


Commercial Strategy

Transforming East Herts



 @Eastherts

 EastHertsDC

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Introducing our commercial strategy

Introduction

The Transforming East Herts Programme has created the opportunity for East Herts to explore new ways of working and undertake activities which produce an income to support the council's statutory functions and other priorities. Successfully being more commercial will better position the council to protect frontline services for our community.

In recent years the council has been very successful in improving its financial position by undertaking procurement exercises in partnership with other local authorities, using capital investment to reduce running costs and providing services to other councils. The council also established Millstream Property Investments Limited which, through the provision of good quality private rented properties at or near the Local Housing Allowance rent, provides a revenue stream of around £160,000 a year to the council

This commercial strategy aims to address the financial challenges currently facing the public sector, which are unlikely to change in the near future. Therefore, it is important that the council reviews the way it performs its statutory and discretionary functions by investigating and implementing new ways of working to improve the council's financial position. This includes staff thinking in a more commercial way and the council empowering officers to take appropriate decisions as close to the customer as possible. The traditional hierarchical unit with decisions being made "up the line" is not sufficiently agile or cost effective for public services in the 21st Century.

This strategy is intended to provide a consistent approach and guidance, for officers and councillors to work within, in taking potential income generating ideas through to

a successful commercially product. The strategy is underpinned by commercial competencies for staff and managers and training will be delivered to ensure that these new competencies are embedded in the first year.

The Commercial Strategy will be supported by an annual delivery plan detailing the specific work programmes and projects that will help achieve our commercial ambitions.

Why have a Commercial Strategy?

The Commercial Strategy has been drawn up as part of the Transforming East Herts Programme. The Programme's key aim is to make the council financially sustainable by modernising the way the council operates through investment in technology and investment in our staff. The council recognises a key part of this is for the council and its staff to become more commercial in its operations and the way that staff think. This involves embracing a different commercial culture in terms of how we think and act to ensure our services are provided as efficiently and effectively as possible.

This Commercial Strategy sets out how we will encourage a commercial mind-set which will deliver: continuous improvement; the identification of potential new ways of working; and new opportunities that will generate income which will improve the council's financial position and help maintain services. However, in order to do that Members and Senior Officers will need to embrace that this new thinking involves identifying the right opportunities, broadening the council's risk appetite, taking some risks and accepting that some investments/projects will fail.

Need for culture change

Traditionally, commercialism and income generation are not concepts associated with local government. The Localism Act 2010 gave local authorities more freedom to generate income through commercial activities, such as charging and trading, as long as it is in line with their existing powers and not specifically prohibited by legislation. Although legislation now encourages commercial behaviour, local authorities do not necessarily have a mind-set whereby acting entrepreneurially to create new revenue streams is a driving force. Local authorities are responsible for taxpayers' money and are democratically held to account for their actions and, as a result, Members and officers tend to be very risk averse in their attitudes. A change in risk appetite to

accept carefully evaluated risks is required in order for the potential rewards to be delivered.

East Herts recognises that this needs to change and this strategy seeks to provide the focus to instil a more commercial culture amongst council staff and Members, alongside accepting that risk is not something to avoid but to understand and manage and that failure will occur and will be seen as a learning opportunity and not used to demotivate staff or make staff risk averse through fear of reprimand. Whilst reviewing service areas, evaluating performance or setting targets, officers at all levels will need to consider opportunities to generate income and make efficiency savings as one of their priorities. Ensuring that all service areas are as productive and efficient as possible can play an important role in bridging the funding gap. In line with this, we will continue to adopt a 'user pays' approach as outlined in our Fees and Charges Policy adopted by Council on 15 December 2021. The Fees and Charges Policy introduced the requirement to always calculate a price that recovers the full cost of the service being provided before consideration is given to marketplace prices or concessions. A standard full cost recovery hourly rate has been calculated centrally by Finance for teams to use in their pricing calculations. There is clear evidence in the fees and charges set locally that the council has set its prices below full cost recovery which any commercial organisation would not do other than deliberately as a time bound "loss leader" to gain market share, often in new markets.

