



GO-GRASS

Grass-based circular business models
for rural agri-food value chains

Business model, Sales & Marketing partners

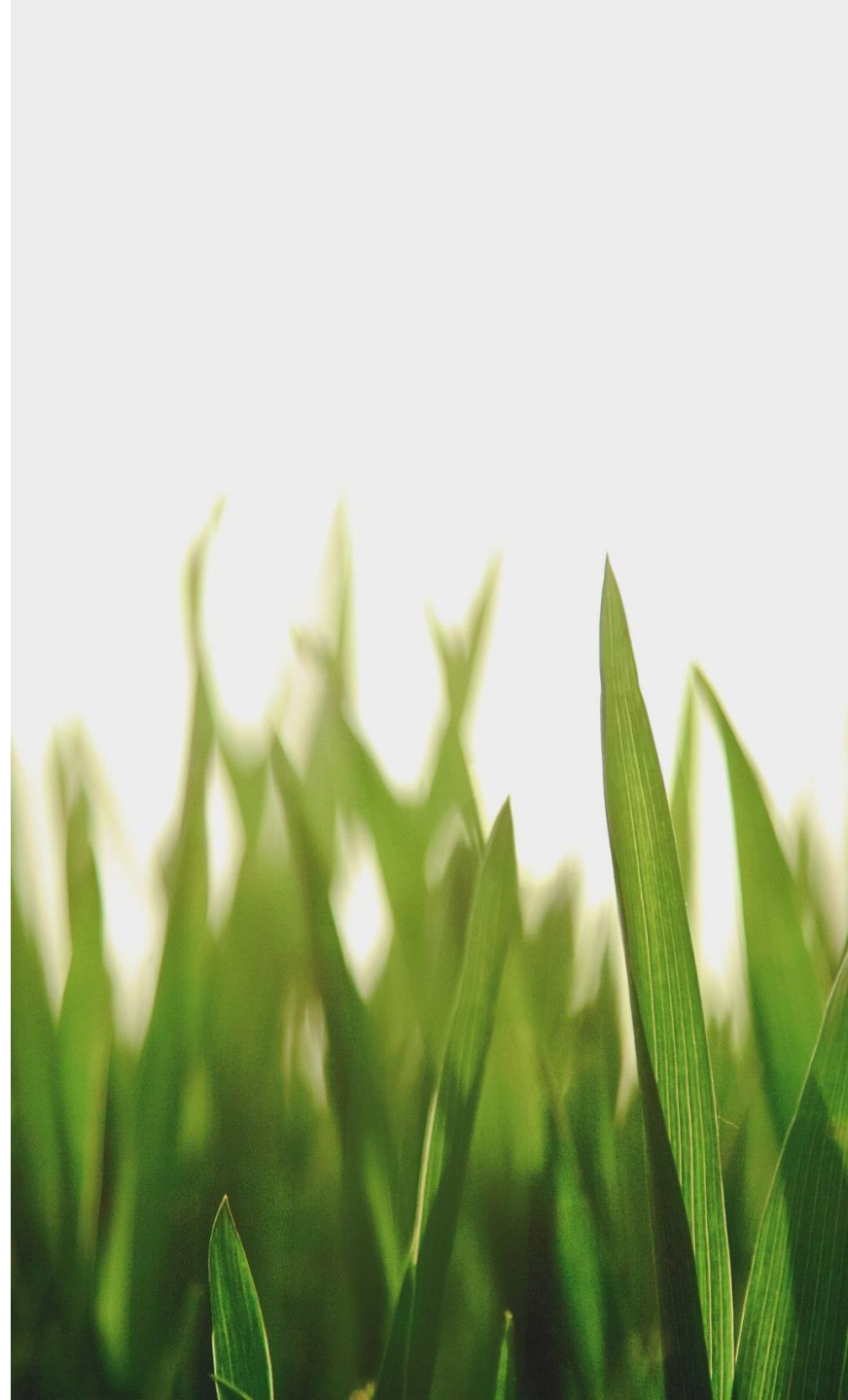
Training material





Agenda

1. Business model
2. Value Chain and Supply chain
3. Sales and marketing strategy
4. Customer relationship and Key partners
5. Key learnings





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1 - Business model



1. What is a business model?

A business model is a framework that outlines how a company creates and captures value through its operations, customers, and revenue sources.

Basically, it is a description of how you sell and deliver your solution to your customers

→ *and make money!*

Business model vs product

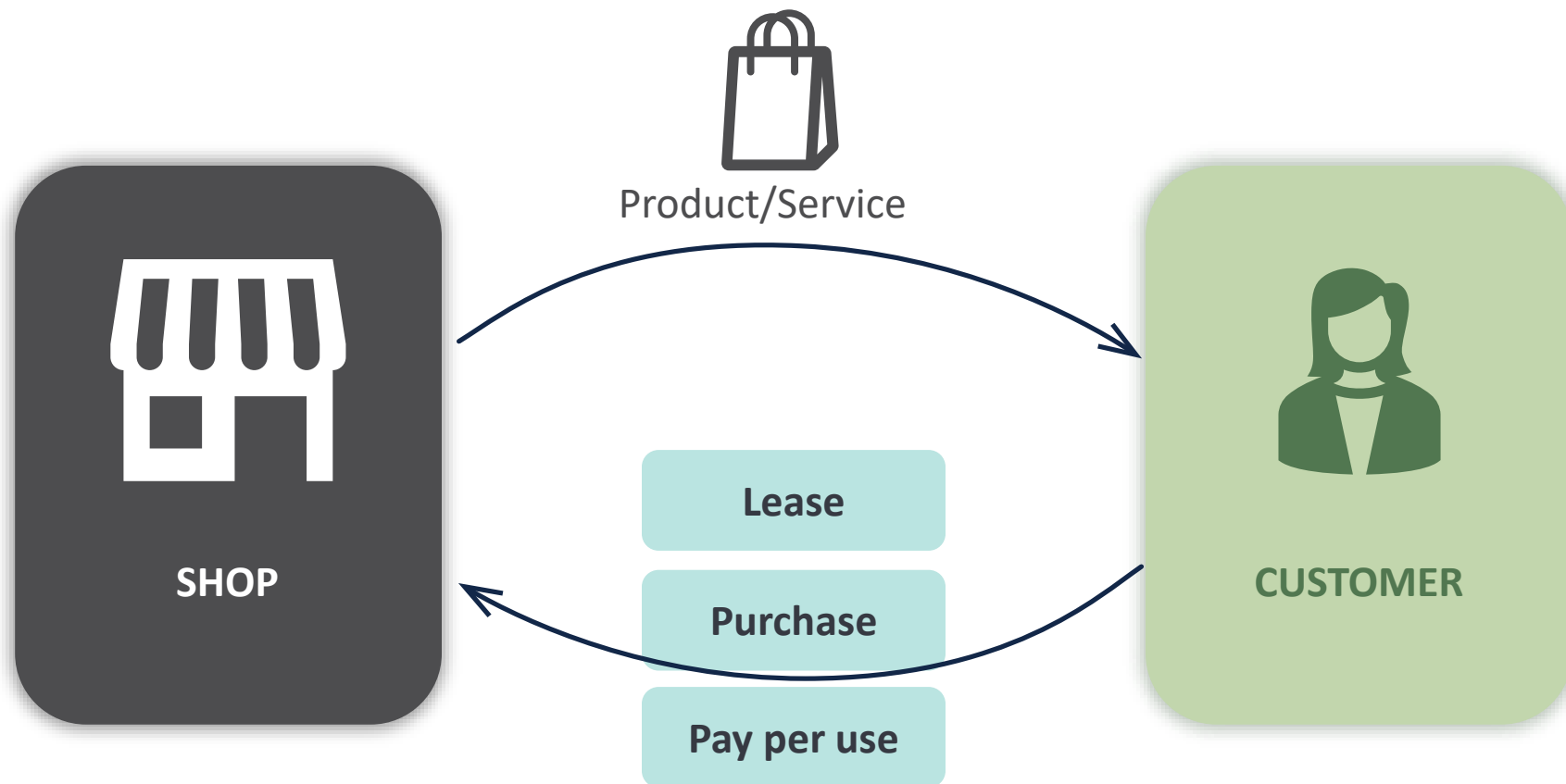
→ *which one will give you a competitive edge?*





