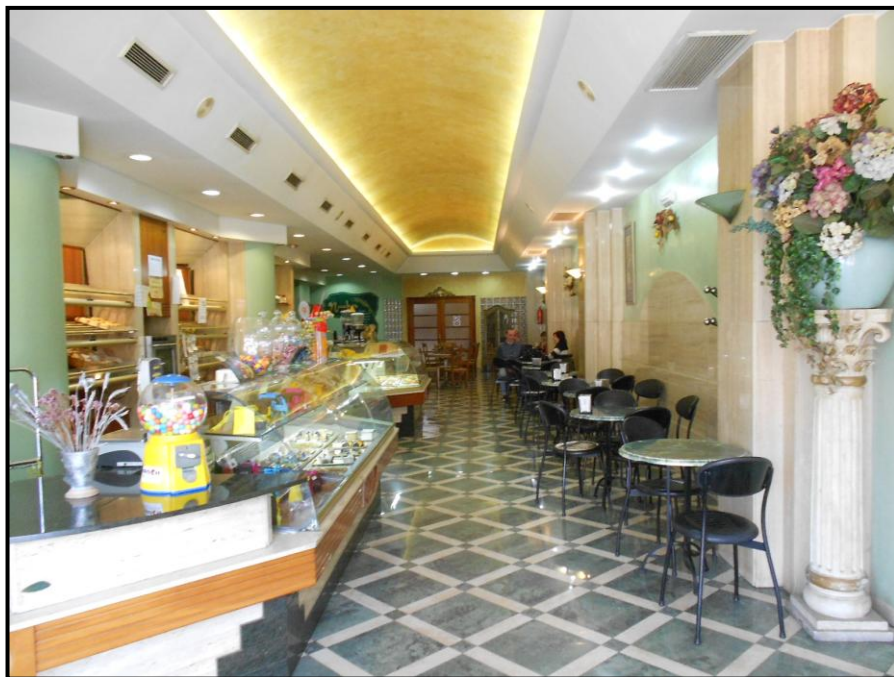
**Secondary code:**

5224 –Retail trade of bread and bakery, pastry, sweet shops and coffee shops products in specialised shops

**Owner:**

Sra. D<sup>a</sup> Rosa María Castañer Lucas. Administrator since 07/04/2009.

PANADERÍA NÁCHER, Limited Corporation started as a familiar business in 1980 since D. Juan Bta. Nácher Ventura inherited the three familiar parts of his three sisters from his father D. Juan Bta. Nácher Linares. This bakery contained the wood-burning rotary oven which was built in 1988. After two years working as a familiar oven, it was decided to remodel it in order to improve the production and elaboration of the pastry and as a consequence, to sell more products. After three years, a sale was rented located in C/ Industria in Burriana. In addition, another property was acquired in 1988 and it was adapted for selling bread, pastries and coffee, located in the street Artana in Betxí. This enterprise elaborated and commercialises different kinds of bread, bakery and pastries by qualified working staff. What is more, these products are elaborated with raw materials with a good quality. Due to the desire to expand this business, the buildings started in a business acquired in 1998 which was opened in 2000. After these adaptations, the property became bigger when dealing with image and infrastructure. In the year 2005, the local in Betxi was put on sale and the local of the C/ Industria de Burriana was rented. In the year 2009, a woman becomes the owner of the enterprise, who is the current administrator of the business.



*Image 2. Panoramic view of the bakery. Source: Romero, J.*

In the beginning there was the need for increasing the sales in order to obtain economic benefits in order to pay off the loan for its acquisition. In time, the sales were increased by improving the administrative, financial, production and sales processes.

### 3.1.2 Geographical location

The bakery of this enterprise is located in the city centre of Burriana. It consists of a medium shop 300 m<sup>2</sup> property.

The bakery called Plaza Generalitat is also located in the same town. It consists of a 400 m<sup>2</sup> property

### 3.1.3 System and equipment description

The total area of the bakery is distributed in two main areas:

- **Zone of attention to the client**, 50 m<sup>2</sup>, where the showcase, display cabinet and a little counter for tasting with tables and chairs are located.
- **Workshop area**, 250 m<sup>2</sup>, where the production activities are done, it is subdivided in two parts which are the bakery workshop and the pastry workshop.

The bakery's area is divided into several parts:



*Image 3. Sweetshop and pastry area.*  
*Source: Romero, J.*



*Image 4. Coffee area. Source: Romero, J.*

- **Zone of attention to the clients**, 150 m<sup>2</sup>, it is divided into: sweetshop area, cakes area, pastry area, bakery area, ice-cream area, coffee area (with tables and chairs indoors and outdoors), kitchen area and the cold room.
- **Celebrations and workshop area** consists of an area of 250 m<sup>2</sup>.

Panadería Nácher equipment:

1 wood-burning rotary oven	1 electric oven to boil the pastry
1 big kneader	1 dividing butcher
1 small kneader	1 dough-cutter
1 Roller machine	1 kneading machine
1 Paperknife	3 Fermentation closet with 12 boards each
6 Boards for manufactured products	1 Scale
3 Slices	120 Baking sheet
1 fryer	1 Cutter
1 Manual divisor	1 Rolling mill
2 big cold rooms and 2 small cold rooms	100 trays of bakery-pastry
25 drawers for distribution	50 boxes for the distribution of pastry-bakery
1 Workshop of bakery-pastry	1 Big board for hand folding
2 Small basket for weigh four	2 Big baskets for preparing the initial mass
Raw materials workshop	Workshop for storing the firewood for maintaining an adequate climate
Workshop for products and creating products	Different tools for elaborating the products

Table 6. Oven equipment. Source: Romero, J.

## 3.2 ORGANISATIONAL STRUCTURE

### 3.2.1 Organization chart

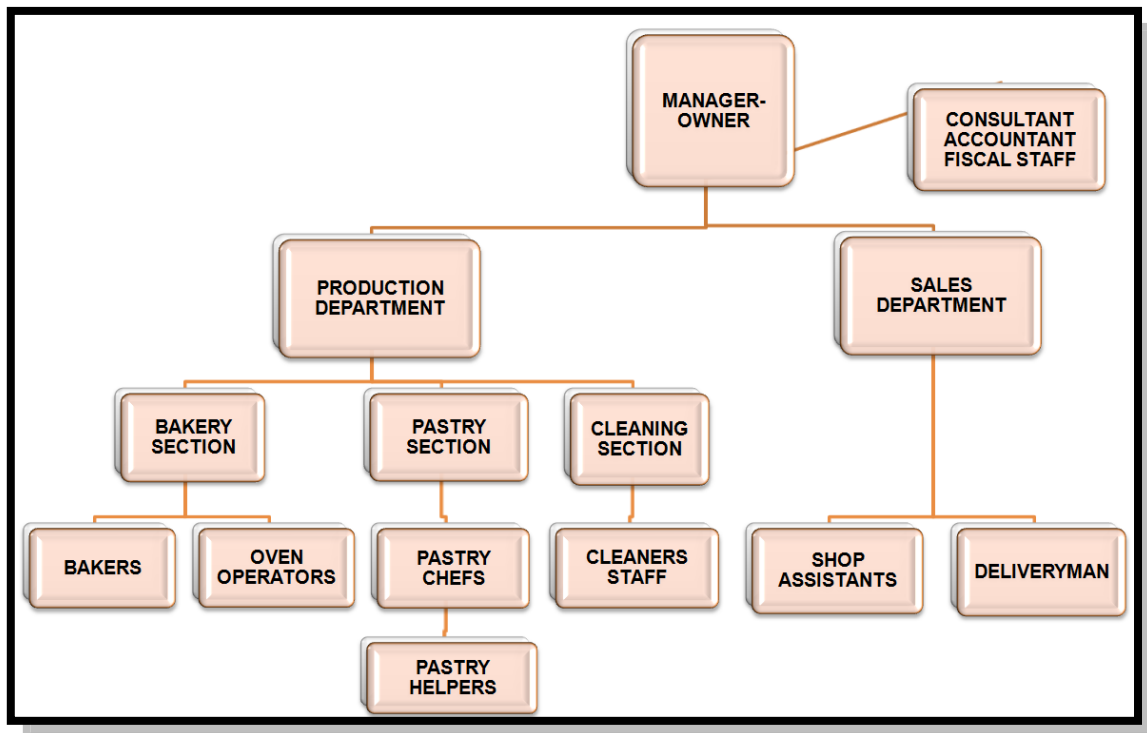


Figure 4. Organization chart. Source: own elaboration

### 3.2.2 Functions

The enterprise consisted of 15 employees. Their functions are shown below:

#### 3.2.2.1 Manager-owner

- ✦ Guides the staff in the activities they have to do and try to find solutions to the problems they might encounter.
- ✦ Finances with the necessary capital for the business, in chores like buying the equipment, paying salaries, paying taxes as well as the consumer goods (light, telephone, raw materials, etc)
- ✦ Revises the accounting and financial documents with the aim of observing which the dispenses are and the incomes that the enterprise earns.
- ✦ Administrates and decides how the productive activities should be done in the bakery.
- ✦ Hires the appropriate staff for different sections.



#### 3.2.2.2 Bakers-Pastry chefs

- ✚ Bring the raw materials from the workhouse to the establishment of every section.
- ✚ They weigh and create the formulas depending on the product they are going to elaborate.

They set the table, weigh, cut, and shape the dough. .



*Image 5. Elaborating bread. Source: Romero, J.*

- ✚ The fermentation process of bread is controlled in the chambers.
- ✚ Pastry-chefs make the premixtures and dough.
- ✚ Different breads and pastries are produced.

#### 3.2.2.3 Oven operator

- ✚ They maintain the ovens in a good state.
- ✚ They supply firewood and water to the oven in order to vaporise the bread to obtain a proper cooking. What is more, they control the temperature to bake the breads correctly.



*Image 6. Baking the bread. Source: Romero, J.*

- ✚ They bake the breads and set them on the table for cooling them. Afterwards, they distribute and sell the bread.

#### 3.2.2.4 Pastry helpers

- ✚ They prepare and manipulate the food in order to prepare the receipts following the indications.
- ✚ They make sure that the quality and the healthiness of the elaborated.



*Image 7. Elaborating the pastries. Source: Romero, J.*

- ✚ They know the technical specifications of every product.

- ✚ They maintain good practices and a good manipulation of the food in a clean environment.
- ✚ They decorate and finish the products they are going to elaborate in the appropriate way.

#### 3.2.2.5 Shop assistants

- ✚ They offer the products that the enterprise produces.
- ✚ They inform clients of the products of the enterprise
- ✚ They orientate the client when they are buying.
- ✚ They earn the money of the clients' sales.



*Image 8. Selling in the bakery. Source: Romero, J.*

- ✚ They control de different clients' orders previously.
- ✚ They close the selling operations according to the prices and conditions determined by the enterprise.
- ✚ They control the cash and they maintain the necessary change for the future sales.
- ✚ They do the orders of the asked products and the different products for obtaining different range of products in the counter.
- ✚ They check whether the received order coincides with the solicited order.
- ✚ They promote and organise the sales, bearing in mind the good service and the satisfaction of the client.

#### 3.2.2.6 Deliveryman

- ✚ They serve the deliveries to the clients and also to the other subsidiaries as soon as possible.
- ✚ They do the procedures and the deliveries of documents and materials arranged by the administrator which are related with the activity of the business.
- ✚ They make sure that the generic transactions of the clients' payments, deliveries and procedures are done correctly.



### 3.2.2.7 Cleaning staff

- ✚ They keep all the areas clean and they do the activities they are asked to.
- ✚ They clean the mould and the tools which are used to elaborate the products.
- ✚ They tidy and clean the facilities where bread and bakery is elaborated.