East Herts already has a good track record of making efficiency savings by sharing services, shared procurement of major outsourced services (e.g. Refuse, Recycling and Street Cleansing) and creating wholly or jointly owned companies to trade. The current financial outlook for local authorities makes it necessary for the council to

continually strive for cashable efficiency savings and income generation to maintain a balanced budget. Thus, East Herts must adopt a more commercial approach to:

- internal operational efficiency and continuous process improvement;
- identifying new income streams and reviewing all current charges to ensure full cost recovery as the norm;
- identifying and taking to market new commercial products and services;
- being more commercial about the standard of service offered and where the service provided is of too high a standard, reducing that standard to the market norm (this is often described as providing a gold standard service when the market norm is bronze level). As part of this and, where legislation permits, the council may take a commercial decision to still offer the gold standard service at a premium price; and
- being more commercial about what is not “core business” and can be better done by others or not done at all, especially where there is no statutory or contractual requirement to provide services.

What being commercial means for East Herts Council

Put simply, being more commercial means helping to safeguard and develop frontline services by:

- providing a positive contribution to the council's financial position by
 - creating extra revenue
 - avoiding unnecessary costs
 - increasing efficiency
- developing staff to provide new skills which can be applied to council service delivery
- transforming the council into an innovative workplace which continuously learns and improves, and
- bringing benefits to the local economy and supply chain.

Any commercial operations will be:

- focused on delivering a social return on investment rather than on profit alone
- compatible with the principles, values and commitments set out in our Corporate Plan
- limited in the geographic extent of their operations to the boundaries of the administrative county of Hertfordshire (express permission may be granted by Full Council to increase the geographic extent of a venture on the recommendation of the Executive)
- designed to fill gaps in the existing market or be the sole or main provider in a market that is under developed in Hertfordshire, and
- where a company is formed: limited by shares; formally held accountable by the Annual Shareholders Meeting; independent in their operations with no Member or officer acting as a shadow director at any time; and part of a group

of East Herts wholly owned companies to limit the number of required Directors drawn from Leadership Team and to speed up the formation of new companies as and when required.

From strategy to action

This new approach will require officers and members alike to look at our duties, powers and, importantly, opportunities and risk in a new way.

We will put a commercial approach into actions in four key ways:

- creating a more commercial culture – ensuring members and officers have the relevant skills, experience and mind-set to generate new revenue streams and make efficiency savings for the council;
- undertaking new, or, expanding existing income generating projects which will provide a social return on investment as well as a financial return;
- change our risk appetite so that we accept risks that we have measured and can manage that lead to reward, including accepting the risk of failure which we will embrace as a learning opportunity; and
- projects will be selected to provide a diverse portfolio of investments in terms of risk and market segmentation. Due to the council's current investments in property related funds and Millstream Property Investments Ltd, no projects that involve property will be taken forward until the current investment levels in property have been significantly reduced.

Social return on investment

East Herts will target commercial activity towards offering community, environmental or local economic returns on investment, as well as financial benefits for the council.

Unlike most private organisations, we will not necessarily seek the highest profit generating opportunities but will pursue projects with win-win benefits that create new revenue streams and meet corporate objectives.

East Herts will set out to illustrate that it is possible to pursue profit, whilst also having the best interests of our residents at heart. This principle has the added advantage of helping to manage reputational risk, in the sense that if a commercial project fails to make a profit, it will have at least contributed to the community in other ways.

New attitudes to risk

An integral part of becoming more commercially minded and creating new revenue streams involves changing attitudes amongst staff and members to risk and failure. This strategy encourages an appetite for calculated risk taking and embracing the learning from initiatives that fail to achieve expected outcomes.

Understandably, local authorities have historically been risk averse, as they are responsible for taxpayers' money and are democratically held to account for their actions. The reality now faced by councils up and down the country is that if we do nothing to increase our income, the services we provide for our residents will be unsustainable at current levels. New opportunities to raise revenue always come with risks, but, by accepting, where appropriate, and managing those risks then the rewards from investing will be delivered for the benefit of East Herts taxpayers.