A simple business model

... with variations



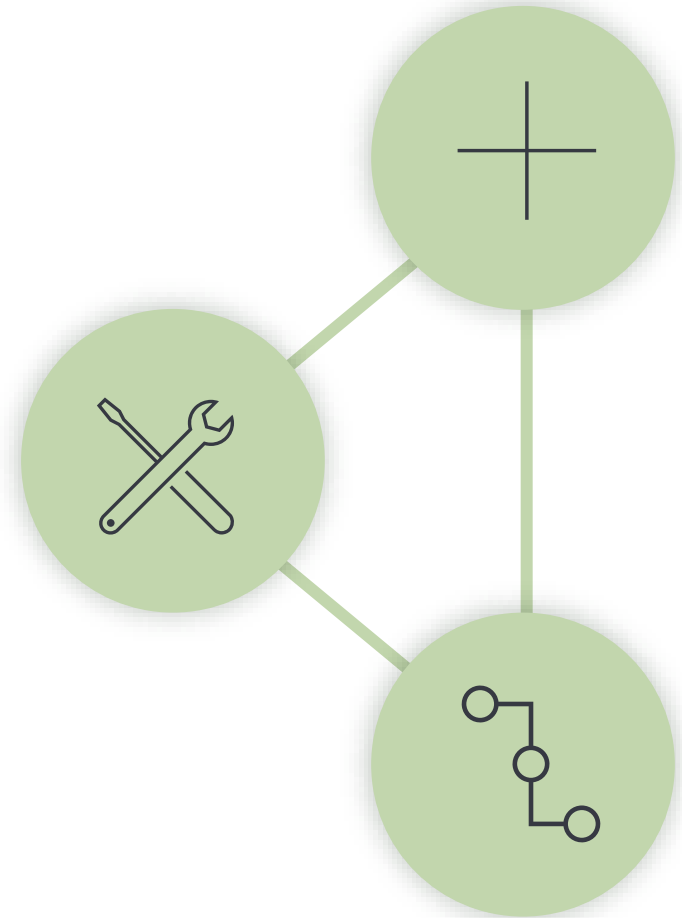


The importance of business models

Successful business models are often based on the right combination of several linked elements.

The briquetting technology in the Swedish DEMO

- Optimized with other technologies
(e.g. grass shredding, briquette shredding)
- Connecting existing infrastructure
- Modifying equipment



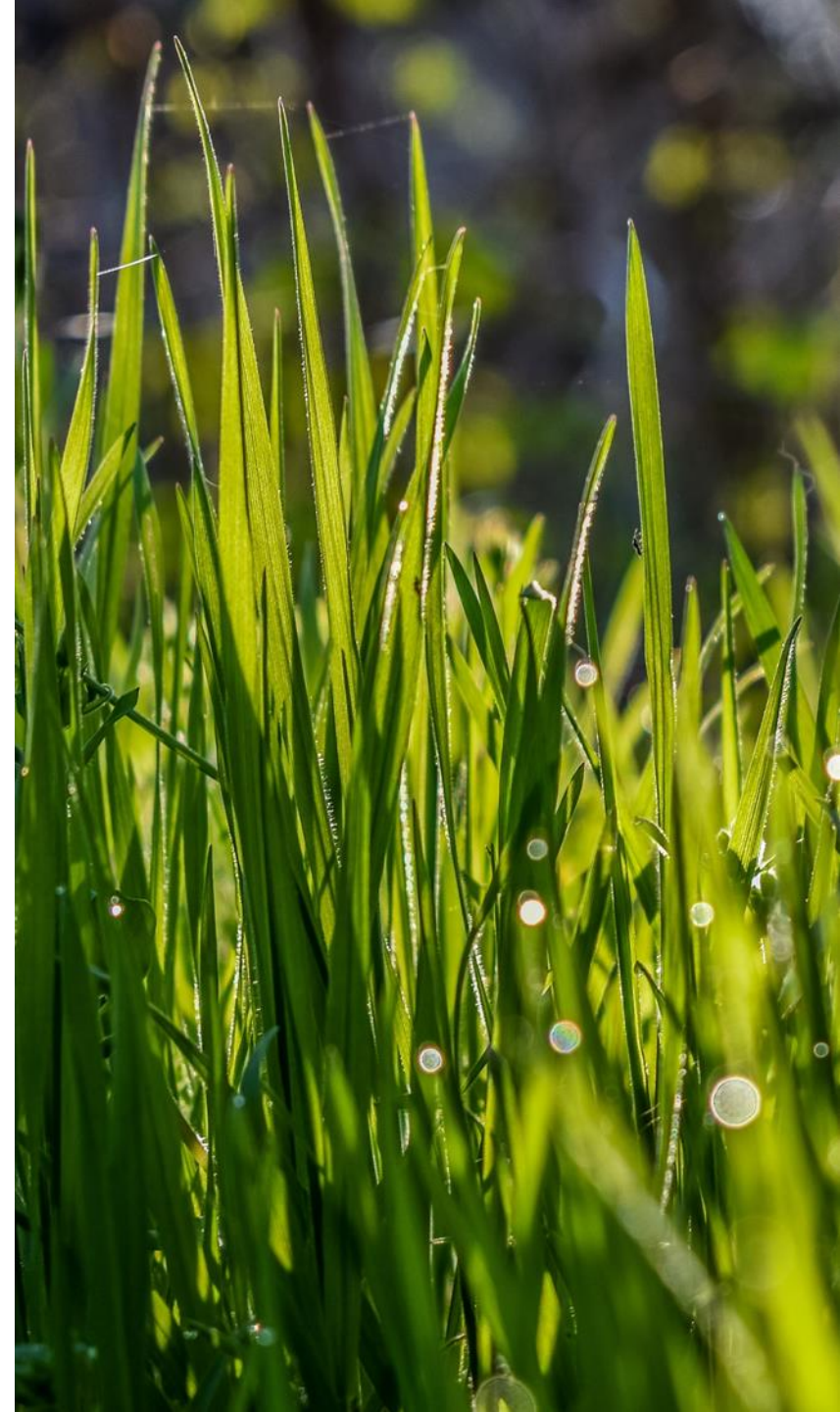


Circularity

Minimizing ecological and social costs

3 Fundamental principles

1. Source from the economy
→ *not from ecological reserves*
2. Add value to existing products and materials
→ *Combination of technological and design processes*
3. Create valuable inputs for businesses
→ *If the product you sell has no value, it will become waste*

