

Nornatasha Ahmad
Prof. Dr.Siri Roland Xavier
GMGT5163; Competitive Strategic Management
24 April 2021

<p>MBA ASSIGNMENT 4 UNIVERSITY TUN ABDUL RAZAK KUALA LUMPUR; MALAYSIA</p>

Index - outline of the business plan

1. The Assignment

2. In consideration

2.1 Start-up

2.2 Developing stages to be recognized

2.3 Principles of strategic decision making.

2.4 Purchase raw wood for production.

2.5 Demographics

2.6 Product definition

2.7 Competition

2.8 Incorporating or outsourcing during the startup time period

(from wishful thinking into recognized by customers and supporters (sales organization and financial groups)?

2.9 Miscellaneous notification

3. Introduction to the diagram

3.1 Hambrick Diamond Topology

OUTLINE OF THE BUSINESS PLAN

1. THE ASSIGNMENT



Product

Wooden Grain Toys manufactures high-quality toys for children aged 3-10. All toys are made from solid hardwoods including maple, beech, birch, cherry, and oak. The toys are built to be long lasting with sufficient moving parts to engage each child's interest, but not limit his or her imagination.

Customers

The target audience for Wooden Grain Toys is adults, specifically parents and grandparents who wish to give their children or grandchildren the opportunity to play with a toy that is not only durable and aesthetically pleasing, but also foster the child's creativity.

Future of the Company

Although the toy manufacturing business is highly competitive, we believe that there is a place for high-quality, attractive, durable, and affordable toys. Our goal is to build and market toys that will entertain children and stand the test of time.

2. IN CONSIDERATION

2.1 Start-up.

This study considers **Wooden Grain Toys Manufacturers** as a `Start-up` company. There are no data provided, such as annual reports, the capacities of production and sales also cannot be extracted from data provided. There is no information provided, linking the company to any financial institute or sales organization. A search after internet did not hit companies' webpage, did not hit a registration of its legal entity thus it's considered an ambitious `wishful thinking`.

2.2 Developing stages to be recognized.

There are basically 3 relevant stages to be recognized. Each stage has specific challenges and unique limitations and covers an important stage on the journey from `zero` `through being `adult` into becoming `mature`. In other words, (1) from wishful thinking into the balance of producing and selling (breakeven point). (2) From break-even point into being recognized and sufficient supported by sales organizations and financial institutes and or informal investors (consolidating).

(3) From consolidating into spreading the wings over other regions and expanding products with attempt to be a sustainable dominant player. (expanding and controlling).

As stated here for, based on provided information, **Wooden Grain Toys Manufactures**, is to be considered a Start-up company and should focus to their stage only. **Any projection looking after a future as being an adult manufacturer has a very limited function. We are living in very dynamic times.** Under the influence of the battle of 'mother earth' entire societies and their industries are into a nearly total turnaround management. Definitions of 'sustainable' are rapidly changing. Was usage of wood ever considering a responsible and sustainable basic of a chair, it becomes nearly a crime to harvest timber from the rainforest of South America for example. It makes people vulnerable for bashing the other for being exposed of abusing mother nature her forest for the purpose of having a wooden toy. Our views of being irresponsible for whatever timber comes from Borneo Island may increase when indeed Indonesia will cut half of Borneo her rainforest for the sake of the remake of their capital Jakarta.

In short notice, it is to be advised to be very careful in deep investing in a wooden made product, expecting sales to people holding warm connection with wooden designs. Under the influence of on-going abuses of rainforest and devastating consequences, the same people may turn their back as they do not want to be seen as an abuser.

2.3 Principles of strategic decision making.

Every single strategic decision to make should be based on the simple essential principle of:

- Getting the best out of investments and or accepted liabilities,
- within the context of (lowest price and minimum time spending) and
- holding the flexibility to adjust or to step back from decisions made, with minimum effect of losing production, capital and or reputation.' (Lean and mean)

A start up' as Wooden Grain Toys Manufactures must face a 'growing into adult' period of years in which it needs:

- to build up a minimum strength (break-even capacity),
- proven profitable sales records (reputation)
- and successful strategic relationships (sufficient support from investors/bankers and sales network organization).