Mitigating and controlling risk

The council will encourage its staff to take risks based on informed decisions that identify and assess the potential costs, benefits and the likelihood of success of a commercial project. Corporate tools such as a standard business case and risk register can be used to ensure that all potential outcomes are considered and any appropriate mitigation measures are taken. Exit strategies will also be put in place, to ensure the council can pull out of projects that may not be delivering expected outcomes. These risk management techniques are already in use by the council's wholly owned housing company, Millstream Property Investments Ltd, and the council's own major capital investment projects. Having these mitigation measures in place will assist the council in becoming risk aware as opposed to risk averse. Appendix 1 to this strategy sets out the process for taking commercial ideas from conception to market. The process has "gateways" at the end of each stage to ensure that all the points have been addressed and challenge will ensure optimism bias is not leading to inappropriate risk taking.

New mind-set, new skills – investing in our people

The adoption of this commercial strategy is the first step in instilling a commercial culture within the council. The next steps are to ensure that staff and Members have the relevant skills and expertise to make a success of commercialisation and embed a more commercial mind-set and a more commercial culture into the council.

Staff competencies have been identified and are now included in the Personal Development Review process so that officers understand how commercial skills assist the delivery of the Corporate Plan and development needs can be reviewed annually. These commercial competencies are shown in Appendix 2.

We recognise that we will need to develop and implement a commercial skills training programme to develop and embed the types of skills that are required to ensure all staff and councillors are better positioned to operate in a more commercially minded council. Training and development programmes are likely to cover:

- Market analysis
- Understanding the supply chain
- Developing a business case
- Commercial risk management
- Cash flow training
- Financial modelling and forecasting
- Business accounting
- Legal vehicles for Council commercial activities
- Commercial target setting
- Marketing

- Specification writing
- Contract management
- Duties of Company Directors

A selection of courses could form a 'Commercial Council' training pathway with formal accreditation from an appropriate provider. This would emphasise the importance East Herts attaches to these skills and will be explored as part of the procurement of the skills training.

Learning from others

As the council proceeds along its commercial journey, it will be important to learn from others. We highly value the opportunity to be involved with, and gain additional knowledge and support from, other public, private and voluntary sector organisations.

We will seek out opportunities for learning from others through professional networks and events, whilst ensuring that any financial outlay is fully justified. Additionally, the council will explore the possibility of developing a peer learning group with other local authorities in Hertfordshire to share best practice and potentially identify opportunities to join up existing commercial ventures or create new ones co-owned by a number of authorities such as Hertfordshire Building Control Ltd.

How the council can deliver new opportunities

The council can deliver new opportunities in different ways. The right way will depend on the opportunity and any legislation that requires the council to act in a particular way.

As a council service

This involves providing a service that the council already provides or is ancillary to a service it provides, for example trade waste, and marketing it towards existing or new customers in order to achieve business growth.

This is usually the least risky growth strategy as the council already has processes in place to provide the service and the spare capacity to deliver it. It is, however, a limited market solely within its administrative boundaries and needs to be carefully managed so that the council does not distort the market through price advantage – for example we must set trade waste prices at above full cost recovery for trade waste as commercial operators must charge 20% VAT whilst the council has a specific legislative exemption from doing so.

As a council to other councils and public sector bodies

This involves providing the service to other public sector organisations either within our administrative boundaries, for example town councils and parish councils, or outside of East Herts, to other local authorities or defined public sector bodies.

The Local Authority (Goods and Services) Act 1970 permits the council to enter into agreements with public bodies for the provision of goods, materials, and administrative, professional and technical services, for the use of vehicles, plant and apparatus, and for the carrying out of maintenance work for other local authorities.

Direct to the public

This involves trading either through existing council structures or through a Local Authority Trading Company (LATC) to provide a service to the public. If the service is delivered through the council structures then the service must be: limited to within

the council's boundaries only; and on a cost recovery basis only and it cannot set out to make a profit. To compete over a wider area or to trade for the purposes of profit then a LATC is legally required.