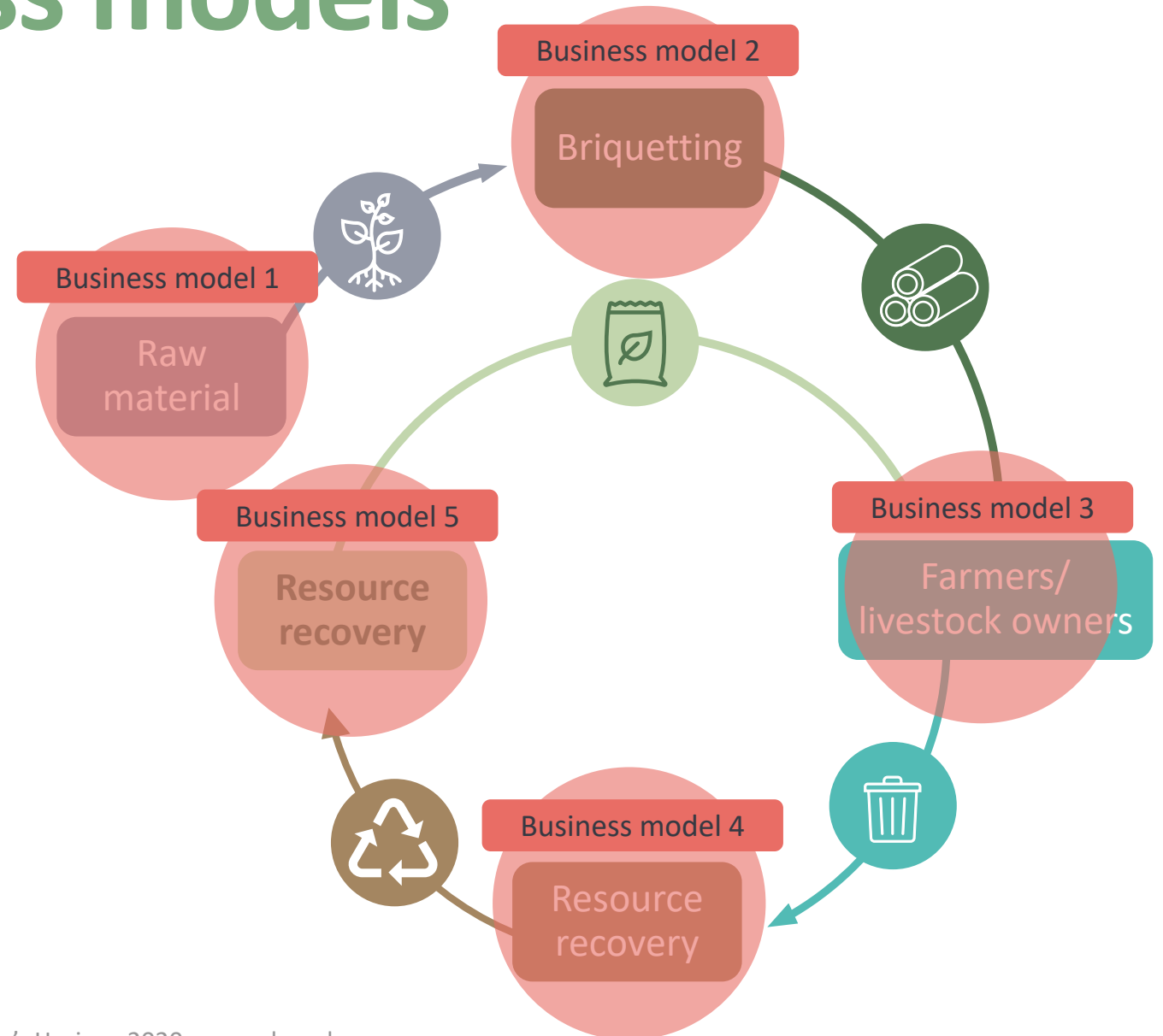




Circular business models

with the Swedish DEMO

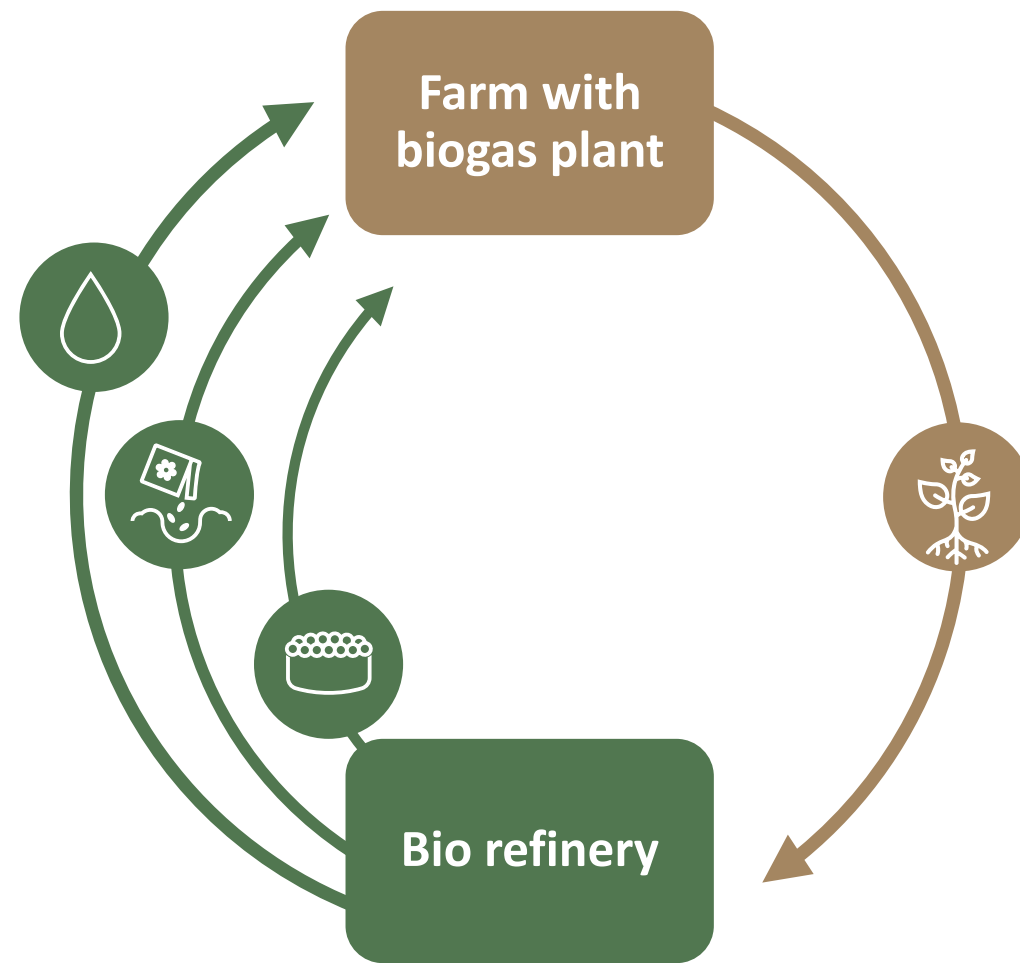
1. Raw material, reed canary grass (RCG) harvested
2. Briquetting: raw material is processed
3. Farmers use the RCG bedding
4. Bedding waste recycled and processed
5. Processed organic fertilizer