The enterprise puts in practice a participatory leadership where the employee bears in mind the process of reaching agreements. The communication channels are open due to the fact that this is a way to create a nice environment. This leads to the accomplishment of objectives and goals of the enterprise.

## 3.3 BUSINESS ACTIVITIES DESCRIPTIONS

### 3.3.1 Products and services

- The enterprise deals with the elaboration and sales of bakery, pastry and coffee products:
  - ✓ Elaboration and sales of bread, and pastries for all types of clients: in the oven, in the handling, restaurants and schools.
  - ✓ Elaboration and service of menus for celebrations: birthdays, baptisms, communions, etc., in the handling property of Plaza de Generalitat with capacity for 80 dinner guests.
  - ✓ Oven cooking day for the public: Thursday from 12 pm onwards.

### 3.3.2 Characteristics of the products and services offered

In this type of business, the main product is bread and it is elaborated with a lot of care with a base of special flour, water, salt, leavening, and natural yeast dough with other complements, especially by bakery and pastry quality. These complements have a great quality which makes it high demanded.

There are other types of products which are also offered, such as ice-creams, bonbons, sweets, drinks, and tasting service. This is possible since the bakery has a counter, tables, coffee machine, natural orange juice and hot chocolate.

The differentiation is possible thanks to a wide range of products which include, in the

case of bread, healthy products such as bread with fibre, without salt, wholegrain. In the case of bakery and pastries, there is a wide range of traditional and new products like muffins. In addition, there is a great variety of “rosquilletas” with anisettes, onion, wholegrain, and seeds. Dealing with salty bakery, there are cakes of onion, vegetables, tomato, etc.

Apart from the quality of the products, the products are customised bearing in mind the public characteristics as well as fidelity. In the same vein, these products are offered as attractive as possible in order to enhance their sales.

In this local, several aspects are taken into account such as the image it portrays, the decoration, trays, boxes, paper, etc. What is more, products are distributed in an attractive way in order to enhance impulsive buying, tasting, and offers among others.



*Image 9. Entrance hall. Source: Romero, J.*

### **3.3.3 Replacement or supplementary products**

There are several products which can be seen as substitutes especially in the production phase, production and trade.

#### *3.3.3.1 Products and services*

- ✚ Pastries, industrial bread, and traditional bread are complementary products not only for the industry but also for the trade. A wide range of products is offered.
- ✚ Bakery and pastry additives allow substituting better flours for other which quality is not so good.

#### *3.3.3.2 In the consumption*

Products substitutions are done in the final products. These are the main substitutions:

- ✚ Industrial bread (mould, hamburger rolls, toast bread...,) is the substitute of traditional bread.
- ✚ Special bread (pita bread, Mexican pancakes, etc.) substitute traditional bread.
- ✚ It can be said that pizza bases and similar products tend to be the substitute of traditional bread.
- ✚ In the same vein, any type of pastry such as salty biscuits and snacks can be seen as a substitute for traditional or industrial bread.
- ✚ The frozen bread for baking it at home or hotel industries substitutes the elaborated bread and vice versa.
- ✚ Artisanal pastry can be seen as a substitute for industrial pastries and vice versa.

#### **3.3.4 Sections**

Panadería Nácher has different sections. Apart from the sales areas, there are two production sections, a bakery and a pastry section, whose function is the following:

##### *3.3.4.1 Bakery section*

This section is devoted to the production of different varieties of bread which are commercialised for this enterprise: normal bread, ciabatta bread, wholegrain bread, Galician bread, traditional bread, bread without salt and butter bread, with different kind

of sizes and characteristics. In this enterprise these products are elaborated using the necessary flour according to the demands.

Firstly, the products are weighed and kneaded with the different ingredients. Afterwards, the dough goes to the kneading machines to 3 types of production: big bread, small bread and laminated products.

- a) **Big bread:** twisted breads, large loafs, “petaca” bread, a kilo of steak bread. These products are cut, kneaded and stood for being elaborated by hand. Afterwards, they are put on boards for their fermentation.



*Image10. Elaborating bread 2. Source: Romero, J.*

- b) **Small bread:** all the breads from 50 to 110 grams such as sandwiches, skewered pickled food, “chimos”, “pitos”. These products are cut, kneaded, and stood for being elaborated by hand. Afterwards, they are put on boards for their fermentation.
- c) **Laminated products:** salty cakes of different varieties, with oil or butter. After working with these products they are brought to the cold rooms so they are spread and cut. After having a determined form, they are put on cans for filling them.

All these categories, depending on the bread, they increase its form in a 70 % after 45 or 60 minutes. After being in the fermentation machines, they are put into the ovens during 40 or 60 minutes. Then, the products are assigned into different boxes which are going to be delivered to a determined place.

#### *3.3.4.2 Pastry section*

This section aims at producing 4 different products: puff pastry, sponge cakes, cakes, special pastry and dried pasta.

The pastry process starts with the supply of flour. However, this production processes are longer because of the different types of products. These chores follow the next order:

- a) To weigh the product
- b) To knead or whip the dough
- c) To put the dough in moulds or cans.
- d) To bake
- e) To elaborate the filling creams such as chantilly cream, pastry cream, chocolate coating, whipped cream, meringue and butter cream.
- f) To Mount and decorate
- g) To wrap the products.



*Image 11. Mounting the pastries. Source: Romero, J.*

### 3.3.5 Production capacity

The daily bread production has reached a maximum of 2000 units. This amount is enough for maintaining the current enterprise. However, the enterprise cannot reach a higher production if the enterprise does not improve its productive infrastructure.

### 3.3.6 Internal management description

- **Supply:** the enterprise is supplied by regional distributors and by wholesale markets. Dealing with the drinks, they are acquired by well-known brands distributors.
- **Inventory:** they are done every six months in order to register provisions and demands. The baker is in charge of the control of the inventories. In the workhouse there is the minimum needed with the following quantities:

Raw Materials	Quantity
Strong flour	5 sacks of 50 Kg.
Flour for baking	60 sacks of 50 Kg.
Flour for special breads	25 sacks of 25 Kg.
Butter	1 box of 25 tablets of 250 g.
Lard	1 box of 5 kg.
Leavening	3 boxes with 20 tablets of 500 g.
Salt	20 sacks of 10 kg.
Sugar	5 sacks of 25 kg.
Cream	20 bottles of 1 litre
Chocolate coating	10 bottles of 1 Kg.
High oleic sunflower oil	3 jugs of 25 litres.
Olive oil	10 bottles of 1 litre
Eggs	2 boxes with 10 boxes of 36 eggs each
Milk	10 packages of 6 bottles of 1'5 litres
Others: liquors, colouring, flavouring, dried fruits, seeds, sugar-coated fruit...	

Table 7. *Inventory quantities. Source: Romero, J.*

- **Suppliers' payment:** they are done after 30 days of receiving the invoice or replacement of the raw material acquired.
- **Requirements:** there are registers of the raw materials which are consumed everyday in some specific documents.
- **Distribution:** a deliveryman with a van distributes the elaborated products in different trips depending on the addresses. These products are also delivered in the same local to the clients that buy or demand their orders and they want that the products arrive to different addresses.

### 3.3.7 Quality control process

The quality control process aims at guarantee that the product is elaborated taking into consideration different criteria such as hygiene. All this is possible by fulfilling different rules not only for the raw materials but also for the workers. In the enterprise there is

not a rigorous quality control since there is nobody who is responsible for this. Nevertheless, there are basic hygiene rules which are established by the director of the enterprise and by the sanitary regulations which remain into force. These regulations are shown below:

#### *3.3.7.1 Hygiene rules process for raw materials and products*

- ✦ Not to maintain raw materials wastes.
- ✦ Keep the raw materials in clean containers and marked correctly.
- ✦ Keep the row materials in appropriate places and temperatures. They must be protected or covered and ready for its storage.
- ✦ Once the products are elaborated they should remain in an appropriate place according to their compositions. The excesses are not kept although these products fulfill the sanitary rules.
- ✦ To do the sanitary plague controls which are stipulated by the law in order to avoid infections in the food.

#### *3.3.7.2 Hygiene rules process for the staff*

- ✦ Hands should be all time washed and cleaned and without wearing rings.
- ✦ Staff should use clean clothes, tied hair, apron and hat.
- ✦ Staff should have their food handling license into force.
- ✦ Cuts, burns and scratches should be treated immediately in order to avoid infections and problems.
- ✦ Staff cannot work with illnesses or infections since they can transmit people or products.
- ✦ Staff cannot eat nor smoke in the working area.

### **3.4 SUPPLIERS**

The enterprise suppliers are deliverymen of the area and they have a good relationship with the enterprise since they are known a lot of time by the owner. The main suppliers are:

NAME	ADDRESS	CITY	PRODUCT
<b>Servicios de Panadería, S.L.</b>	Av. Hermanos Bou, 236	Castellón	Almost all the raw materials
<b>Sales La Plana, S.L.</b>	Ctra. de Nules, s/n.	Burriana	Salt
<b>Huevos Sales, S.L.</b>	Mercado Abastos Nave 13 -14	Castellón	Eggs
<b>Panificadora Conquense Agrícola, S.A.</b>	C/ Hermanos Becerril, 25	Cuenca	Flours
<b>Harineras Villamayor, S.A.</b>	Ronda Estación, s/n	Plasencia del Monte-Huesca	Flours
<b>Harinas Escrig, S.L.</b>	Av. Castelló, 14	Adzeneta del Maestrat	Flours
<b>Frutería y verdulería Pastor, S.A.</b>	C/ Valencia, 38	Burriana	Fruits and vegetables
<b>Carnicería La Boutique de la Carne, C.B.</b>	Ronda Panderola, 65	Burriana	Cold meats and meats
<b>Distribuciones Ribes, C.B.</b>	Av. Corts Valencianes, 2	Burriana	Drinks and dairies
<b>Cafés Granell</b>	Av. de la Mar, 5	Sueca (Valencia)	Coffee products
<b>Suministros Vicent, S.L.</b>	C/ Roble, 22	Madrid	Bags, boxes and paper
<b>Makro Castellón</b>	Pol. Ind. Ciudad del Transporte	Castellón	Food, drinks and furniture.

Table 8. Main enterprise suppliers. Source: Castañer, R.



### 3.5 CUSTOMERS' ANALYSIS

#### 3.5.1 Target customers' characteristics

The potential customers are limited by the geographic area where the enterprise is located. The target client is not only the client who lives where the business is located, but also the client who can buy the products because he or she is going to any place and they can take advantage of this enterprise by buying products.

A factor which determines where people buy bread is how near it is from their jobs or houses. What is more, the confidence with the shop assistant and the quality of the products is another factor that is going to determine where people buy these products. In addition, it should be considered the fact that impulsive purchases are really important for the enterprise. This importance is due to the fact that this can create a good image of the enterprise since the products have a great quality. Therefore, quality, innovation and tradition can be seen as pivotal factors to enhance the economic position of the enterprise.

The clients' base is varied. The main buyers are the individual clients who buy in local shops. The other types of clients are the clients who obtain the products by distributing them to their houses. A relationship of the main clients and the percentage of the sales can be seen represented below taking into account every enterprise clients' sector:

ECONOMIC SECTOR	ENTERPRISES	SALES %
Main Bakeries own	C/San Guillermo, Burriana	43
	C/Artana, Betxi	
	C/Industria, Burriana	
	Plaza Generalitat, Burriana	
	Delivery in the Alquerías de Burriana's streets	

<b>Education</b>	Escuela de Vela de Burriana's kitchens Salesianos in Burriana School	8
<b>Shops</b>	Supermarket Casa Domeasca in Burriana Kiosk Todo a Cien de Playa de Burriana	8
<b>Bakeries</b>	Bakery Dolçet i Salaet de Nules Bakery- pastry Paco Navarro de Nules Sucreria Sant Xoxim de Nules	10
<b>Bars-Restaurants</b>	Datsi Bar in Betxi Córdoba Bar in Betxi Valencia Bar in Burriana Extremeño Bar in Burriana Mari's Bar in Burriana Rosado Bar in Burriana Madrid Bar and cafeteria in Burriana Club Náutico de Playa de Burriana Restaurant Cañadas Bar in Burriana Taurino Bar in Nules	31

Table 9. Main enterprise clients. Source: Romero, J.