Trading at a profit

Trading at a profit or outside the administrative boundaries of East Herts requires the establishment of a LATC. Any commercial proposals will need to be backed up by a robust business case, be an investment that pays back within 10 years and with detailed risk management arrangements that includes an exit strategy. It is essential that all commercial proposals follow the procedures set out in Appendix 1 before being submitted for approval by the Executive. This will allow Members to be assured that the proposals have reduced or mitigated any risks and ensure there is every possibility of success in the commercial venture.

Investing to save - support to deliver commercial proposals

Clearly the council would not, and indeed could not feasibly, pursue all opportunities in established market sectors. Ideas will be requested from staff and Members at least annually but more probably every 6 months. These ideas will then be reviewed by the Heads of: Strategic Finance & Property; Operations; and Housing & Health and a list of no more than 6 ideas will be approved for detailed evaluation. The evaluation will then follow the process in Appendix 1 that sets out a step-by-step guide to using the commercial framework to assess commercial opportunities and plan a response.

The council will need provide officers involved in commercial proposals with support in areas such as sales, marketing and business development to ensure that we are able to maximise opportunities. In staff engagement on the commercial strategy there were a number of suggestions for new income streams that merit further investigation but there is not currently capacity within the council to take that work forward. We will consider how best to strengthen our capacity, which may include

redeploying and reskilling existing officers, buying in specialist expertise from time-to-time or creating new commercially-focused posts.

The trajectory for generating income

The council's commercial approach is not a 'quick fix' solution to a challenging financial position. It is a medium to long-term programme that should deliver lasting financial and social benefits for the district, throughout and beyond the next decade. The commercialisation approach is open to all council services (or elements of services), therefore it is important that all services continue to investigate ways of improving their services and explore ways of introducing commercial opportunities to improve them financially. As ideas are taken through the evaluation process and on to market the council recognises the need to invest in these ideas and that with start-up costs and lead-in times before income is generated, it is likely that there will be relatively modest financial returns in the early years. As with many new businesses, as confidence in our ability, capacity and capability develop, it is anticipated that the financial returns will grow.

Annual Action Plans

The Commercial Strategy will be supported by annual plans and reviews that will be incorporated into the council's annual budget setting and MTFP process. As discussed above, all new initiatives will be fully explored and robustly challenged and if the outline business case demonstrates the initiative is worth pursuing a detailed business case will be produced. If the proposal is approved by members, outputs will be measured against those included in the approved business case.

Measuring the success of this commercial strategy within the council is not straightforward – additional income can be easily recorded but costs avoided or efficiency increases are less easy to see and record. Even more difficult to baseline and measure changes in are staff approaches to approaching work and redesigning

processes. The commercial strategy is intended as an enabler of aspects of the Transforming East Herts Programme, particularly lean processes, service reviews and how we use our investment in technology such as Microsoft 365.

Links to other East Herts strategies and policies

The Commercial Strategy has been designed to align with and complement other key documents that contribute towards the overall success of East Herts. In particular, this strategy has been aligned to:

- East Herts Corporate Plan – SEED, A Place to Grow
- Medium Term Financial Plan
- Transforming East Herts Programme.

A Guide for Using the Commercial Framework

This guide is designed to help you use the Commercial Framework to develop a business case. It includes questions that you need to think about and answer in the business case as well as links to other resources that you might find useful.

Stage 1 – The idea

Questions to answer	Guidance
Describe the commercial idea you have...	What is the purpose or vision for your business? What will it look like in five years' time? How much will it be turning over? How much profit will be generated? How many staff and customer will be involved?
What are the proposed benefits?	How does this add value to your customer? What problem would it solve for them?
What is the purpose or vision for your business?	
What features should it have?	
What is the social return on investment?	These are the non-financial returns your idea will generate. How does it link to corporate SEED objectives? Does it add social value as well as achieving business objectives?
What other benefits are there?	