Circular business models with the Danish DEMO

1. Farmers deliver grass for protein production.
2. Brown juice (sidestream) is used for biogas. Biogas plants could be located on the farm, that delivered the grass.
3. Digestate from biogas production is used as fertilizers and returned to the farmer.
4. Grass fibers (sidestream) are used for feeding cows.





Replication of business models

What are the preconditions necessary for replication?



There could be large differences in:

- *Local conditions*
- *Customer*
- *Competing solutions*
- *Infrastructure*



There is a Checklist tool available to help you assess the replication potential of the GO-GRASS results!



Business Model Canvas

A structured way to make and analyse business models





Business modelling is not rocket science



Understand **who your customers are**



Secure the solution addresses the **customers' real needs**



Seamless delivery of the solution to the customers



Capture part of the **value created** for the customer into an **income stream** to the company



2 - Value and supply chains



Definitions

Value chain

Description of all the steps taken in the company's production process to deliver a product or service to the market.

Supply chain

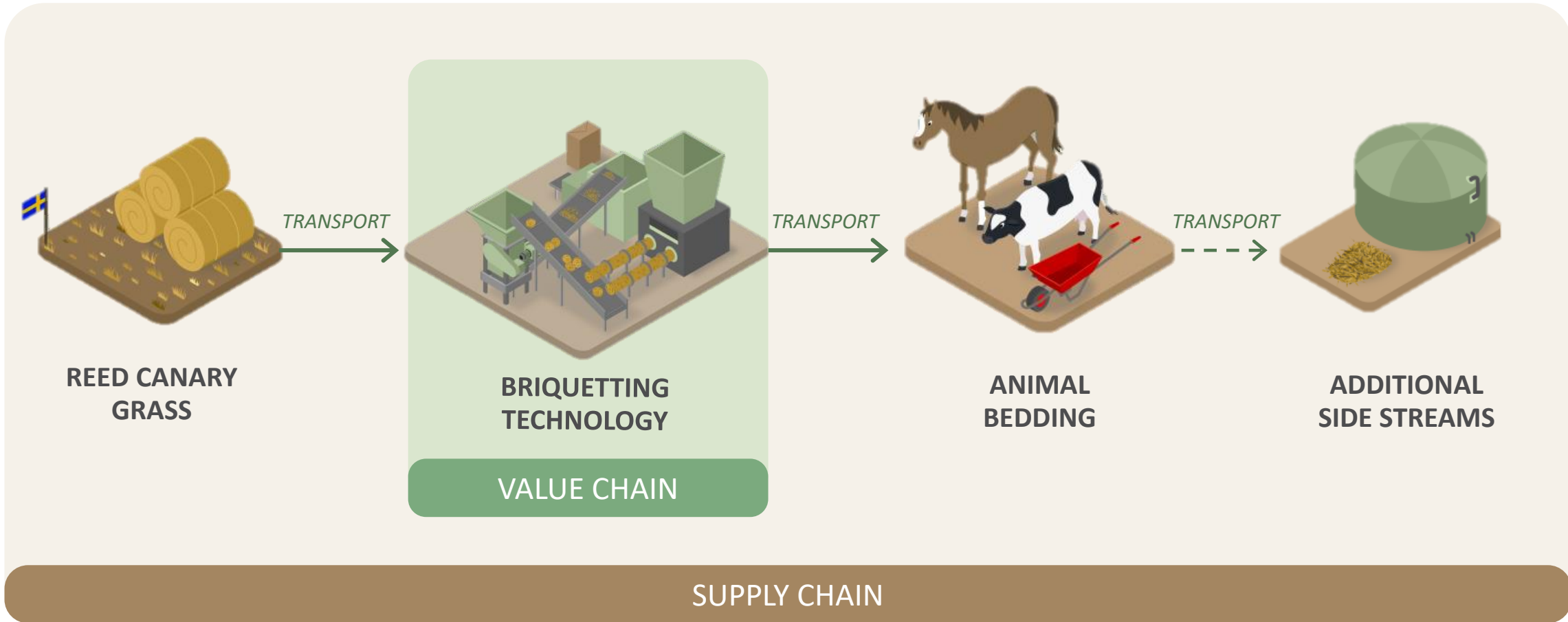
Description of how a company relates to other companies in the process of converting raw material to final products and all the way to delivering it to the customers.





Supply chain example – Swedish DEMO

The value chain is **ALWAYS** part of the supply chain





Will you fit in or disrupt?

If your plan is to fit your business into an existing supply chain, consider:

- How will this adjustment happen?
- Relation to suppliers
- Relation to customers

If your business model will probably disrupt the existing supply chain, think about:

- How will this adjustment happen?
- New key customers?
- Be mindful of supply chain dependencies