The enterprise has a strategic basic system due to its size and clients' number. Therefore, the procedures tend to be simple and easy to do every day. However, they are really important since the final results of the enterprise depend on these issues.

### 3.6 VALUE CHAIN ANALYSIS

In the Panadería Nácher's value chain analysis there are four main areas which are: the internal logistics, the operations, the external logistics, marketing and sales. The support areas are the ones that help in the activities of the primary areas, that is, the infrastructure, supplies, technologies and human resources. The analysis unit of the value chain is based on establishing the most important process in order to analyse the perspective of internal process of the Balanced Scorecard (BSC).

The value chain of the enterprise is going to be shown:

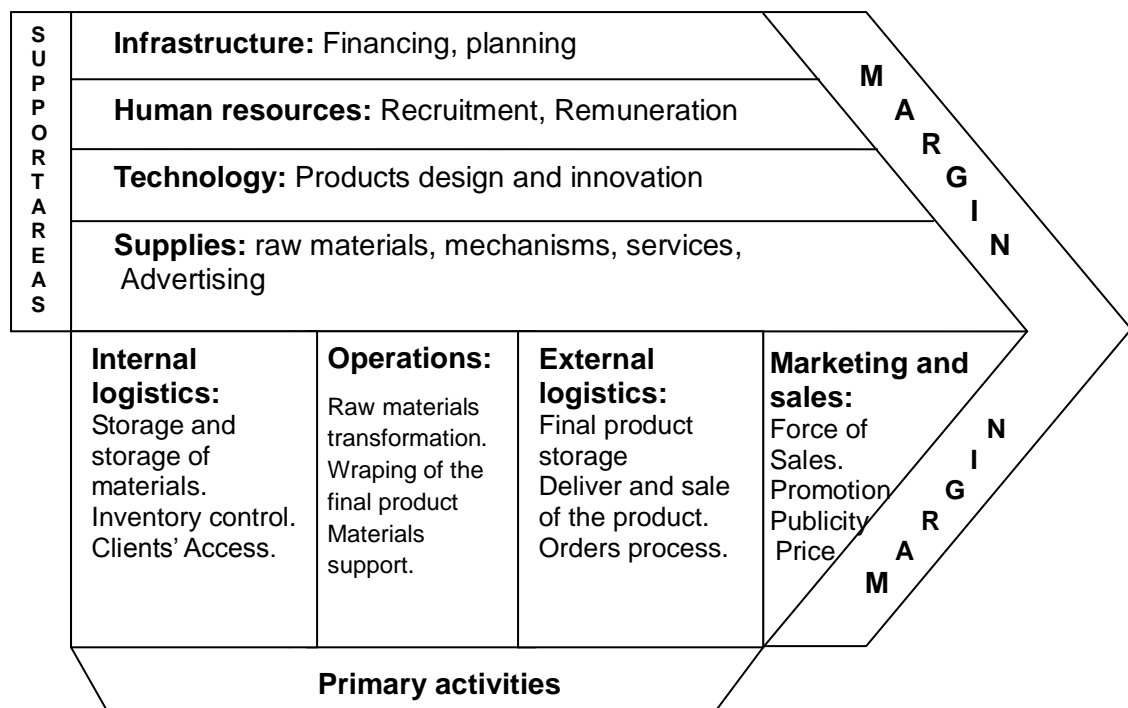


Figure 5. The value chain. Source: Guerras, L. y Navas, J., (2007)

The links of this value chain are:

- Bread and daily products elaboration in the operations. The transformations of the raw materials take place in the final product.
- The transportation to the bakeries or to the clients takes place in the external logistics.
- Bread sales take place in the bakery, marketing and sales.

With reference to the activities which do not take place in the internal logistics there are:

- Materials storage.

## 4. EXTERNAL AREA ANALYSIS

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### 4.1 POLITICAL AND LEGAL FRAMEWORK

In the section of bakery and pastry there is a wide variety of rules which form a complex sectorial regulations structure. Dealing with the fabrication and trade of bread and pastries, it is strictly regulated according to technical and safety regulations. It is important to mention that these regulations set the elaborations rules, fabrications, transport and trade of these products.

The main regulations/ legislations which deal with production, distribution, and consumption of the bakery and pastry products are:

- **Decree 2484/1967**, 21st September. Spanish Food Code.
  - Modifications:
    - Royal Decree 1967/77, 23/7/77. BOE 3/8/77.
- **Resolution 16/12/75**. Additives for elaborating ice-creams, aromatic compounds, refreshing beverage, bread, special breads, eggs, egg products and butter are authorised. BOE 4/3/76.
- **Decree 542/76**, 5/3/76. The elaboration, distribution and bread sales are regulated. BOE 25/3/76.
- **Royal Decree 1011/1981**, 10th April 1981, the technical and sanitary regulations are approved for elaboration, circulation and trade of edible fats (animal, vegetal and anhydrous fat) margarines, minarine, and fatty preparations.
- **Royal Decree 308/1983**, 25th January 1983, in which the technical sanitary regulations of edible vegetable oil are approved.
- **Royal Decree 1424/1983**, 27th April 1983, in which the technical sanitary regulations for obtaining, circulating and selling salt and edible brine are approved.
- **Royal Decree 3177/1983**, 16th November. Technical sanitary regulations – about food additives.
- **Resolution 3/1/1983**. The use of some additives for the elaboration of bread and special bread are banned. BOE 21/1/83.
- **Royal Decree 381/1984**, 25th January. Technical sanitary regulations for the food retailer
- **Royal Decree 1137/1984**, 28th March 1984, in which the technical sanitary regulations for producing, circulation and commercialising bread and special bread are approved. BOE 19/6/84.

- Modifications:
  - Resolution 27/7/84. BOE 10/8/84
  - Royal Decree 2627/85, 4/12/85. BOE 18/1/86
  - Royal Decree 285/99, 22/2/99. BOE 23/2/99
  - Royal Decree 1202/02, 20/11/02. BOE 22/11/02
  - Royal Decree 1975/04, 1/10/04. BOE 15/10/04
- ☞ **Royal Decree 1286/1984**, 23th May 1984, in which the technical sanitary elaborations, circulations, and trades of flours and wheat flour and other products of milling for human consumption are approved.
- ☞ **Royal Decree 168/1985**, 6th February. Technical sanitary regulations about the general conditions of cold storage for food and food products.
- ☞ **Royal Decree 259/1985**, 20th February 1985, in which the technical sanitary regulations of edible vegetable oil are completed with the application of the erythrodiol in the olive oils.
- ☞ **Royal Decree 706/1986**, 7th March. Technical sanitary regulations about the food and food products storage conditions (non frigorific).
- ☞ **Royal Decree 1261/1987**, 11th September 1987, in which the technical sanitary regulations for elaboration, storage, transport and trade of sugar for human consumption is approved.
- ☞ **Resolution 7th June 1988**. Consumers' protection in the price indication of the food products and the non-food products.
- ☞ **Royal Decree 823/1990**, 22th June 1990, in which the technical sanitary regulations for the elaboration, circulation, and trade of the cacao-derived products, chocolate-derived products and chocolate substitutes are approved.
- ☞ **Royal Decree 1808/1991**, 13th December. The references and the brands which allow identifying the set that product belongs to is regulated.
- ☞ **Royal Decree 1334/1999**, 31st July, in which the general rule of labelled, presentations and advertising of food products is approved.
- ☞ **Royal Decree 3423/2000**, 15th December. The prices indications of the products which are offered to consumers and users are standarised.
- ☞ **Royal Decree 3484/2000**, 29th December 2000, in which the hygiene norms for the elaboration, production and trade of the prepared meals are established.
- ☞ **Regulations (EU) 178/2002**, 28th January. The main principles and requisites of the food law are established. The European Food Safety Authority is created. Safety Authority relatives procedures are fixed.

- **Royal Decree 1052/2003**, 1st August 2003, in which the technical sanitary regulations about some types of sugars for human food are approved.  
The Royal Decree 1261/1987 is repealed except the information established in the paragraphs a) and b) from the article 2 which deal with the raw sugar and brown cane sugar as well as the established in articles 2 and 3 about the limits of arsenic, copper and lead if these products were not established in the limits fixed by the European Union legislation except from the sections 1.2 and 2.2 from the article 10 about the contributed technologies.
- **Royal Decree 1055/2003**, 1st August 2003, in which the technical and sanitary regulations about the cacao and chocolate products for human food are approved.
- **Royal Decree 217/2004**, 6th February 2004, in which the identifications and registrations of the cleaning agents, shops and containers which intervene with the milk sector and with the register of milk movements which is completed with the Royal Decree 1728/2007, 21<sup>st</sup> December. This Royal Decree establishes the basic control rules in who should be fulfilled by the milk sector operators. The Royal Decree 217/2004 is modified.
- **Agenda 16th May 2005**. The Decree 81 is developed.
- **Law 9/2006**. Food quality Law.
- **Royal Decree 640/2006**, 26th May, in which the determined conditions for applying community rules in terms of hygiene, productions and trade of the food products are regulated.
- **Royal Decree 496/2010**, 30th April: **Quality regulations of sweet shop, pastries and confectionery**. B.O.E. 14 de Mayo de 2010.

Other rules and regulations of the Valencian Community.

It should be highlighted that in the legislative framework laws are changing continuously. Lately, there have been several changes in the corporate tax base among others. Some examples are going to be illustrated below:

- ✚ The current VAT rise has affected the consumption in a 13% or even more. The consumption tends to decrease. Therefore, this is going to affect the sales.
- ✚ Due to the labour reform, short term contracts are limited. What is more, dismissals are cheaper and the retirements are lengthened.
- ✚ The current law remove controls from the schedule limitations. Therefore, this favours the trade activity since shops can open more time.

- ✚ New definition of Small Dimension Companies.
- ✚ New type of tax which is applied to the Small Dimension Companies.
- ✚ Repayment freedom.
- ✚ New reduced types for the creation of employment.
- ✚ Fractioned payment for the big enterprises.

## 4.2 ECONOMIC FACTORS

The present economic situation is characterised by the economic crisis which started during 2007. This economic crisis has affected Europe and the world. This has derived to several problems such as an increase of unemployment, recession, and the financial system bad situation. What is more, there are other factors such as the sovereign debt and the excess of the fiscal deficit. These factors are causing important loss in the stock market.

One of the indicators which is worth analysing because of its influence is the Euribor. That is, the type of interbank interest rate of the European Union banks. To this type of interest, serves as a reference for the mortgages and loans. For instance, this is used by the Official Credit Institute.