Appendix 1

Useful resources:

Advice on how to easily explain your idea...	http://www.startupdonut.co.uk/blog/2011/10/how-easily-can-you-explain-your-business-idea
Article on selling value, not just features and benefits...	http://www.inc.com/geoffrey-james/how-to-sell-value-benefits-or-features.html
Defining vision (and beyond...)	http://www.strategicmgmtresources.com/DevelopingYourCo.html
Informative article on Value Proposition and links to more analysis tools	http://www.forbes.com/sites/michaelskok/2013/06/14/4-steps-to-building-a-compelling-value-proposition/
Definitions of Business to Business (B2B) and Business to Consumer (B2C)	http://www.marketingterms.com/dictionary/b2c/ http://www.marketingterms.com/dictionary/b2b/
East Herts Council Social Value Policy	

Stage 2 – the operating environment

Questions to answer

Analyse the future operating environment using PESTLE analysis

P - Political

What political factors impact our organisation, the market and potential customers?

Consider:

Trading policies;

Funding, grants and initiatives;

Home market lobbying/pressure groups;

Local authority rules/ local bylaws etc.;

International pressure groups;

Wars and conflict;

Governmental leadership; Government structures Government policies; Government term and change; Elections;

Inter-country relationships/attitudes;

Terrorism;

Political trends;

Internal political issues;

Shareholder/ stakeholder needs/ demands

E - Economic

What economic factors impact our organisation, the market and potential customers?

Consider:

Home economic situation; Home economic trends;

Overseas economies and trends;

General taxation issues;

Taxation changes specific to product/services;

Seasonality/weather issues;

Market and trade cycles;

Specific industry factors;

Market routes and distribution trends;

Customer/end-user drivers;

International trade/monetary issues;

Disposable income;

Job growth/unemployment;
Exchange rates;
Tariff and Non-Tariff barriers;
Inflation;
Interest and exchange rates;
Consumer confidence index;
Import/export ratios;
Production level;
Internal finance;
Internal cash flow

S - Social/Cultural

What factors in society or cultural issues impact our organisation, the market and potential customers?

Consider:

Consumer attitudes and opinions;
Media views;
Law changes affecting social factors;
Brand, company, technology image;
Consumer buying patterns;
Major events and influences;
Buying access and trends;
Ethnic/religious factors;
Advertising and publicity;
Ethical issues;
Demographics (age, gender, race, family size,);
Lifestyle changes;
Population shifts;
Education;
Trends versus Fads;
Diversity;
Immigration/emigration;
Health;
Living standards;
Housing trends;
Fashion & role models;

Attitudes to work;
Attitudes to people doing certain types of work;
Leisure activities;
Occupations;
Earning capacity

T - Technological

What technological factors impact our organisation, the market and potential customers?

Consider:

What's happening technology-wise?

What could change?

What could impact our organisation, the market and potential customers?

Technology is leaping every two years, is your product related to technology that has no discernible future (think how fast CRT televisions got replaced by LED flatscreens)?

Are there barriers to entry in given markets?

Will technology make changes to financial decisions like outsourcing and insourcing?

L - Legal

What legal factors impact our organisation, the market and potential customers?

Consider:

What legal issues should be considered?

Is anything changing that we know about?

How could this impact our organisation, the market and potential customers?

Current legislation domestic market;

Future legislation;

European/international legislation;

Regulatory bodies and processes;

Environmental regulations;

Employment law;

Consumer protection;

Industry-specific regulations;

Competition regulations

E - Environmental

What environmental factors impact our organisation, the market and potential customers?

Consider:

- International; National; Local; Environmental regulations;
- Customer values;
- Market values;
- Stakeholder/ investor values;
- Staff attitudes;
- Management style;
- Organisational culture;
- Staff morale;
- Staff engagement;
- International market and product factors

Can you operate within the circular economy and if not how are materials sourced and waste minimised?

The business should reach net zero by 2030 – what are the barriers?

Water management plan as water becomes a scarcer resource

Can production be scheduled to take advantage of overnight cheaper electricity prices?