Competing Business Models

Same solution/technology to convert biomass to biogas

1 - The component model

Focus on product design and production cost

2 - Turnkey supplier

Focus on product functionality and customer service

3 - Biogas operator

Focus product functionality and sales organization

4 - Biogas company

Focus on biogas market requirements



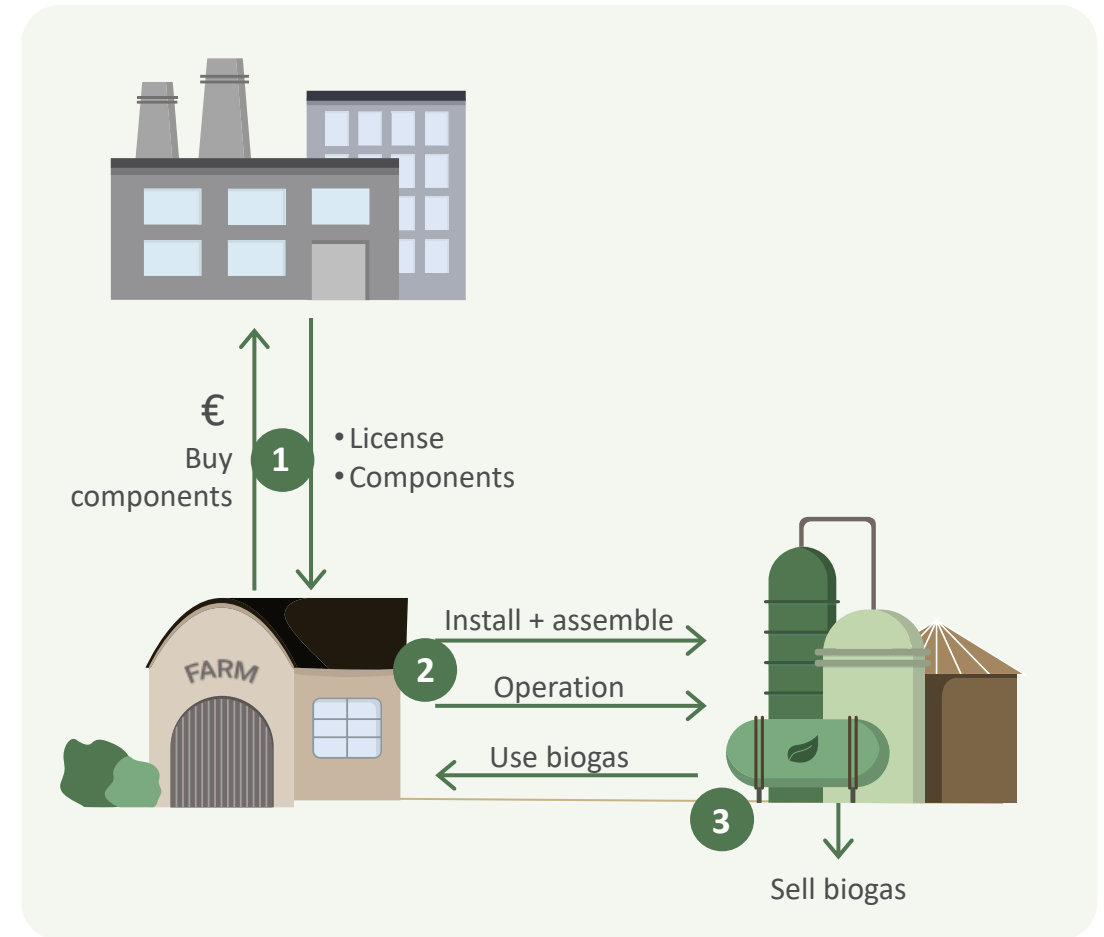


1 - The component model

Focus on product design and production cost

1. Deliver all/or crucial components to build a Biomass to Biogas unit to the farm with a license to use the technology.
2. The farm buys the machinery/technology, put the machinery together, starts the machine, and fills in the biomass.
3. The farm uses/sells the resulting biogas.

For example, the Swedish DEMO integrated a new component into its existing infrastructure to make use of its raw material.



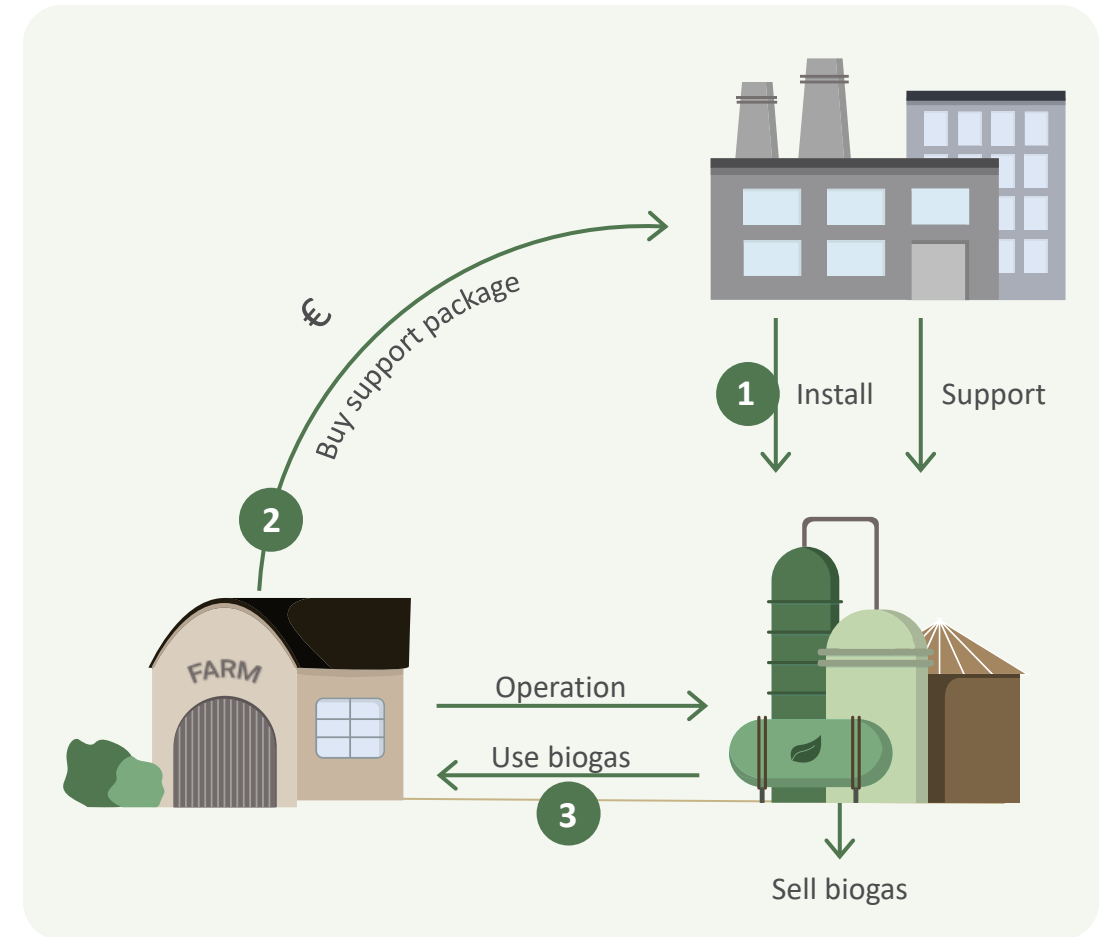


2 – Turnkey supplier

Focus on product functionality and customer service

1. The technology provider installs the Biomass to Biogas unit at a farm and leaves the operation to the farmer.
2. The farm buys a “machine and support to get started” package, learns to operate the machine, fills in the biomass
3. The farm uses/sells the resulting biogas.

For example, Ausumgaard farm (DK) operates with a similar business model.