As long and for that period, the startup **should not accept** easily long-term commitments with labor and or office, workshop and showroom providers **instead optimizing outsourcing** wherever possible.

2.4 Purchase raw wood for production.

Giving in the size of the toys, left over raw wooden materials from sawmills for example will cover the production needs. This makes the workshop less vulnerable for stagnation in supplies and price fluctuations on the purchase market.

However, views of the wood as raw materials for construction of buildings, furniture among other usage are rapidly changing in favor of those critical thoughts of limiting cutting entire forests for non-essential products.

Our deep-rooted emotions with wooden designs are fading away and setting priority thinking of being less abusive for mother nature her lunges and what it means for mankind its future. I have no doubt that the push to refrain from wood as basic construction material will lead in regulators there need to limit or to restrict the sales and import of non-essential wooden products.

In support to the above written.

[This link provides an insight of thoughts taking European Lawmakers by the neck.](#)

It provides information of forbidden import of cutter wood from protected (rain)forests around the globe, setting production forests as a replacement harvesting wood forest and restricting usage of wood, limiting to essential needs of wooden materials (where no accepted alternatives can be provided).

The consequences of regulators their views and measures to rebalance the need of harvesting versus the interests of mother nature for a manufacturer as Wooden Grain Toys is to be closely watched and to be taken in consideration before entering large scaled production of wooden grain toys facility and its investment capital needed.

But then again ´ Giving in the size of the toys, left over raw wooden materials coming from sawmills and to be recycled products into toys for example, will cover the production needs. This makes the manufacturer its workshop less vulnerable for stagnation in getting supplies and price fluctuations on the purchase market.

2.5 Demographics.

The provided information does not address the geographical location of Wooden Grain Toys Manufactures. I took the freedom to study the possibility of locating somewhere in **Malaysia.**

Wooden Grain Toys Manufactures is focused to:

- Children living in a wealthy family structure, aged in between 3 to 10 years old (a)
- Their (grand) parents, being emotional attached to wooden designs,
- Households with income at midclass or higher level. (b)
- Well urbanized cities with plenty of public facilities for art, culture, and history presentations (c)

(a) Out of an entire population of 32.7 million people in Malaysia, 28.3 percent are children. 19 percent of the children are living under circumstances of poverty and cannot meet the advantage of living in the category of midclass

and higher-level households. 9.3 percent of the children (3,041,100 in total) could be supplied with wooden grain toys.

(b). Indicators (in MYR per Month)

Midclass 4.850-10.959

Higher Income 10.960 plus

Average 2 number of children are belonging to the midclass or higher-level households.

(c) The character of the wooden toy product is recognized by the higher educated people and it is to be expected that a fair sales price can be obtained. Especially from the higher educated belonging to one of the categories of mid-class and higher income. Most likely they are already exposed to the relationship of life choices with affect to mother nature and the consequences for next generations. Those people are in vast number living in 1 of the 19 highly urbanized agglomerations with facilities of art, culture, and history.

Beyond reasonable doubt, the sales position should be obtained from one of those cities in Malaysia.

Beyond the published growing (with 7.3 percent) population numbers (35.09 million in the year 2025) is the next reality hidden. `the midclass households and above are not a significant contributor to countries growth of population. The contribution is coming from households categorized as poor.

2.6 Product definition.

In my opinion a well-produced and sustainable wooden grain toy for children aged in between 3 and 10 years old can be categorized as follows.