Useful resources:

Link to Pestle (US) analysis of Starbucks	http://www.slideshare.net/phongv/starbucks-pestle-analysis?next_slideshow=1
Prezi - mind map with examples of Pestle analysis	http://prezi.com/s-9c8ri3yo-n/?utm_campaign=share&utm_medium=copy&rc=ex0share
Blog on Coca Cola	https://cypplc.wordpress.com/2014/02/09/macro-economic-factors-affecting-coca-cola-pestle-anyabolotaeva/
Political, Economic, Social, Technological, Legal, Environmental (PESTLE) analysis for Coca Cola	http://www.scribd.com/doc/18975870/Pestal-Analysis-of-Coke#scribd
Example of McDonalds PESTLE	http://mcdonalds600.weebly.com/pestel-analysis.html

Stage 3 – Meeting the threshold

Questions to answer	Guidance
What are the 'threshold' and competency expectations of the market?	Put yourself in the shoes of your customers... What do they absolutely expect from you in terms of your resources and competencies?
Can you deliver the resources threshold? What resources do you have?	Resources are buildings, equipment, staff
What resources don't you have?	Resources are buildings, equipment, staff
Can you deliver the competencies threshold? What competencies do you have?	Competencies are knowledge, skills and processes
What competencies don't you have?	Competencies are knowledge, skills and processes
What resources or competencies do you have that are unique?	Challenge yourself, or find a 'critical friend'.... Are these really unique? <u>Are they really!?</u>
How much does it cost to maintain/offer that uniqueness?	
How does the uniqueness add value?	What problem does it solve for the customer? Does this pass the 'So What?' test?

Useful resources:

Example of Starbucks threshold...	http://research-methodology.net/starbucks-strategic-capabilities/
Blog on threshold resources	http://www.innovationforgrowth.co.uk/Blog/what-are-resources-and-competences/
Article on Unique Selling Proposition (USP)	http://www.convinceandconvert.com/digital-marketing/5-ways-to-develop-a-unique-selling-proposition/

Appendix 1

Short video - 'So What' test - stop watching at 01:44 to avoid the advert!	https://www.youtube.com/watch?v=rUVf_oQQn44
Example of McDonalds PESTLE	http://mcdonalds600.weebly.com/pestel-analysis.html

Stage 4 – Knowing the customer

Questions to answer	Guidance
Who are your top 5 customer segments?	<p>No one size fits all or silver bullet answers!</p> <p>Define your customers into meaningful groups, this will vary for different business/service types.</p> <p>Could be based on: age; income or budget; demographic, geography; skills and qualifications and/or their level of needs (deprivation, rural sparse v urban dense)</p>
Describe your target customer(s)?	<p>It can help to give them a name e.g. “Rural retirees”.</p> <p>Do they vary by Product/service?</p> <p>What are their demographics?</p> <p>What do they watch and read?</p> <p>Where do they ‘hang out’, especially online?</p>
What are their needs?	<p>This should be backed by evidence. Anecdote is not evidence.</p>
How are you going to solve a problem for them?	
How much do they currently buy?	
Whom do they buy from?	
How much do they pay?	
Are they in contractual agreements?	
How many customers are there?	
How much of the market do you expect to win?	

Appendix 1

Useful resources:

Slideshare on McDonalds - customer segments slide 13-14	http://www.slideshare.net/pmpuneetone/mcdonalds-10448554
Article on customer segmentation	http://www.innovationforgrowth.co.uk/Blog/what-are-resources-and-competences/
Different ways to understand customers' needs...	http://www.marketingdonut.co.uk/marketing/customer-care/understanding-your-customers

Stage 5 – knowing the competition

Questions to answer	Guidance
Which are the main forms of competition?	Budget Competition – budget spent in two separate ways to meet separate needs (e.g. I choose to pay for an annual season ticket instead of spending the money on a car personal contract)
	Generic competition – same product delivered in a different way (e.g. I can take the dog to be groomed at the shop or I can have the dog groomed at home by the mobile groomer in her van)
	Brand competition – consumers purchase almost identical products at almost identical prices but choose based on the producer brand (e.g. Ariel or Persil washing powder)
	Internal substitution – consumers produce their own rather than purchase in the market (e.g. I make packed lunch at home and eat that at work instead of buying lunch)
Is there anything else you can think of which would affect competition?	
What are the strengths and weaknesses of the competition?	
How much do the main competitors charge?	