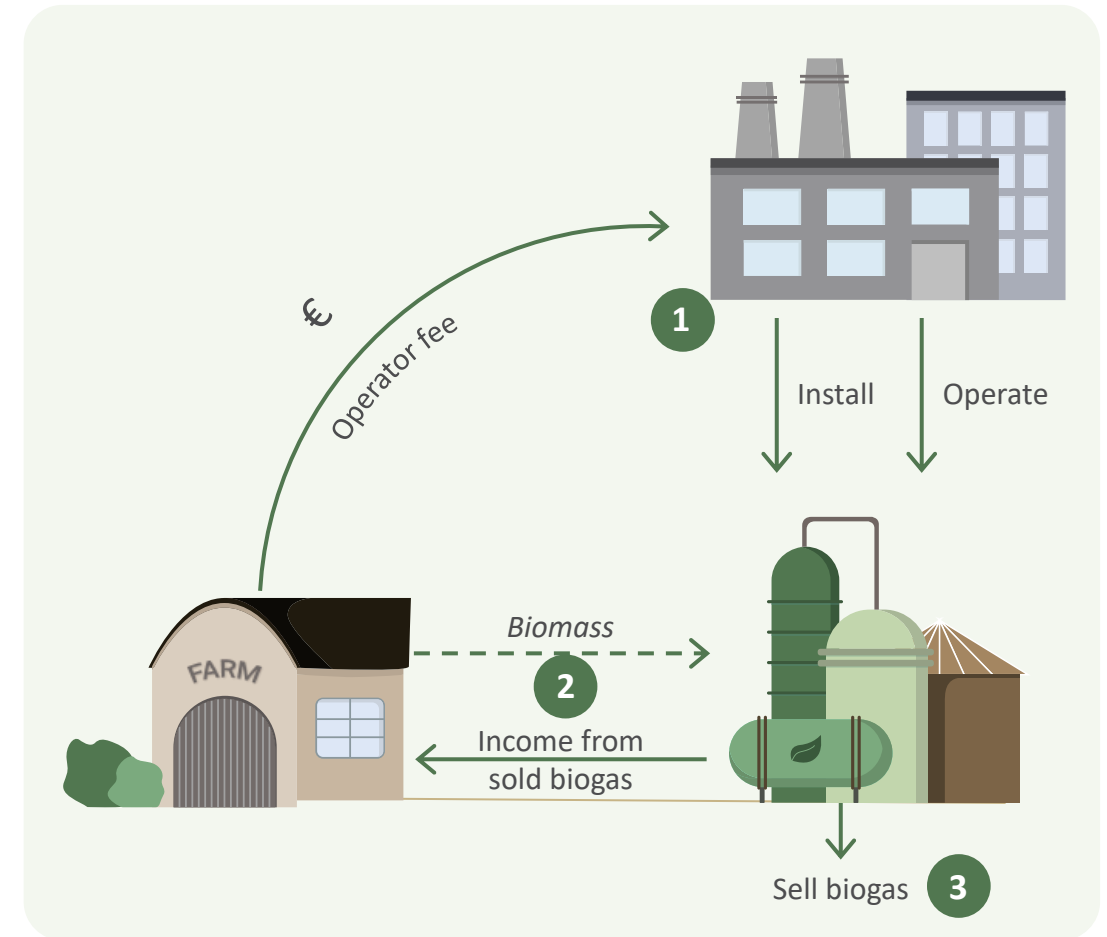




3 – Biogas operator

Focus product functionality and sales organization

1. The technology provider installs and operates the Biomass to Biogas (= provision of a service) unit at the farm at a fixed “operators fee”
2. The technology provider operates the Biomass unit at the site of the farm (=service) using biomass from the farmer,
3. The technology provider facilitates selling the biogas on behalf of the farm. Payment in the form of an “operators fee”.



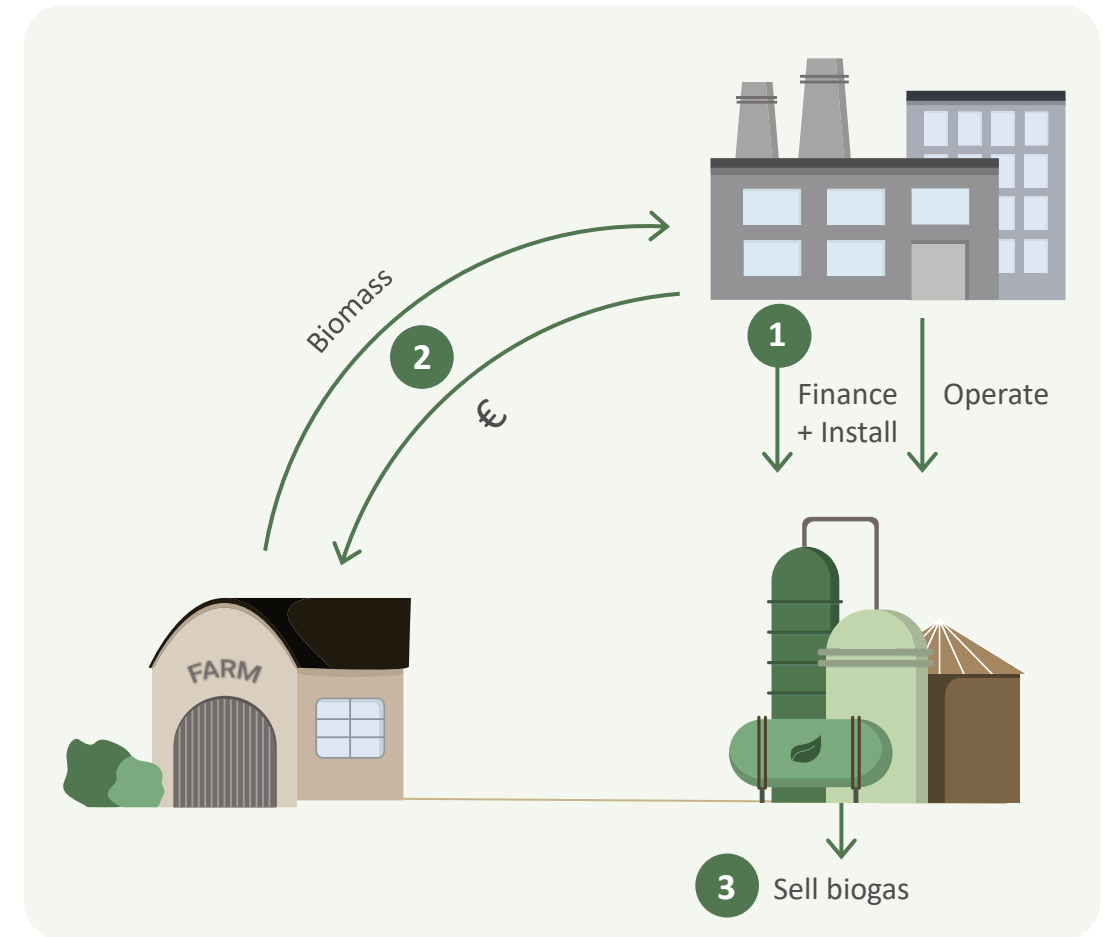


4 – Biogas company

Focus on biogas market requirements

1. The technology provider builds and finances the unit
2. The provider operates it at the farm site and buys the biomass from the farm (and local farms).
3. The technology provider produces and delivers the Biogas to the market and makes a separate business by producing and selling Biogas.

In this model, the farm is delivering the biomass directly to the technology provider, not the Biogas plant. Thereafter, the farm has no involvement.