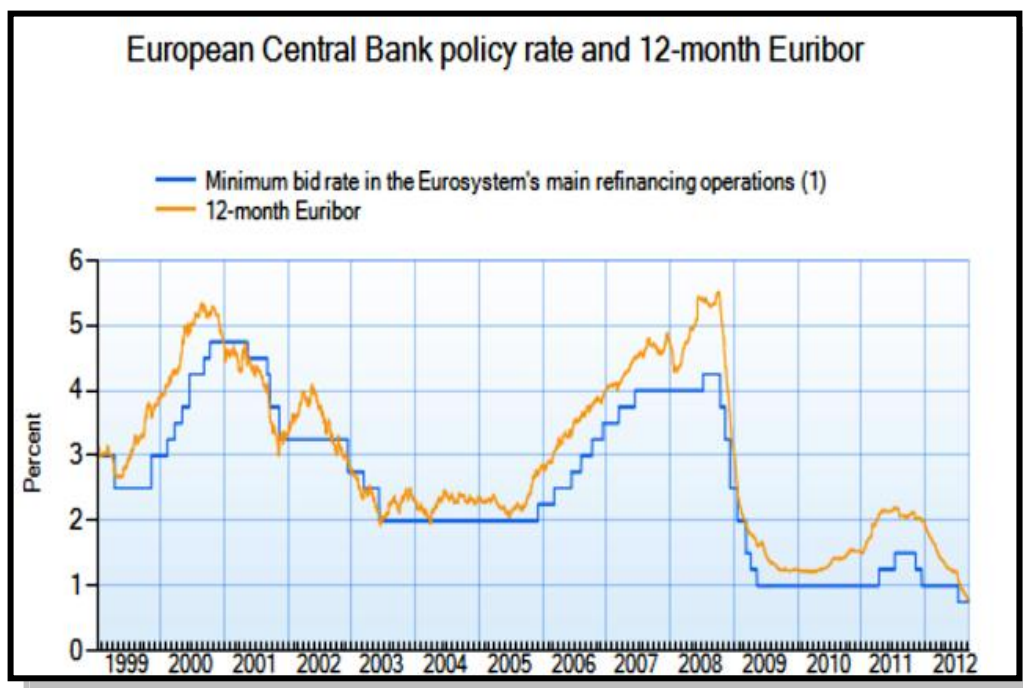


Figure 6. European Central Bank's Euribor evolution. Source: *welearntoday.com* (2014)

Another indicator which is really used in order to find the economic situation is the **Global Domestic Product**. In the following chart the evolution in the past years can be seen:

SPANISH GDP: Quarterly evolution				GDP Per capita. Quarterly 2013			
Fecha	PIB Mill. €	Var. Trim.	Var. Anual	Fecha	PIB Per C.	Var. Trim.	Var. Anual
IV Trim 2013	255.299€	0,2%	-0,2%	IV Trim 2013	5.600€	0%	1,8%
III Trim 2013	255.336€	0,1%	-1,1%	III Trim 2013	5.600€	0%	0%
II Trim 2013	255.435€	-0,1%	-1,6%	II Trim 2013	5.600€	0%	0%
I Trim 2013	256.918€	-0,3%	-1,9%	I Trim 2013	5.600€	1,8%	0%
< PIB España 2012				< PIB España 2012			

Annual Progress Spanish GDP			Annual Progress GDP Per capita Spain		
Fecha	PIB Mill. €	Var. Anual	Fecha	PIB Per C.	Var. Anual
2012	1.029.002€	-1,6%	2012	22.300€	-1,7%
2011	1.046.327€	0,1%	2011	22.700€	1,3%
2010	1.045.620€	-0,2%	2010	22.700€	0%
2009	1.046.894€	-3,8%	2009	22.800€	-4,6%
2008	1.087.788€	0,9%	2008	23.900€	1,7%
2007	1.053.161€	3,5%	2007	23.500€	4,9%
2006	985.547€	4,1%	2006	22.400€	6,7%

Figure 7. GDP Spanish Evolution. Source: *datosmacro.com* (2013)

The Spanish GDP suffered a downturn of 0.8% in the fourth quarter in 2012 with reference to the last quarter whose annulaised rate is equivalent to a decrease of the 3.1%. The outcome for the whole year was -1.4%. The Spanish Global Domestic Product in the fourth quart of the year in 2013 has grown a 0.2% with respect to the former quarter. This tax is a tenth higher than the tax of the third quarter which was 0.1%. The inter-annual variation of the GDP has been a -0.2%, tenths higher than the third quarter in 2013, which was a -1,1%. Spain has a GDP quarter per capita of 5,600€, 100 € more than in the last same quarter of the last year which was 5,500€.

This deterioration is due to the strong decline of the internal demand as a consequence of the private consumption decline and of the investment in capital goods. The scarce growing of the GDP is not enough to generate new jobs. Therefore, unemployment continues to decrease. The labour market continues to decrease to a rhythm which tends to increase. This is due to the fact that immigrants tend to come back to their countries.



The unemployment rate has risen during the last years of the bad economic situation. In addition, this unemployment rate duplicates the one from the European Union. If we add the increasing product prices to the risk of losing one's employment, it can be seen that the confidence about the economic situation of the country and the home economic situation of citizens has declined. The unemployment rate in Spain is higher than the 26,00 % and the youth unemployment rate is 56,00%.

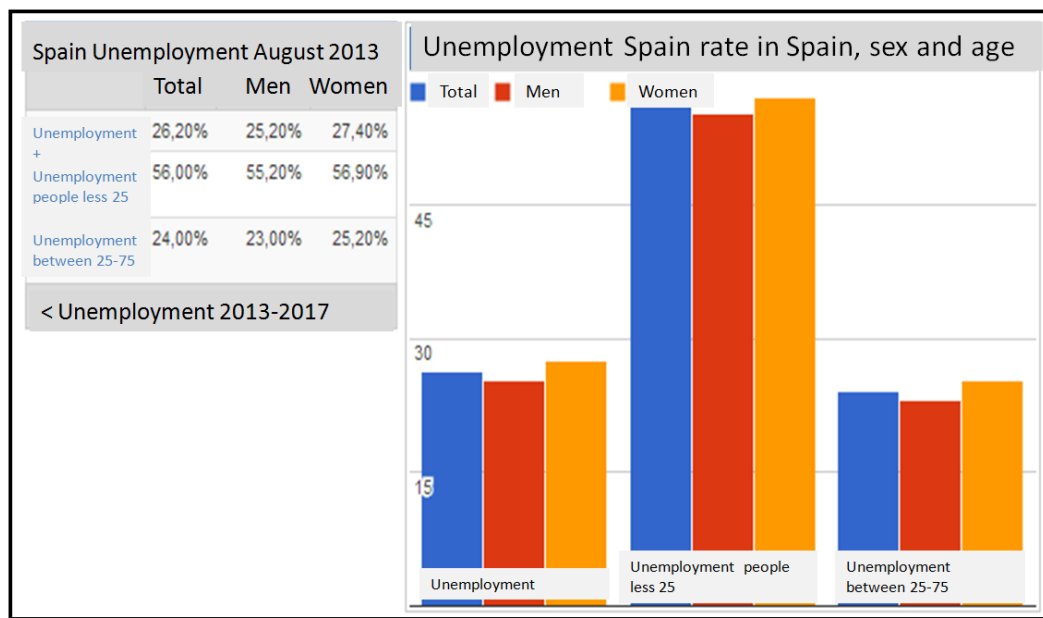


Figure 8. Unemployment evolution. Source: [www.datosmacro.com](http://www.datosmacro.com)

The most worrying aspect is that a lot of long-term unemployed people do not receive any type of incomes, nor from a job nor from the public-sector. According to the EPA, a total of 3.7% of the households do not receive any kind of incomes. What is more, the total of the 36% unemployed people have lost the right of obtaining unemployment compensations.

Dealing with the evolution of the prices (CPI), it should be highlighted the fact that they have been increased due to the cost of the energetic products. The people's savings rates would decrease continuously if the expected prices rises do not stop. After the development of the inflation in the last months, positive rates could appear regarding growth spending. However, they would be moderate.

CPI in the last months (Spain)			CPI in the last years (Spain)		
Period		Inflation	Period		Inflation
March	2014	-0.146%	March	2014	- 0.146%
February	2014	-0.017%	March	2013	2.426 %
January	2014	0.199 %	March	2012	1.899 %
December	2013	0.253 %	March	2011	3.596 %
November	2013	0.233%	March	2010	1.415 %
October	2013	-0.100%	March	2009	- 0.060 %
September	2013	0.342%	March	2008	4.501 %
August	2013	1.519 %	March	2007	2.463 %
July	2013	1.774 %	March	2006	3.888 %
June	2013	2.063 %	March	2005	3.395 %

Figure 9. Spain CPI. Source: Global-rates

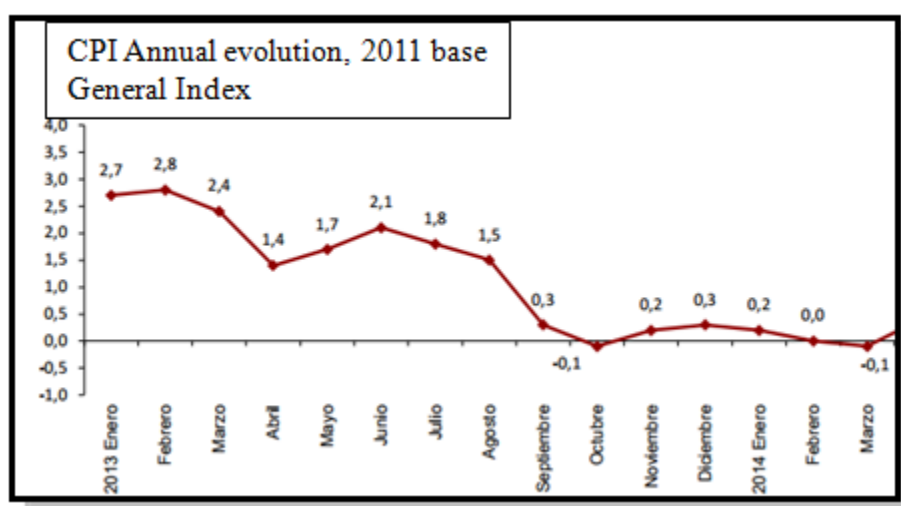


Figure 10. Spain CPI. Annual evolution. Source: INE

With reference to the private consumption, the GDP, the CPI, and the unemployment, negative perspectives can be seen. According to the Valencian Chamber of Commerce, these factors evoke to a weakening of the domestic demand which have a negative impact to the commercial retail activity.

### 4.3 SOCIODEMOGRAPHIC PROFILE

According to the INE, the demographic situation is the following: population under 15 years old will increase 13.1% and the population between 16 and 64 years old will increase 4.7% since 2009. Therefore, the population will achieve 1.44 million people until the year 2018. It is believed that the main growing would take place in the people

who are older than 64 years old. This factor would lead to a 19.2% in the next decade. It should be mentioned that the life expectancy will be 85.39 years old. As it can be observed, during the next years aging population is going to take place. This delay is due to the fact that women have children later and because of the decrease in migratory flow. The segment of the population over 64 years old is every time more critical due to the fact that the buying criterion is less based on fashion. On the other hand, the user-friendliness and the quality of the products seem to be a factor which is seen as basic for them. As a consequence, in order to provide facilities to these factors, there is a need to incorporate additional services. Some examples of these additional services are the need to deliver products to different houses, the legibility of the labels as well as the information and help in the points of sale. By doing this, the promotion of local businesses should be enhanced. Therefore, the supply for this collective is going to be developed easier. The population pyramid until 2023 in Spain is going to be illustrated bellow:

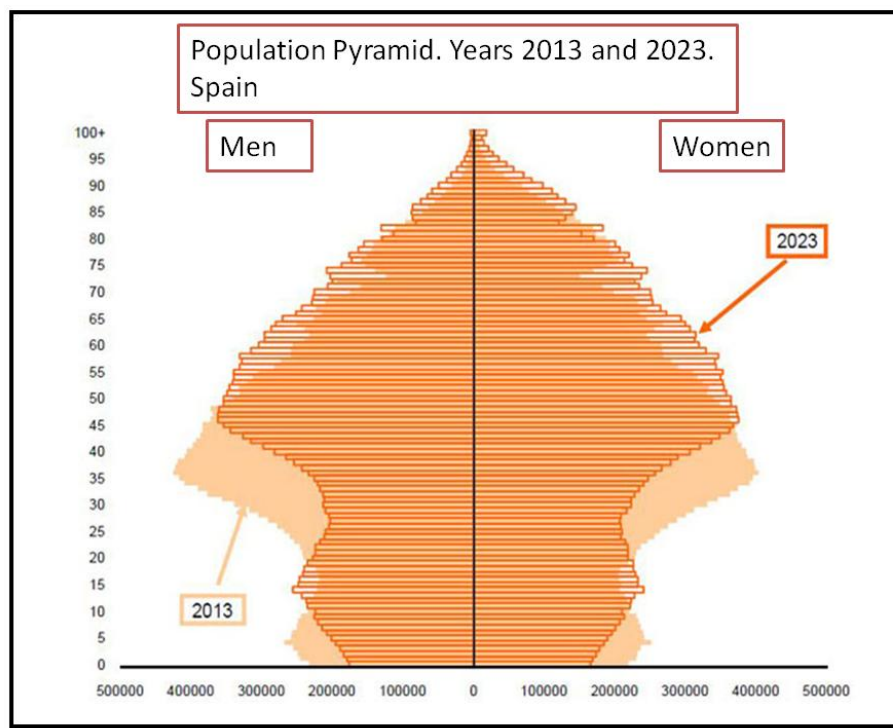


Figure 11. Population pyramid in Spain. Source: INE.