Useful resources:

Using SWOT Analysis in your plans	https://www.youtube.com/watch?v=F61jgtEZLsA
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Stage 6 – Cost, price and profit

Questions to answer	Guidance
What will it cost to deliver the idea?	Include both capital costs and revenue costs
What's the breakeven point?	How many units must you sell in order for your income to equal costs
To make a profit how will your costs compare to the competition and customer expectations?	
What is the expected return on investment over a three year period?	Divide profit by costs and multiply by 100
What is your pricing strategy?	

Useful resources:

Article on cost benefit analysis	http://www.brighthubpm.com/project-planning/58181-writing-a-cost-benefit-analysis/
Article on pricing	http://www.referenceforbusiness.com/small/Op-Qu/Pricing.html

Stage 7 Product, Position, Price, Promotion

Questions to answer	Guidance
How will you position yourself in the market?	Attribute positioning – something that you do others don't
	Benefit positioning – a benefit you create others don't
	Competitor positioning – how you are better than your competitors
	Quality positioning – how your quality is better than others
	Price positioning – how you are better value than others
What's your Unique Selling Point (USP)/Unique Value Proposition (UVP) ?	Complete the brand positioning statement below
<p>For [Target customers] Who [Have the following problem] Our product is a [describe the product or solution] That provides [cite the breakthrough capability] Unlike [reference competition], Our product/solution [describe the key point of competitive differentiation]</p>	

Useful resources:

You Tube video example of coffee shop and Innocent brand	https://www.youtube.com/watch?v=AZ5INph02_0
What's a brand?	https://www.youtube.com/watch?v=k5016fh7TgQ
Innocent Marketing	http://www.slideshare.net/petyang/innocent-marketing?qid=934e7cf2-82ea-4daf-b7c1-ce93a5307d9a&v=default&b=&from_search=1
Coca Cola 4 Ps - Product, Place, Price, Promotion	http://www.slideshare.net/AmitavaSengupta3/coca-cola-4-p-s-28156663?related=1
Positioning Statement	https://www.thebuzzfactoree.com/how-to-write-a-kick-butt-brand-positioning-statement/

Stage 8 – Managing Risk

Create a risk register for this idea using the Corporate Risk Register standard format.

Identify each risk that could cause the idea to either make a loss or would it stop it getting to market or would cause its sale to be withdrawn.

The risk should be scored on the basis of likelihood and impact as it is on the date of scoring taking into account all the controls and mitigations in place. It is not necessary to provide a raw risk score and a residual risk score after mitigations and controls, just put the residual risk score. These are scored out of 4 on each scale. An even number has been chosen deliberately as people tend to choose the middle score when odd numbers are used e.g. on a scale of 5 the majority of scores would be 3 as people tend to score in the middle. An even number scale forces a more accurate assessment of likelihood and impact as people will not want to say the risk is higher unless it is and they also want to avoid under appreciating risk scores. The risk profile of individual ideas will be scored independently by the reviewers before they look at the scores from the team developing the idea. This will ensure that that the risks evaluated by the idea team is sound and provides confidence that they will manage risk going forward.

The trigger is that event which causes the risk to occur. For example, if the risk of an unsafe product being on sale could cause the failure of this scheme, then this event would be triggered by The Office for Product Safety and Standards issuing a Product Safety Recall or a Product Safety Report or a Product Safety Alert.