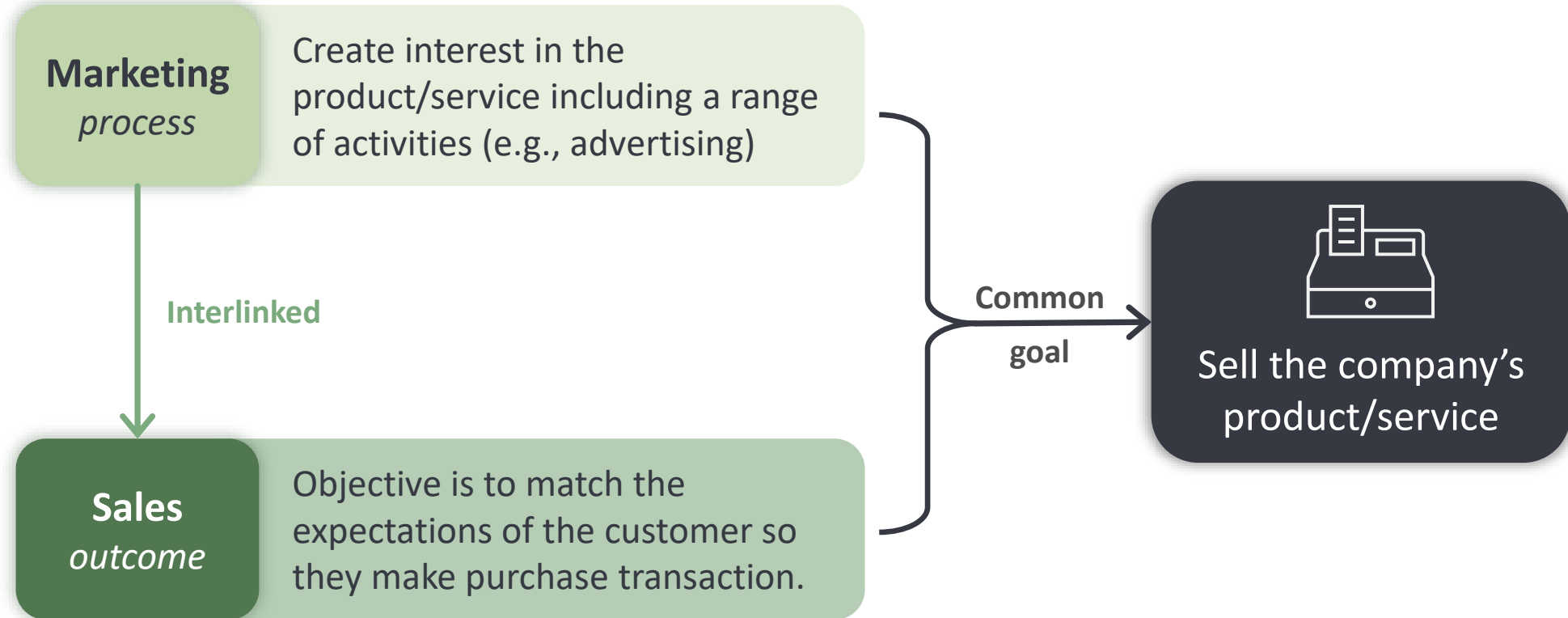


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3 - Sales and marketing strategy