#### 4.3.1 Data on bread consumption

According to a survey done the 14th August 2012 by the Spanish Ministry of Agriculture, Nature and Food Quality the importance of bread regarding the shopping goods, the expense trends and the consumption are analysed in the Consumption

panel framework. This study reveals that in the Spanish households bread consumption has increased from May 2012 to April 2013 compared to the last year. Nevertheless, the expense has been maintained steady due to the fact that the average price of this product has decreased to 1.9 per cent.

Per capita consumption was 36.12 kg for person and year. The average budget for this consumption is 5.75 per cent of the household food expenses.

<b>BREAD TOTAL MARKET (APRIL 2013 MOVING YEAR)</b>		
	<b>TOTAL BREAD (Domestic)</b>	<b>Variation % Previous year</b>
VOLUME (Thousand kilograms)	1.667.336,25	1,8%
VALUE (Thousand €)	3.903.011,50	-0,1%
PER CAPITA CONSUMPTION	36,12	1,4%
PER CAPITA EXPENSES	84,55	-0,5%
VOLUME MARKET LTS	5,45	0,1%
VALUE MARKET	5,75	0,0%
AVERAGE PRICE (€/Kg)	2,34	-1,9%

Figure 12. Bread total market. Source: MAGRAMA (Ministerio de Agricultura, Alimentación y Medio Ambiente), 2013

#### 4.3.2 Varieties consumption

Fresh or frozen bread is the variety which is more consumed by the Spanish households. From the period from May 2012 and April 2013, the market volume was 84.2 per cent. The percentage of the sales has increased 1.5 per cent compared to the previous year. This growth is due to the fresh wholegrain bread consumption increased 14.3 per cent and the fresh bread without salt has increased 18.2 per cent.

The remaining 15.8% bread consumed in households belongs to the Industrial Bread variety. In the last 12 months, the purchase of this variety has increased 3.3%. A growing consumption was registered in these two varieties: fresh, with an increase of 3.5 per cent and dried with an increase of 2.7 per cent.

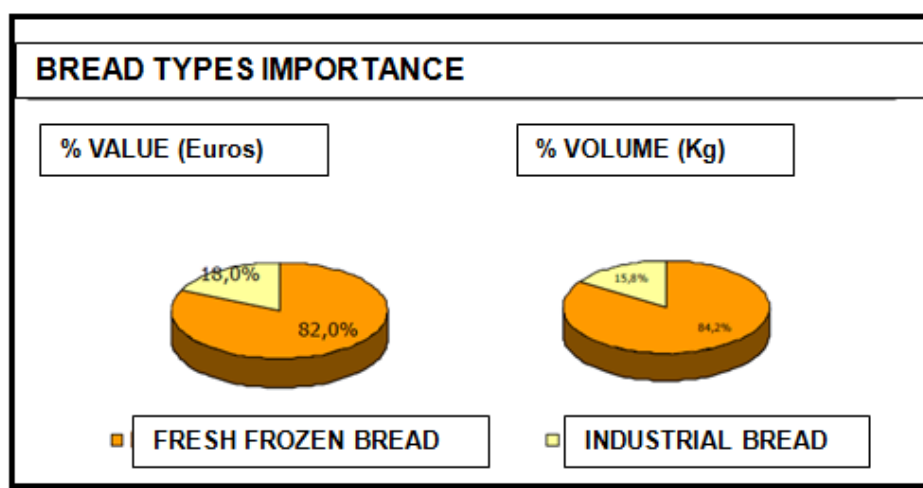


Figure 13. Bread types importance. Source: MAGRAMA (Ministerio de Agricultura, Alimentación y Medio Ambiente), 2013

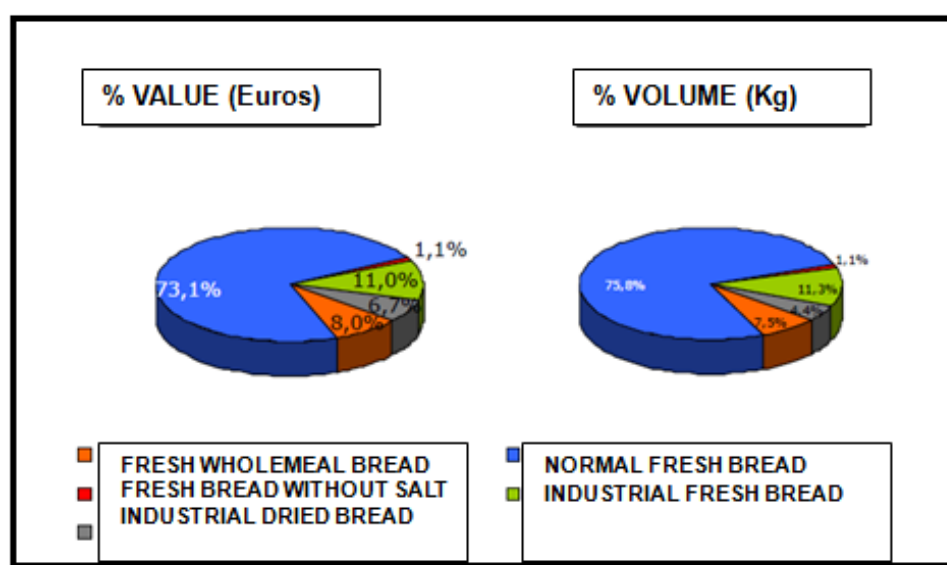


Figure 14. Bread types consumption. Source: MAGRAMA (Ministerio de Agricultura, Alimentación y Medio Ambiente), 2013

#### 4.3.3 Purchasing channel

According to the results shown by the study, it can be seen that out of 10 kg of bread, 4 are acquired in the traditional shop. Therefore, the sales remain almost steady. In addition, results show that the 51.2 per cent of bread which is consumed in households are bought in dynamic channels types of supermarkets. Therefore, their sales have increased 3.1 per cent in the last 12 months. Among these supermarkets, 6.9 per cent are bought in hyper supermarkets and 5.7 per cent in discount stores.

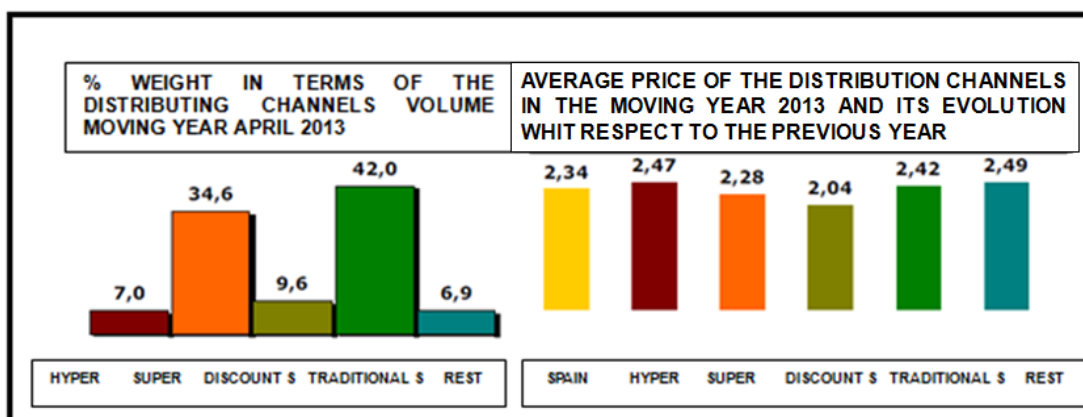


Figure 15. Buying channels. Source: MAGRAMA (Ministerio de Agricultura, Alimentación y Medio Ambiente), 2013

#### 4.3.4 Consumers' profile

The main profile of bread consumptions is the numerous families, that is, the families with more than one person. These families are formed by a couple of middle-aged or old sons or daughters. It is the same case of old couples without offspring whose responsible to buy is older than 50 years, not active and who lives in small or medium towns about 10,000 inhabitants.

It should be mentioned that the households which are formed by independent adults were the consumers who increased more their per capita consume last year despite the fact that they are not the main consumers.

Dealing the autonomous communities, the ones which consume more bread are: Navarra, Galicia and Castilla y León. On the contrary, Baleares and Madrid are the places in where bread is less consumed.

Bread consumption depends mainly on these factors:

- ❖ **The income level of the family:** bread consumption is reduced if families increase their incomes.
- ❖ **The size of the place of residence:** bread consumption is reduced when population is higher.

- ❖ **Family members' quantity:** the more number of people there are in a family, the consumption is lower. The consumption is higher when they live alone.
- ❖ **Bread consumers' age:** the consumption is lower in young people. The variation is 35 kg of bread which is consumed between a 30 year old person and a 60 year old person.
- ❖ **Consumer's activity:** the consumption is lower with more activity, even 8 kg of difference.
- ❖ **Household composition:** retired people, adults without offspring or independent consume more bread than the others. Families with children consume less.

#### 4.3.5 Customers factor of interest for the product or service

- ❖ Customers want fresh bread at any time.
- ❖ They want fresh and frozen bread (86.74%)
- ❖ They want French bread, baguette bread and ciabatta bread, especially 250 grams.
- ❖ They want bread with good qualities in terms of cooking, flavor and quality. The quality which is more valuable (56%) crusty bread, the crust (27%), flavour (26%) tenderness and spongy sensations (18.5%), the crumb (16%) and the smell (12%).
- ❖ Products which are related with a healthy lifestyle are increasingly desired. There are healthy products (wholegrain and functional products) quality products (top-of-the-range products, quality in its ingredients, and products without additives) with their main needs for every product (vegetarians, immigrants, new types of family units and new ways of life).

#### 4.4 MACROECONOMIC DATA

- In this sector there are a total of 179,301 enterprises. 15,080 (8.41%) deal with fabrication whereas 164'221 (91.59%) deal with trade.

- Bakeries form a third part of the food and beverages sector and they form the only enterprise of towns, especially in rural areas.
- All the enterprises are SME. 90 % of these enterprises are microenterprises with less than 10 workers (an average of 7.98 employees for enterprises which deal with elaboration and 1,32 which deal with trade).
- 336,811 employees work in this sector (120,338 in elaboration and 216,475 in trade). This is the sub-sector of the food industry which employs more human resources, that is, 27.79% of the total.
- The annual number of sales is 4,971 million euros, that is, 8% of the food and beverages industry.
- The gross value added is 2,027 million euros.
- The 6.5% of the food purchased products belong to this area.
- This sector has changed in time during the last years in terms of producing and delivering. The main changes are the following:
  - There has been an increase in the number of products and varieties offered.
  - More new flexible productive methods.
  - There are new places such as supermarkets which tend to sell a lot. They sell pre-cooked bread but just baked.