- I. A funny toy, which history start with the kid it is adventurous use of the toy. (less exclusive, more pressure on product pricing)

- II. A funny toy, which expose to and let relive the kid the(grand)parent their history, their culture, their old fairytales as presented in the design of the toy. A collector's item and serving both joy and sentiment of (grand) parents and may become a toy or a piece of art in the living room. (exclusive, a potential collector's item/less pressure on its pricing policies).

Since I do not have any information of the designer it's qualifications, if the designer is well rooted in history, culture, fairytale etc. or not, I am not being able to give a specific advice related to sales and distribution strategies and positioning in the market.

In general, types of wooden toys as categorized under (I) are selling best at retail channels as for example but not limited to Hypermarket, TOYSRUS under condition of more volume under pressing sales prices.

In general, types of wooden toys as categorized under (II) are attractive for selling at specific distribution channels related to vintage shops, museum, auction centers and online collector's item database channels under condition of limited volume with more attractive selling prices.

Wooden grain toys manufacturers could decide to set out 2 labels (see I and II) serving both market segments using different brand names.

As a startup, the focus should be to business to business and setting relationships with museum, vintage shops, auction centers (category II) and large retailers (category I)

An impression of storytelling wooden toys



2.7 Competition.

The Malaysian wooden toys market is covered by approximately 10 factories and importers. The focus of competitors is to the products range categorized as (I). Demands for products ranged in category (II) is not structured and served by hobbyists bringing handmade wooden toys (with a story) to vintage shops.

Would Wooden Grain Manufacturers being able to set a lifestyle in which their `storytelling` toys are playing a key role. Category (II) products sells well as, a part of a lifestyle. In other words: Sell the lifestyle and the lifestyle sells the products....

Introducing the lifestyle by using for example channels such as YouTube by uploading videos and stories to the families, directing potential customers to the sales channels as briefly described under category I or II.

2.8 Incorporating or outsourcing during the startup time-period (from wishful thinking into recognized by customers and supporters (sales organization and financial groups)?

To bring such products to the markets I and II, it requires top performance and team spirit. Most startups simply cannot cover all the tasks related to the top performance needed to lift off from the ground level.

As an airplane uses 80 percent of the needed kerosene during taking off and landing operations, a startup needs all strength to take off from the ground into the planned course of operating,

As I simply do not have any data, I cannot oversee the competences available, I cannot consider of each competence can carry its part in taking off procedure. All I can say, lifting off an operation is costly and requires a team from which each member is competent, flexible and reliable under very stressing circumstances.

Many startups are designed to crash as they are lacking sufficient capital to support the team to complete their part in the taking off tasks. Many startups are getting exposed to many conflicts, many failures because most wishful thinkers are lacking reputation to attract top team-members, the one they often get is 'just not good enough', pressing the routing downwards.

It is therefore wise, to consider getting connected to top performers in marketing, in logistics on an hourly and or project base (outsourcing) and to bring them all together in a no-nonsense operation bringing a wishful thought in the air and on par with the market circumstances.

It is more costly per product but warrant 'no performance is no cost'. It is capital saving from being used to cover unused hours of expensive competence holders. It also creates

space to end a relationship without breaking costs or to replace at no additional costs, one professional for another.

2.9 Miscellaneous notifications.

The 'start up' its market position as a wooden grain toys producer is vulnerable for getting abused by '**copycats**' and always in need to be ahead of copycats and by **protecting their designs** the best they can.

A 'start up' in this market segment is in need to limit its position **into 'business to business only'**. A vast range of (independent) sales points, **within a limited-service area**, in order not to get exposed to expensive sales and or logistic costs and most important to being able to **warrant toys** for repair or replacement at shortest time with minimum cost offers.