Sales and marketing





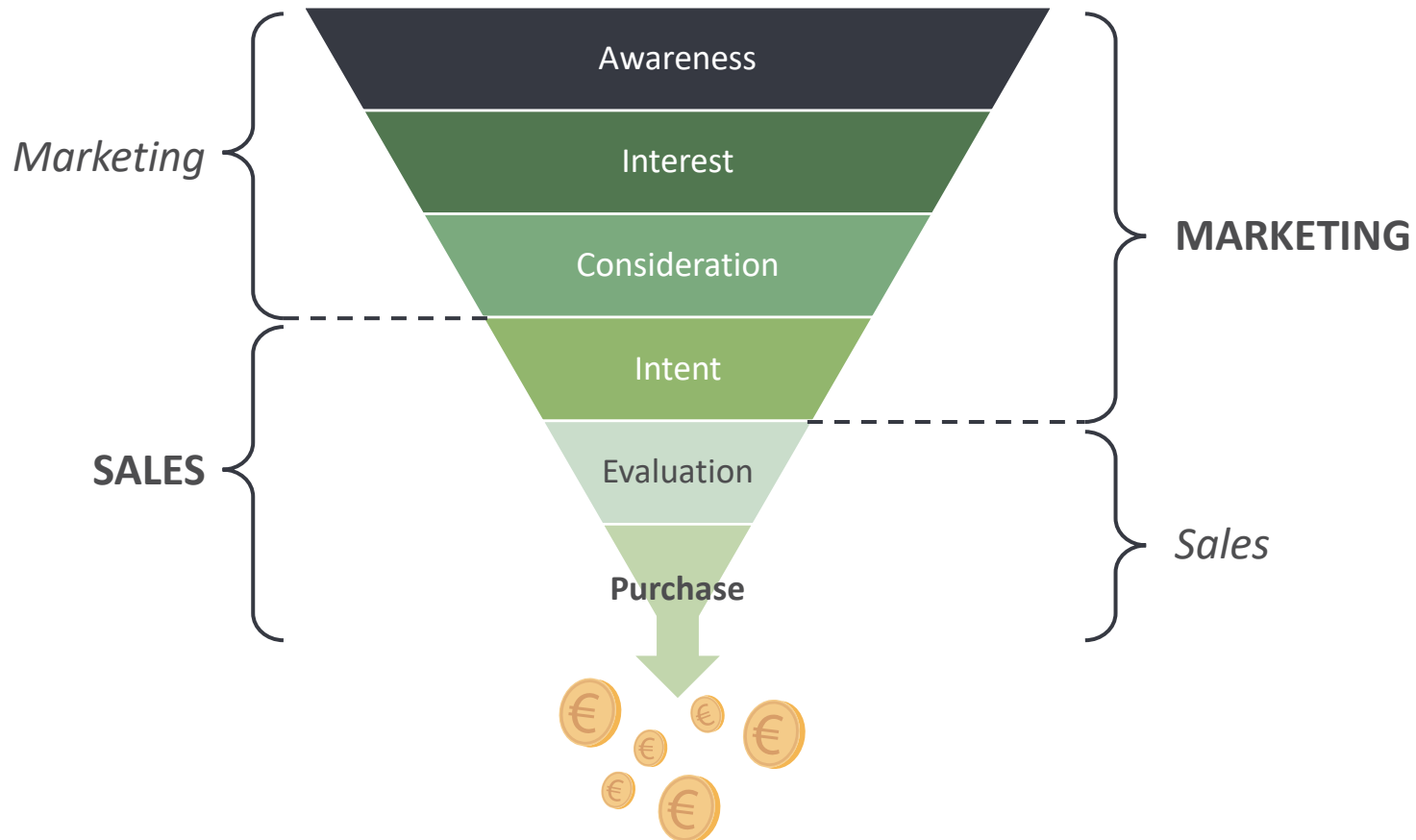
Customer purchase decision funnel

B2B company

Sales oriented funnel

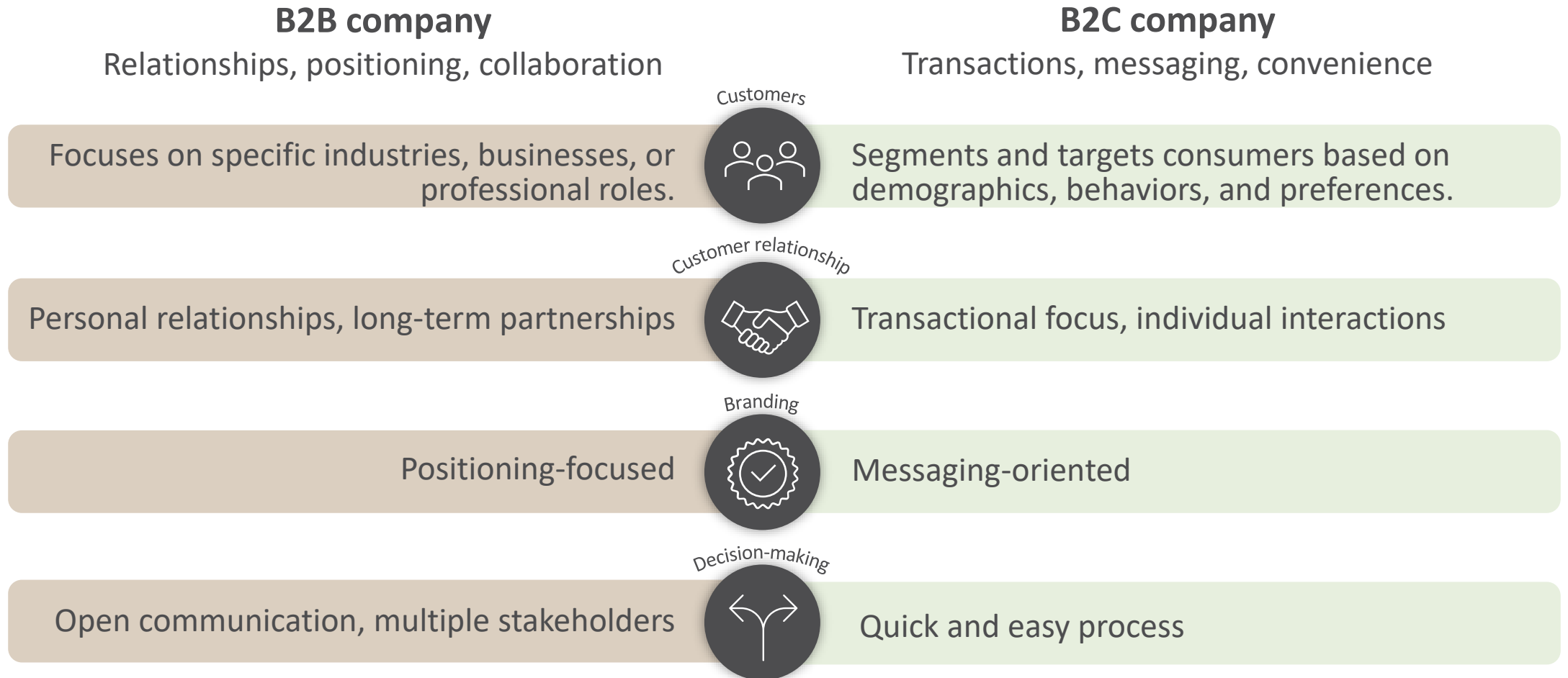
B2C company

Marketing focused funnel





Main differences between B2B and B2C





How are you going to sell your products?

Step 1: Identify your customers

Customer and user differentiation, target group

Step 2: Find appropriate sales channels

e.g., direct or online retail (e-commerce)

Step 3: Set the right price

Consider developing a pricing strategy

Step 4: Create a marketing strategy

Identifying your unique selling points will put you ahead competition



Danish DEMO example

Step 1: Identify your customers

The customers are feed manufacturers with pig and poultry farmers being the end-users of the protein concentrate.

Step 2: Find appropriate sales channels

Engage directly with the customers (feed companies). Selling a new product like the protein concentrate requires technical information to build customer trust.

Step 3: Set the right price

The demand and your value compared to current products will highly influence this part. Identify the most important competing product as a baseline for defining your price.

Step 4: Create a marketing strategy

Find the most important values in your product, e.g., “local source of protein” or “high-quality nutrition”. Formulate your marketing strategy by highlighting these points relevant to your customers.





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4 - Customer relationship and Key partners



Good customer relations

They need to be developed and maintained, because:

- Emerging markets for grass-based products depend on repeated sales
- The cost of capturing a new customer is always higher than keeping existing ones



Happy First-mover customers are important for generating new sales, building a customer base and your market communication.



Creating strong customer relationships that results in happy, loyal customers are an investment.



Know your customers

Customer relations is a process in which businesses engage with customers and foster long-term relationships with them.

Creating and maintaining good relations can look different based on who are your customers. For example:

- *B2B: Solid knowledge of the process and technological support*
- *B2C: Information about the product's origin and positive impact on the environment*



B2B

Technological support and process functionality are more important than the price of the machine.



B2C

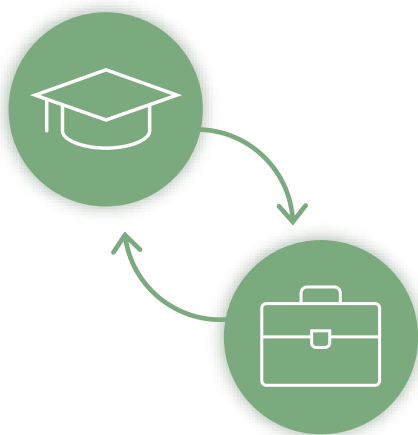
Trustworthy information and good quality products are important for my purchasing decision.



Who are the key partners?

Key partners are entities or people who will contribute to the success of your business, but who are neither employees nor suppliers.

Collaboration between universities and industry



Universities receive funding for research initiatives, and businesses receive the information and insights they require from academic research or feasibility studies.

Key partners can be:

- Other businesses including customers
- Regulatory, planning and administrative entities in the public sector
- Certification and standardization entities
- Research institutions and universities



Partnerships



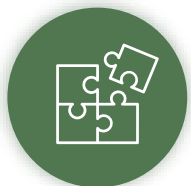
Strategic alliances between non-competitors

To optimize and scale-up with the best possible allocation of resources and activities e.g., access to facilities/labs at a research institute



Partnership between competitors

To reduce cost, risk and uncertainty in a new environment



Joint ventures

To acquire and exchange resources, e.g., knowledge, licences or customers

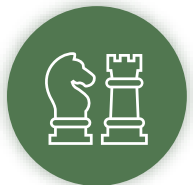


Buyer-supplier relationship

Cooperation in purchasing, even though the end products are competing



Partnerships in the DEMOs



Sweden: a partnership between farmers and the research center/university (RISE).



Denmark: Collaboration between farmers' associations (Velas), university (Aarhus University, DK), and a network for organizations within the food and bioresources sector (Food and Bio Cluster Denmark).



Netherlands: Research center (Accres), paper factory and farmers' associations



Germany: Research institute (ATB), organisation (nature park), company (biochar producer) and farmers





5 - Key learnings



At the end of this training, you should be able to:

- Know what a business model is and what to consider about it
- Describe what a value chain and a supply chain is and the link between them
- How the sales and marketing strategies work
- Recall the importance of customer relationships and how to build one
- Partnerships, partnership types and their advantages and what to consider for your future business





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