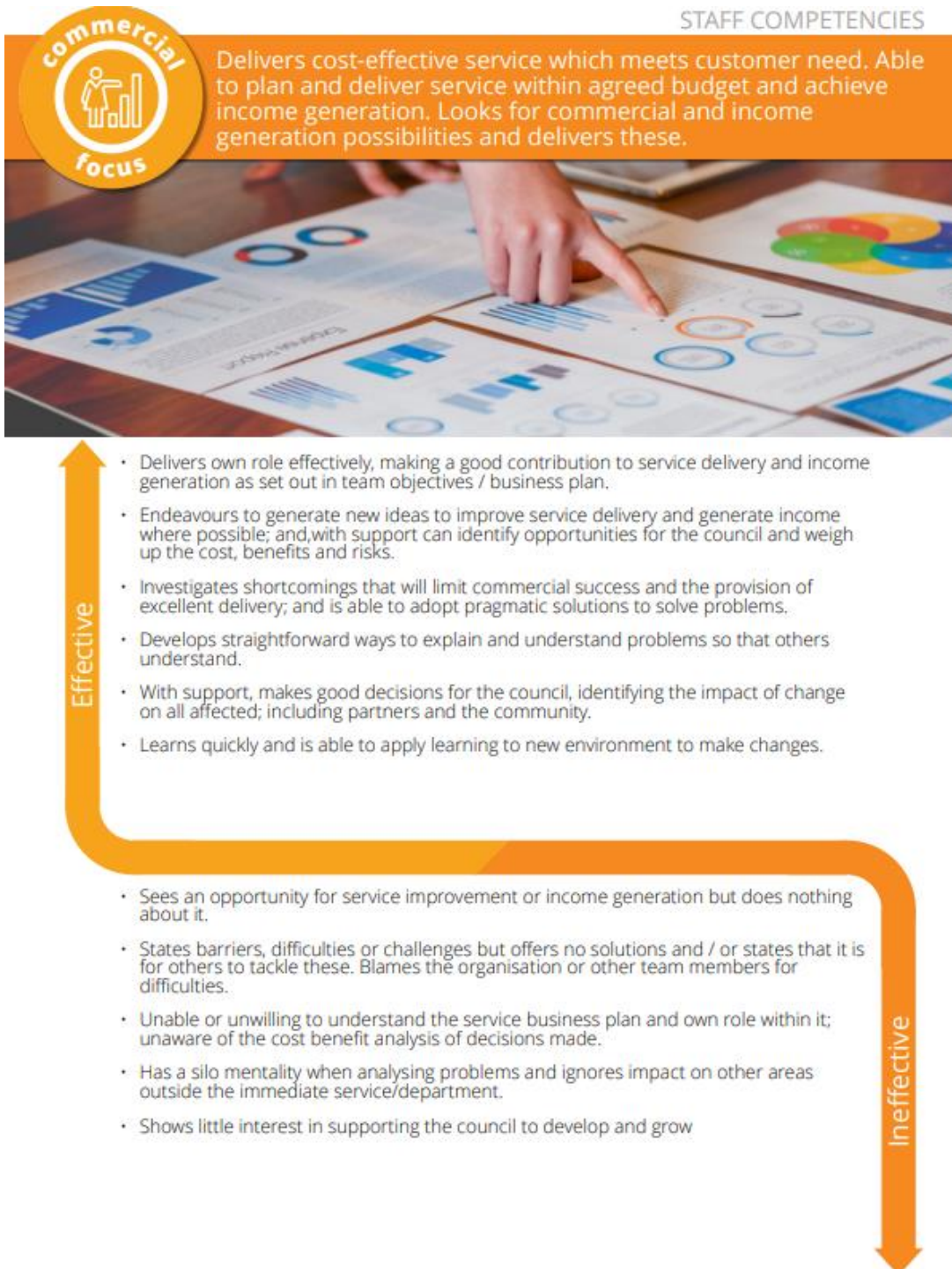
Consequences are where you describe what happens as a result of the risk having occurred. For product safety that would be: loss of confidence and future sales; loss

Appendix 1

of revenue through having to refund money; costs of writing down stock and disposing of it; jeopardises going concern judgement; potential litigation from customers; depending on nature of product and impact this may be subject to a public enquiry.

Mitigations and controls are what you have in place to eliminate or reduce the risk.

Staff Commercial Competencies



Manager Commercial Competencies



Demonstrates commercial focus maximising opportunities for income, growth and efficiency. Externally connected. Brokers and maintains a network of relationships and partnerships to support achievement of objectives.