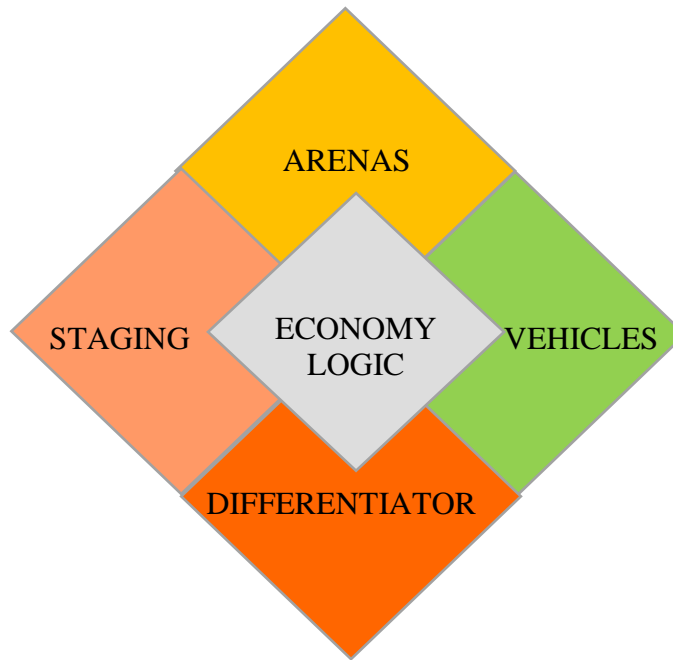
3. INTRODUCTION TO THE DIAGRAM

In the previous paragraphs, attention is paid to specific circumstances applying to a startup. Such as the need to be lean and mean and to avoid long term commitments and liabilities. It is for the simple reason that the wishful thinking is not proven with hard earned coins out of producing toys. It is simply not proven that the toy and its needed covering of purchase, production and sales costs can meet now and at the longer run, customers pricing ranges. Another important item is the emotional attachment of customers to wooden designs. Under influence of activists, sentiment can change from beloved wooden toy into enemy of state wooden toy with 'end of story' result possible. Specifically important issues to tackle before meeting professionals at the financial support provider side.

Yet, I visualizes on the hand of a diagram of how all mentioned aspects are supporting a lean and mean organization aiming to lift off with maximum speed into a steady course, filled with qualities on demand of the required performances and minimizing waste of resources and avoiding unnecessarily conflicts.

This guideline cannot predict speed and sales numbers as basic information is lacking, this guideline provides building bricks and red flags to beware of and will stand for efficiency and effectiveness in a safeguarded course to success.

3.1 Hambrick Strategic Diamond Diagram



STAGING

(1) from wishful thinking into the point costs of production is lower or equal to the number of sales,
 (2) From break-even point into being recognized and sufficient supported by sales organizations and financial institutes (consolidating).
 (3) From consolidating into spreading the wings over other regions and expanding products with attempt to be a sustainable dominant player. (expanding and controlling).
Expanding is possible after completing all requirements related to stage (2) and objectives requires expanding indeed.

ECONOMIC LOGIC

Increasing production with attempt to get lower cost prices.
 Handmade toys hardly benefit from lowering costs by increasing the production. On the contrary, increasing production may lead into the failure coming out of the 'hands' or even outfall and thus increasing costs per item.
Premium products
 As shown in Arenas. The produced items are categorized in (I) common toys in, a very competitive market with sales prices under pressure and (II) toys with storytelling appealing to customers sentiment, adding a sentimental value to the common price.

ARENAS
Product Categories:
 Funny toys
 story telling funny toys
Independent sales Channels
 Retail chains
 Vintage, Museum and Auction
 YouTube etc. (online promotion)
Market segment
 Children 3-10 in midclass + income
 Wooden toys collectors
Geographic
 Malaysia
 Urbanized agglomerations
Value creation stages
 Meeting lifestyle desires
 Toys make sentiment alive.
 Sustainable and well produced.
 Warranted

VEHICLES
Internal development
 Preference to outsourcing.
 Limited liabilities
 Standalone position
 Using own designs

DIFFERENTIATORS
 Interesting story telling toys.
 Unique design,
 well handmade productions
 quality for money
 solid and sustainable
 efficient operation meeting speed
 demands