As a consequence of the changes mentioned above, there are new forms of selling. Moreover, a big number of baking industries have been created. Therefore, this issue has produced that a lot of traditional bakeries are decreasing.

#### **4.5 TECHNOLOGICAL ENVIRONMENT**

Bread and pastries elaboration have changed considerably. A list of changes is going to be considered below:

- Mechanisms and appropriate equipment are used in an efficient way. Therefore, this helps to enhance the value as well as the quality of the products. AS a result, production standards and clients' needs are fulfilled.



- The automation is implemented when dealing with mixing, kneading, lamination and cut mainly, especially in the industrial products which are elaborated in bread industries. By doing this, the costs and the timing of elaboration are reduced and the enterprise needs fewer employees in order to elaborate the chores.
- The enterprises are continuously updating themselves by copying and putting into practice the best practices created by the competitors of that area. Therefore, technological progresses in order to elaborate bread and pastries are created.
- Artificial colourings and preservatives are included.
- Electric ovens are more used due to the fact of several reasons. Firstly, as they are not very expensive and they are not really big they assist the process of cooking. Secondly, they are more secure than the traditional ovens with firewood and gas.
- Hydrogenated fats are starting to be used since they prolong the products life. Therefore, they can be frozen and thawed without damaging the product. Nevertheless, they are damaging for health since they are difficult to digest and they make people put on weight. What is more, they contain cholesterol which is damaging too.
- Frozen dough has also improved the process of production due to the fact that it can be acquired and stored for cooking in the desired moment. What is more, the result is like if it is fresh all the time. By doing this, a lot of time is saved in order to elaborate the products. Thus, the schedules are reduced and improved.
- Fermentation closets have also been developed in order to control fermentation which is generated in a medium-high temperature and the perfect humidity. Another benefit is that time is saved since its working can be programmed previously. Therefore, the employee can go to the workhouse when the product is ready to be baked.

## 4.6 INDUSTRY COMPETITIVE ANALYSIS

### 4.6.1 Porter's Five Forces Model

#### *4.6.1.1 Threat of new entrants*

With this type of industry the threat is bigger since there is no need of a big inversion in order to create a bakery with an oven and a handling. What is more, pre-cooked bread and pastries dough can be acquired easy. That is, it is easy to elaborate these products and therefore it is really easy to find new competitors.

#### *4.6.1.2 Threat of substitute products and services*

The products elaborated by the Enterprise can be substituted easily due to several reasons. They can be acquired in other traditional elaborations or in industrial elaboration. These products can be a threat since they can have a lower price.

#### *4.6.1.3 Bargaining power of buyers*

In a bakery the buyers have a strong negotiating power since if they are not satisfied they can change easily the supplier because there are a lot of places to choose with similar products and more economical prices.

#### *4.6.1.4 Bargaining power of suppliers*

There are several suppliers in this type of industry. For this reason, the enterprise can choose the suppliers who provide better prices, suppliers which serve well or suppliers which offer better payment facilities. Taking into account these factors, suppliers do not have a strong bargaining power.

#### *4.6.1.5 Rivalry among existing competitors*

In this sector there are a lot of competitive enterprises such as supermarkets which have a strong force in order to sell. As a consequence, there is a strong rivalry, especially in terms of prices which can be even lower than the cost prices. Due to this

fact, these products are asked by the public who go to a supermarket to buy bread and they acquire any other product. Porter, Michael E., (2008), *The 5 Forces That Shape Strategy*.

#### 4.6.2 Competitors analysis

In order to analyze the competence of this enterprise in its urban environment there are several factors which should be taken into account. These factors are the warehouse and the handling and other shops such as the supermarkets, and places where it is sold a lot of products, petrol stations, sweet shops, etc. The Competitive Analysis is shown below in order to consider the traditional competitors, supermarkets competitors and varied competitors.

As it can be seen, in our city there are a lot of shops which offer the same products that we offer. In addition, they have a similar size and there is not a big difference between them that allows differentiating them easily. One of the differences which can be observed is whether this shops offer customers service, especially if they have a coffee service and tasting area. This can be stated because in our culture, in these shops families friends and colleagues get together in order to have something to eat or to eat and chat.

The competitors which are located near Panadería Nácher and which sell big amounts of products are the following:

<p><b>TRADITIONAL COMPETITORS</b></p>	<p>PANADERÍA "ARTESPAN" HORNO DE BASILIO PANADERÍA BARRIONUEVO HORNO GABRIEL GARRIDO FORN DE LA PLAÇETA DESPACHO DE PAN LLOPAN CAFETERÍA CHICHARRO FORN DE CALIU DESPACHO DE PAN RAQUEL</p>	<p>There are direct competitors due to its proximity and because of its characteristics which are really similar in terms of size, variety, price and service. Some of them also offer cafeteria service to their clients. Their products are elaborated in a traditional way.</p>
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<b>SUPERMARKETS COMPETITORS</b>	<p>CONSUM</p> <p>MERCADONA</p> <p>LIDL</p> <p>DIA MARKET</p> <p>MAS Y MAS</p> <p>PASTOR</p> <p>ALDI</p>	<p>These stores have less traditional variety. However, they have a huge variety with industrial varieties. These are places where people buy a lot and the price of their products is quite cheap. Nevertheless, the quality and service is lower. The size of their stores is bigger due to the enterprise's characteristics.</p>
<b>VARIED COMPETITORS</b>	<p>E. S. REPSOL</p> <p>TIENDA DOLÇ I SALAT</p> <p>PARADAS MERCADO CON VENTA DE PAN Y BOLLERÍA</p>	<p>These shops offer some types of product which Panadería Nácher can offer too such as bread, breakfasts, large loafs, industrial or traditional baking, coffee...The quality of these products depend mainly on their origin. Qualities can be higher or lower depending on their origin. The price is conditioned by the origin of the product depending if they are traditional or industrial. Nevertheless, the price tends to be lower than in a bakery especially in the service station. The instillations tend to be different and not so comfortable.</p>

Table 10. Near competitors to the enterprise. Source: Castañer, R. and own elaboration

## 5. SWOT

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After the study analysed of the enterprise and the sector where it belongs to, an analysis is conducted to analyse not only internal factors but also external factors. These factors are really important in order to develop the plan of action of the enterprise.

SWOT's analysis is a powerful tool. It is used to study the real situation of an organisation and at the same time it analyses the enterprise taking into account the internal perspective. This analysis allows the staff to know the risks and the opportunities that the enterprise can cope with. At the same time, they can know how to make internal improvements. Another benefit of this analysis is that it helps to take advantage of the better opportunities and to fight with the risks that can appear. Guerras, L. y Navas, J., (2007): *La dirección estratégica de la empresa. Teoría y aplicaciones*.

SWOT stands for its main qualities:

- **Strengths:** refer to the capacities, resources and reached positions of the enterprise. These characteristics can be used in order to take advantage of opportunities.
- **Weaknesses:** refer to the internal aspects which can limit or even reduce the development of the organisation strategy. They should be treated and leaded.
- **Opportunities:** These aspects can lead to a competitive advantage in the future or they can improve its profitability or enhance the business turnover.
- **Threats:** these forces come from the environment in which the Enterprise is located. They can impede to apply the strategy or reduce its effectiveness. They can also enhance the needed resources in order to carry it out, to reduce the risks and the expected profitability.

Taking everything into consideration, Panadería Nácher has put into this strategic plan the actions which are considered optimal for the enterprise and therefore, to maintain the enterprise in this environment of the competence.

STRENGTHS	The only ones that produce bread in a wood-burning oven	Scarce staff formation	WEAKNESSES
	Quality and variety in the products elaborated	Limited size of the enterprise. This limits the production ability	
	Cash payments to the regular costumers		
	Really kind staff and with a lot of experience	Bad customer’s monotoring	
	We have the clients loyalty for a lot of time	Difficulty to have sucession in the enterprise	
	To keep the self image of traditional bread because of the antiquity and the way of elaboration.	There is a need to incorporate quality control systems	
		Payment within thirty days for the enterprises’ clients	
OPPORTUNITIES	Possibility to expand the business by elaborating sandwiches and pizzas	High competence due to the sale of pre-cooked bread and substitutes	THREATS
	To increase the distribution to small new businesses	Variability in the prices of raw materials (light, flours, etc)	
	To strengthen the hiring of bakery for celebrations	Low prices in the supermarket chains	
	To strengthen the use of quality bread in the city	Permissiveness of the Spanish authorities about unfair competitions	
	To innovate new services such as a children game's balls	More restrictive and demanding legislation	
		Few financial help due to the current economic situation	
		Prices increase in the food basket	

Table 11. SWOT. Source: own elaboration

## 6. MISSION

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To elaborate specialties in order to provide customers from the Castellón province with a traditional and quality bread as well as optimal pastries. Therefore, customers can take pleasure when eating them. By doing this, they will be satisfied with their needs and expectations.

## 7. VISSION

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The aim is to be one of the best bakeries in this sector, offer a great attention to our clients and to expand our business in the future within the region.

## 8. VALUES

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- Quality in our products
- Variety in order to please all the tastes.
- Provide our customers with honesty
- Delivers' punctuality
- Personal treat in order to satisfy the deal as much as possible.

## 9. STRATEGIC OBJECTIVES

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Considering the Balance Scorecard's methodology (BSC) and taking into account the internal characteristics of the enterprise together with the external sector the objectives of the Panadería Nácher can be established. They belong to the following perspectives:

<b>FINANCIAL PERSPECTIVE</b> <ul style="list-style-type: none"><li>• To enhance profitability</li><li>• To enhance incomes</li><li>• To charge before customers</li></ul>	<b>CLIENTS</b> <ul style="list-style-type: none"><li>• To obtain new clients</li><li>• To enhance clients' satisfaction</li><li>• To obtain a image recognition of the enterprise</li><li>• To increase the fidelity with the clients</li></ul>
<b>INTERNAL PROCESSES</b> <ul style="list-style-type: none"><li>• To improve the delivery processes.</li><li>• To create new products</li><li>• To develop or improve the production effectiveness</li><li>• To improve the quality of the products</li></ul>	<b>ORGANISATIONAL LEARNING</b> <ul style="list-style-type: none"><li>• To improve the capacity of the commercial employees</li><li>• To enhance the staff productive formation in order to improve the products</li><li>• To implement a BSC in order to improve the relationships with the clients</li></ul>

Table12. Strategic Objectives. Source: own elaboration



## 9.1 DESCRIPTION OF THE PROPOSED OBJECTIVES

### 9.1.1 Financial perspective

- ✓ **To enhance profitability:** a sales increase and maintenance of the expenses could lead to an expansion of the enterprise due to the fact that the benefits are enhanced without increasing the losses.
- ✓ **To increase the incomes:** if new products can be sold, such as hot sandwiches and pizzas the incomes will increase. This is due to the fact that the enterprise will sell more products and as the incomes would increase there will be a higher benefit. Especially because these products provide more benefits than other products.
- ✓ **To earn the clients' money earlier:** by doing this we will have more cash and we could invest more the money earned.

### 9.1.2 Customers' perspective

- ✓ **To obtain new clients:** for Panadería Nácher clients are very important. If the quality of the products and services is improved, the number if clients will increase in the future. As a consequence, incomes will increase as well as the profitability of the enterprise.
- ✓ **To enhance the client's satisfaction:** Currently, it is important that the client is satisfied with aspects such as quality, delivers compliance, etc. By doing this, our enterprise would be loyal and we could obtain image recognition of the enterprise.
- ✓ **To obtain image recognition of the enterprise:** the notoriety of the enterprise is studied. Therefore, if it is enhanced, the popularity of this enterprise will increase as the best bakery of that area. Therefore, the business would obtain more value. Thanks to this, if the enterprise wants to be sold or rented, the owners could obtain more profitability in the future.
- ✓ **To enhance the clients' loyalty:** if the clients' loyalty is increased, the customers' base becomes steady. This allows the owners to obtain steady incomes which they

can take into account. This also adjusts the diary production and there are not so many decreases that reduce the final benefits of the enterprise.

### 9.1.3 Internal processes perspective

- ✓ **To improve the delivery process:** if the attention and delivery of the products are done correctly, the customers' waiting time will be reduced. As a consequence, the customer will lose less time and he or she could continue doing activities without interrupting him as little as possible.
- ✓ **To create new products:** in order to convey activities in a different way different products can be achieved. By doing this, the innovation is enhanced and new costumers will be attracted by these products.
- ✓ **To develop or improve the effectively productions:** production staffs tend to have space problems in order to convey the activities they want to. As a consequence, the process is delayed. For this reason, the way of elaborating products needs to be improved. If these processes are not improved, production and sales will be limited. Another benefit that can be seen is that if the production improves the number of clients and therefore sales will be increased.
- ✓ **To improve the products' quality:** if in the elaboration of the products high quality materials are used, we achieve that the products are better. By doing this the client will be more satisfied and will buy more in our enterprise. Hence, the value of the products offered will improve.

### 9.1.4 Organisational learning perspective

- ✓ **To improve the capacity of the commercial employee:** the sales department should be prepared in order to solve any technical problem that appears. What is more, it should offer a kind friendly treatment based on the relational marketing.
- ✓ **To enhance the staff productive formation in order to improve the products:** in order to innovate correctly, the staff should receive education. Training courses which are done in the workhouse allow that the learning process can be achieved.

Thus, staff can take advantage of this knowledge and they can learn new methods for creating and elaborating new products and they can also learn new products.

- ✓ **To implement a BSC in order to improve the relationships with the clients:**  
there is a need to incorporate data base so that employees can deal with it. By doing this, the treatment with the clients will change since the sales volume will be taken into account. At the same time, we can know the products clients acquire more and which products are acquired individually by our clients. As a result, the BSC software will be used for orders, offers and other registers in a more appropriate way.

## 10. STRATEGIC MAP

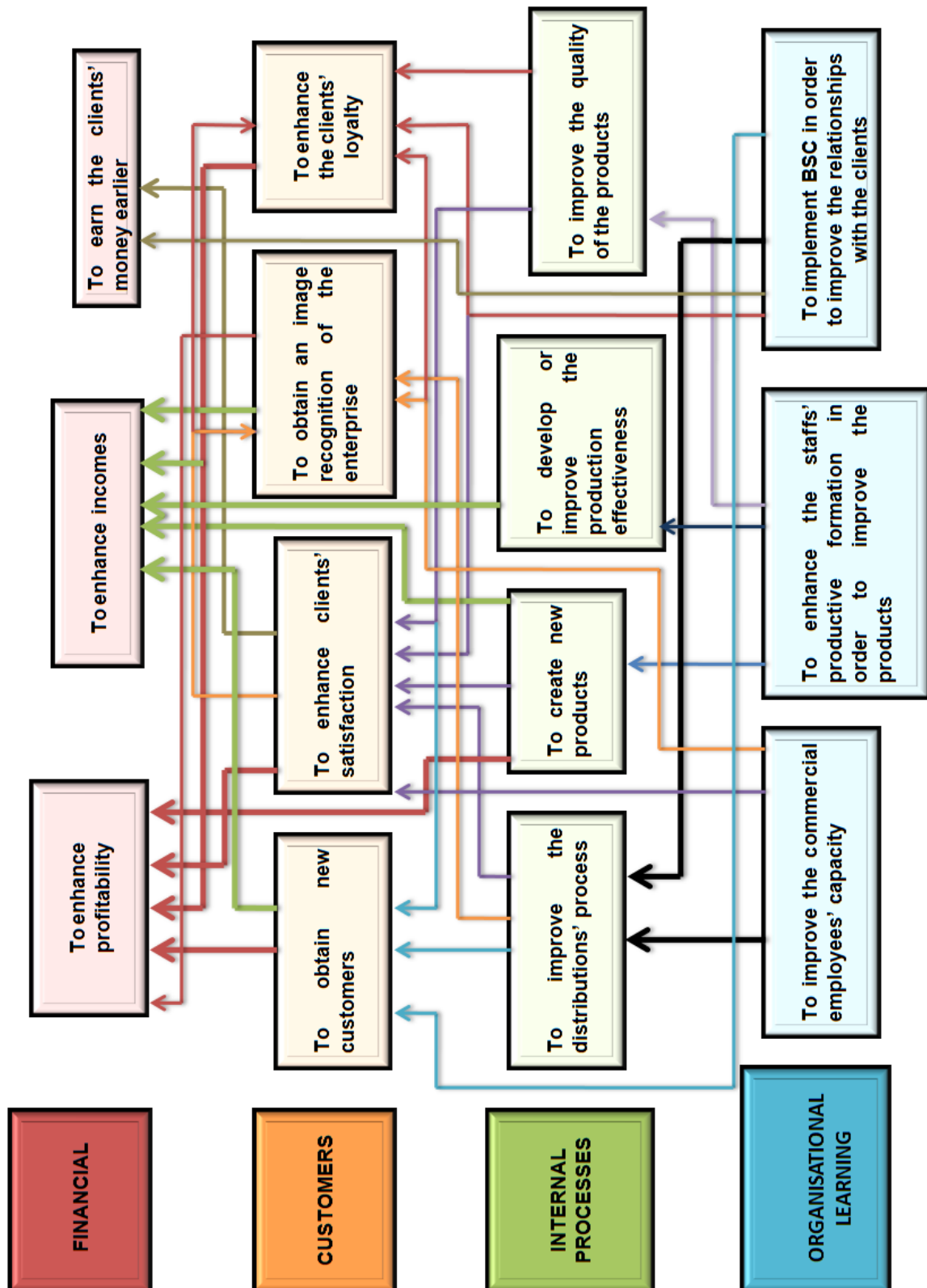


Figure 16. Strategic map. Source: own elaboration

## 11. STRATEGIC INDICATORS

The indicators which are proposed in order to define the objective in the strategic map should be reliable, they can be updated, and they allow defining the initiatives with the same characteristics.

The achievement indicators are established with the aim of obtaining the control that the enterprise wants.

PERSPECTIVE	OBJECTIVES	INDICATORS
FINANCIAL	To enhance profitability	Profitability
FINANCIAL	To enhance incomes	Incomes per sale
FINANCIAL	To earn the clients' money earlier	Reduction of accounts payable
CLIENTS	To obtain new clients	New clients' increase
CLIENTS	To enhance clients' satisfaction	Complaints' reduction
CLIENTS	To obtain an image recognition of the enterprise	Score average in the survey about the notoriety of the product
CLIENTS	To enhance the clients' loyalty	Customers' retention
INTERNAL PROCESSES	To improve the distributions' process	Complaints' reduction for delayed orders
INTERNAL PROCESSES	To create new products	New products' incomes
INTERNAL PROCESSES	To develop or improve the production effectiveness	Effectiveness in the production goals
INTERNAL PROCESSES	To improve the quality of the products	Satisfaction level
ORGANISATIONAL LEARNING	To improve the commercial employees' capacity	Sales staff' performance
ORGANISATIONAL LEARNING	To enhance the staffs' productive formation in order to improve the products	Production staff performance
ORGANISATIONAL LEARNING	To implement BSC in order to improve the relationships with the clients.	Current clients' control

Table 13. Performance indicators. Source: own elaboration

Finally, the table below is divided in order to explain every indicator, its goal and the desired objective. The Balanced Scorecard represents the following:

FINANCIAL PERSPECTIVE		
<b>STRATEGIC OBJECTIVE:</b> To enhance profitability		
<b>INDICATOR :</b> Profitability		
<b>RESPONSIBLE SECTION:</b> Management	<b>UPDATE:</b> Annual	<b>MEASURING UNIT:</b> Number
<b>INDICATORS' DEFINITION:</b> For every currency unit invested in assets, the enterprise obtains X of the unit net in currency units		<b>METHOD OF CALCULATION:</b> Unit net / Total assets
<b>INDICATOR'S OBJECTIVE:</b> To determine the efficiency of the administration efficiency in order to generate facilities with the total assets of the enterprise		<b>Initial measuring:</b> 0.0  <b>Goal:</b> 0.2

Table 14. Financial perspective. Objective 1

FINANCIAL PERSPECTIVE		
<b>STRATEGIC OBJECTIVE:</b> To extend the incomes		
<b>INDICATOR:</b> Incomes per sale		
<b>RESPONSIBLE SECTION:</b> Management	<b>UPDATE:</b> Monthly	<b>MEASURING UNIT:</b> %
<b>INDICATORS' DEFINITION:</b> To compare the sales of the previous month with the sales of the current month		<b>METHOD OF CALCULATION:</b> $\left[ \frac{\text{Income} * \text{monthly net sales (year 1)}}{\text{income} * \text{monthly net sales (previous year)} - 1} \right] * 100$
<b>INDICATOR'S OBJECTIVE:</b> To find out if the sales have increased or have decreased after a month. They are compared with the same month of the previous year. These results show if promotions can be done in order to improve the sales' incomes		<b>Initial measuring:</b> 6 %  <b>Goal:</b> 8 %

Table 15. Financial perspective. Objective 2

FINANCIAL PERSPECTIVE		
<b>STRATEGIC OBJECTIVE :</b> To earn the clients' money earlier		
<b>INDICATOR:</b> Decrease in accounts receivable		
<b>RESPONSIBLE SECTION:</b> Management	<b>UPDATE:</b> Monthly	<b>MEASURING UNIT:</b> Days
<b>INDICATORS' DEFINITION:</b> To check the clients who have not paid yet		<b>METHOD OF CALCULATION:</b> The sum of the total amount of money that the clients have not paid yet
<b>INDICATOR'S OBJECTIVE:</b> To control the clients' payment during a specified period. In case that the desired goals are not achieved, we should reach an agreement with the clients about their payments		<b>Initial measuring:</b> 30 days <b>Goal:</b> 15 days

Table 16. Financial perspective. Objective 3

CLIENTS' PERSPECTIVE		
<b>STRATEGIC OBJECTIVE:</b> To achieve new clients		
<b>INDICATOR:</b> Increase of new clients		
<b>RESPONSIBLE SECTION:</b> Management and sales department	<b>UPDATE:</b> Quarterly	<b>MEASURING UNIT:</b> Number
<b>INDICATORS' DEFINITION:</b> It is the number of new clients in a quarterly		<b>METHOD OF CALCULATION:</b> New clients' sum: A + B
<b>INDICATOR'S OBJECTIVE:</b> To control the number of clients who are generated by the sales department in order to do promotional campaigns if the number of clients do not increase		<b>Initial measuring:</b> 0 <b>Goal:</b> 50

Table 17. Clients' perspective. Objective 1

CLIENTS' PERSPECTIVE		
<b>STRATEGIC OBJECTIVE:</b> To enhance the clients' satisfaction		
<b>INDICATOR:</b> Complaints' reduction		
<b>RESPONSIBLE SECTION:</b> Management and sales department	<b>UPDATE:</b> Monthly	<b>MEASURING UNIT:</b> Number
<b>INDICATORS' DEFINITION:</b> To control the number of complaints received in order to compare them with the period analysed		<b>METHOD OF CALCULATION:</b> Sum of every complaint received during the month
<b>INDICATOR'S OBJECTIVE:</b> After observing the number of the complaints received it is analysed with reference to the last month to see if it has increased or decreased. Therefore, the level of satisfaction is obtained		<b>Initial measuring:</b> 10 <b>Goal:</b> 6

Table 18. Clients' perspective. Objective 2

CLIENTS' PERSPECTIVE		
<b>STRATEGIC OBJECTIVE:</b> To obtain an image recognition of the enterprise.		
<b>INDICATOR:</b> Average survey punctuation about the brand notoriety		
<b>RESPONSIBLE SECTION:</b> Management and sales department	<b>UPDATE:</b> Annual	<b>MEASURING UNIT:</b> Number
<b>INDICATORS' DEFINITION:</b> After analysing a survey, the notoriety of the enterprise is punctuated	<b>METHOD OF CALCUALTION:</b> Sum of the points obtained in every survey over a maximum of 5 points and its average	
<b>INDICATOR'S OBJECTIVE:</b> To evaluate the image recognition of the Enterprise to check whether its valuation has improved or not. If it has not improved, a publicity campaign will be done in order to achieve better results		<b>Initial measuring:</b> Value of 2 over 5 <b>Goal:</b> Value of 3 over 5

Table 19. Clients' perspective. Objective 3



CLIENTS' PERSPECTIVE		
<b>STRATEGIC OBJECTIVE:</b> To increase the clients' loyalty		
<b>INDICATOR:</b> Customers' retention		
<b>RESPONSIBLE SECTION:</b> Management and sales department	<b>UPDATE:</b> Quarterly	<b>MEASURING UNIT:</b> Number
<b>INDICATORS' DEFINITION:</b> To sum the number of clients of every period to compare them with the number of clients of the previous period		<b>METHOD OF CALCULATION:</b> Clients A period 2 – Clients A period 1
<b>INDICATOR'S OBJECTIVE:</b> To check the clients' period to see if they continue to buy in the same enterprise. Thus, it can be seen if their loyalty has increased or not and to know how frequently they buy in the enterprise		<b>Initial measuring:</b> 500 <b>Goal:</b> 500

Table 20. Clients' perspective. Objective 4

INTERNAL PROCESSES PERSPECTIVE		
<b>STRATEGIC OBJECTIVE:</b> To improve the distribution processes		
<b>INDICATOR:</b> To reduce the complaints of the delayed orders.		
<b>RESPONSIBLE SECTION:</b> Management and sales department	<b>UPDATE:</b> Monthly	<b>MEASURING UNIT:</b> Number
<b>INDICATORS' DEFINITION:</b> To sum the number of complaints done by the clients who receive the orders		<b>METHOD OF CALCULATION:</b> Sum of the complaints received monthly
<b>INDICATOR'S OBJECTIVE:</b> To control whether complaints decrease the products distribution. The aim is to make delivers arrive on time		<b>Initial measuring:</b> 8 <b>Goal:</b> 3

Table 21. Internal processes perspective. Objective 1

INTERNAL PROCESSES PERSPECTIVE		
<b>STRATEGIC OBJECTIVE:</b> To create new products		
<b>INDICATOR:</b> New products' incomes		
<b>RESPONSIBLE SECTION:</b> Management	<b>UPDATE:</b> Monthly	<b>MEASURING UNIT:</b> Currency unit
<b>INDICATORS' DEFINITION:</b> To sum the money obtained of the new products' sales		<b>METHOD OF CALCULATION:</b> New products gross margin
<b>INDICATOR'S OBJECTIVE:</b> To check how the incomes increase for the new products sales		<b>Initial measuring:</b> 200 €  <b>Goal:</b> 1.100 €

Table 22. Internal processes perspective. Objective 2

INTERNAL PROCESSES PERSPECTIVE		
<b>STRATEGIC OBJECTIVE:</b> To develop or improve the effective production		
<b>INDICATOR:</b> Efficiency in the production targets.		
<b>RESPONSIBLE SECTION:</b> Management and sales department	<b>UPDATE:</b> Monthly	<b>MEASURING UNIT:</b> %
<b>INDICATORS' DEFINITION:</b> It is used to see which are the different targets degrees and goals of the expected results obtained through the good use of raw materials		<b>METHOD OF CALCULATION:</b> (Planned products / products produced) * 100
<b>INDICATOR'S OBJECTIVE:</b> To check whether the achievement results have been done on the appropriate time and reasonable costs in order to check the raw materials' efficiency		<b>Initial measuring:</b> 75 %  <b>Goal:</b> 95 %

Table 23. Internal processes perspective. Objective 3

INTERNAL PROCESSES PERSPECTIVE		
<b>STRATEGIC OBJECTIVE:</b> To improve the quality of the products		
<b>INDICATOR :</b> satisfaction level		
<b>RESPONSIBLE SECTION:</b> Management and sales department	<b>UPDATE:</b> biannual	<b>MEASURING UNIT:</b> Number
<b>INDICATORS' DEFINITION:</b> The level of the clients' satisfaction can be seen when consuming the products. It also shows that the less faults there are, the more satisfaction there is	<b>METHOD OF CALCULATION:</b> This is done by checking the results obtained when conducting a survey to the client about the satisfaction obtained when consuming the product	
<b>INDICATOR'S OBJECTIVE:</b> The objective is to check if the client is satisfied with the consumed product. The quality can be improved and therefore the level of satisfaction can be enhanced by reducing the faults of the product		<b>Initial measuring:</b> 6 over 10 <b>Goal:</b> 9 over 10

Table 24. Internal processes perspective. Objective 4

ORGANISATIONAL LEARNING PERSPECTIVE		
<b>STRATEGIC OBJECTIVE:</b> To improve the capacity of the commercial employees.		
<b>INDICATOR:</b> Sales staff performance		
<b>RESPONSIBLE SECTION:</b> Management and sales department	<b>UPDATE:</b> Quarterly	<b>MEASURING UNIT:</b> %
<b>INDICATORS' DEFINITION:</b> The average performance of the sales activity can be seen through the individual sales performance	<b>METHOD OF CALCULATION:</b> Sum of the individual sales level divided into the number of staff in the sales department	
<b>INDICATOR'S OBJECTIVE:</b> To check if the average performance is good otherwise, formation courses can be done in order to improve their capacity		<b>Initial measuring:</b> 60 % <b>Goal:</b> 85 %

Table 25. Organisational learning perspective. Objective 1

ORGANISATIONAL LEARNING PERSPECTIVE		
<b>STRATEGIC OBJECTIVE:</b> To enhance the staffs' formation in order to improve the products.		
<b>INDICADOR:</b> Sales staff performance		
<b>RESPONSIBLE SECTION:</b> Management and sales department	<b>UPDATE:</b> Quarterly	<b>MEASURING UNIT:</b> %
<b>INDICATORS' DEFINITION:</b>  Through a system of individual production performance of the average performance of the production template is obtained	<b>METHOD OF CALCULATION:</b>  Sum of individual performance level of workers in the production department, divided by the number of people in the production department	
<b>INDICATOR'S OBJECTIVE:</b>  To check if the average performance production is good. If the results are not positive, their capacity can be improved by means of formation courses		<b>Initial measuring:</b> 70 %  <b>Goal:</b> 90 %

Table 26. Organisational learning perspective. Objective 2

ORGANISATIONAL LEARNING PERSPECTIVE		
<b>STRATEGIC OBJECTIVE:</b> To implement a BSC in order to improve the relationships with the clients		
<b>INDICATOR:</b> Current clients' control		
<b>RESPONSIBLE SECTION:</b> Management and sales department	<b>UPDATE:</b> Monthly	<b>MEASURING UNIT:</b> Number.
<b>INDICATORS' DEFINITION:</b>  To check if there is a well defined control of the current clients	<b>METHOD OF CALCULATION:</b>  To obtain a list of the clients with all their characteristics	
<b>INDICATOR'S OBJECTIVE:</b>  To control if the level of information about the clients is good. If the information is not appropriate the sales department should be trained and the use of BSC should be implemented in order to assist clients better	<b>Initial measuring:</b> 250 complete clients  <b>Goal:</b> 500 complete clients	

Table 27. Organisational learning perspective. Objective 3

## 12. BSC FOR THE BAKERY NÁCHER, LIMITED CORPORATION

PERSPECTIVE	OBJECTIVES	INDICATORS	REAL	GOAL	COURSE OF ACTION
FINANCIAL	Increase profitability	Profitability	0.0	0.2	To improve the management 's efficiency
FINANCIAL	Increase the incomes	Incomes per sales	6%	8%	To do promotions to increase sales
FINANCIAL	Earn the clients' money earlier	To reduce the account receivable	30 days	15 days	To reach agreements with clients to earn money earlier
CLIENTS	To obtain new clients earlier	To increase the new clients	0	50	To do campaigns promotions
CLIENTS	To enhance the satisfaction with the clients	To reduce complaints	10	6	To offer products and services of a better quality
CLIENTS	To obtain an enterprise image recognition	Average score of the brand notoriety	2 of 5	3 of 5	To advertise by several means
CLIENTS	To increase clients' loyalty	Customers' retention	500	500	To improve the products and the client support.
INTERNAL PROCESSES	To improve the distribution process	To reduce the complaints of previous delays.	8	3	To avoid delays by improving the production
INTERNAL PROCESSES	To create new products	Incomes per new products	200 €	1100 €	To increase the creation of new products
INTERNAL PROCESSES	To develop or improve the production effectiveness	Efficiency in the production goals	75%	95%	To use raw materials better
INTERNAL PROCESSES	To improve the quality of the products	Level of satisfaction	6 of 10	9 of 10	To reduce the number of faulty products
ORGANISATIONAL LEARNING	To improve the capacity of commercial employees.	Sales staff performance	60%	85%	To do formation courses
ORGANISATIONAL LEARNING	To improve the staff formation in order to improve production	Production staff performance	70%	90%	To do formation courses
ORGANISATIONAL LEARNING	To implement BSC to improve the relationships with the clients	Current clients' control	250 with control	500 with control	To implement and use BSC

Table 28. Balanced Scorecard. Source: own elaboration

### 13. BALANCED SCORECARD CONTROL

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After implementing the use of the Balanced Scorecard (BSC) it would be analysed if the indicators goals are achieved by doing the proposed actions. The proposed actions should be carried out by the members of the organisation who are indicated in the BSC. The enterprise's management can focus on the aspects which seem to be that the indicators are not fulfilled appropriately. Thanks to the use of the control indicators, the strategies development can be followed. Therefore, observations and measurements will be achieved by the members of the enterprise. These actions will allow the employees to take prompt remedial actions. As a consequence, employees will adapt themselves to evolutionary environments. By putting all these actions into practice, strategic goals with the vision of the enterprise will be alienated.

## 14. CONCLUSIONS AND RECOMMENDATIONS

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The aim of this study was to offer a strategic planning in a SME with the use of the BSC, a simple and practical method to control every perspective of the enterprise. In case that an enterprise like Panadería Nácher, limited corporation wished to implement this strategic planning, a monitoring of every perspective and objective in order to correct the deficiencies should be applied.

As the use of the Balanced Scorecard has been studied and analysed in Panadería Nácher, Limited Corporation, it can be highlighted the fact that this seems to be a good tool in order to direct correctly the management of the enterprise as well as to control the strategies which aim at improving the enterprise. If there were more time in order to implement all the course of actions of the objectives proposed, it could be seen that in every perspective some changes would be produced. When all the strategies were implemented and integrated among them, the enterprise's profitability and the rivalry achieved by the enterprise would have changed.

As we are dealing with a SME this changed would need a short period of time. Hence, the suggested expectations would be reached easier and faster.

When doing the strategic plan, more objectives could have been applied in order to form the BSC. As examples we can mention the establishment of software in order to control the raw materials and the products. What is more, with reference to the infrastructure, a new business could be implemented in the bakery such as a set of fashionable balls game for children.

I would like to mention that the management of the enterprise has been very satisfied with this study and with the job done. They have claimed that if they decide to implement this strategy all the employees would make an effort in order to fulfill all the aims.

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