

# CHAPTER 3

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Environment Analysis

and

Seeking business opportunities

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# Definition...

**Environmental analysis refers to having a good organizational structure and environment, which is the cornerstone of an effective internal control system. Therefore, it is necessary to create conditions or factors to facilitate the internal control system to operate as the Company intends. It creates an atmosphere. Control to encourage everyone in the company to be aware of the need for an internal control system** **Wichian Widyaudom (2015)**

**Business environment analysis refers to the important factors that affect the success or failure of an organization's operations, especially in the current situation that creates advantages and business disadvantages can arise and change rapidly. To prepare for the changes and competition that arises. **Nattaphan Khechanan (2009)****

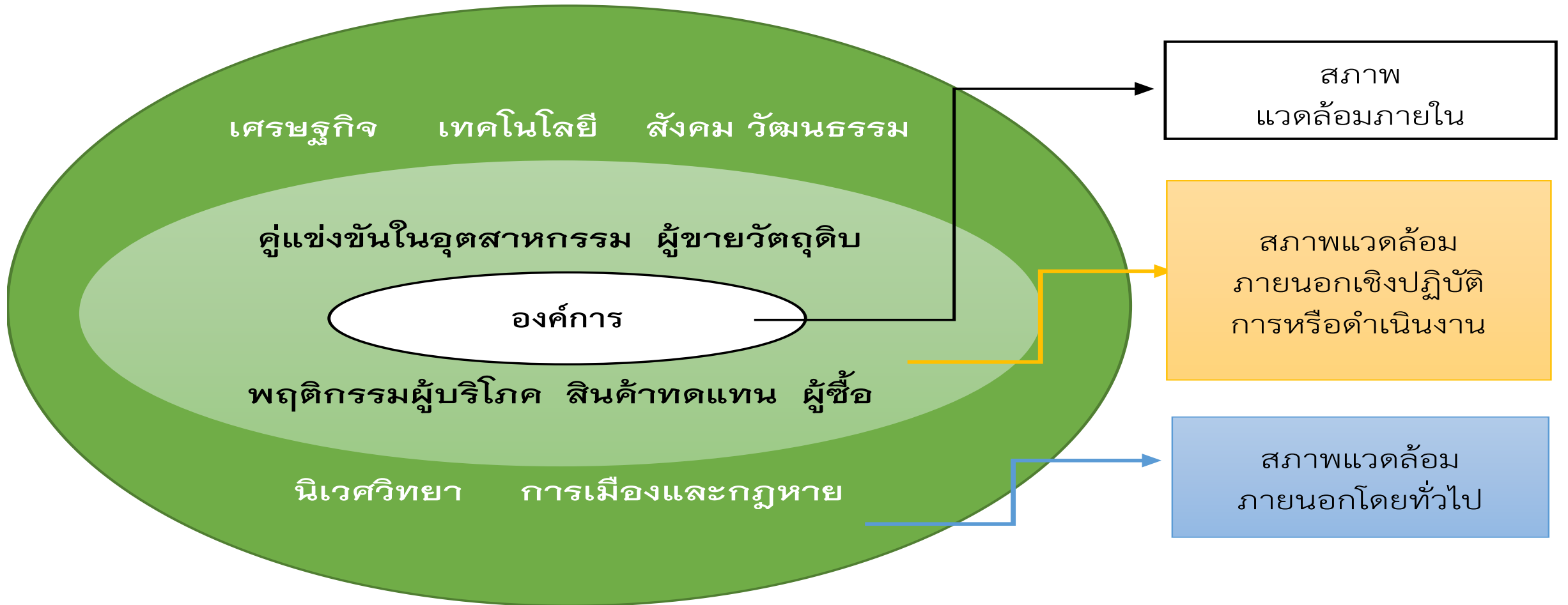
**The business environment refers to the factors that influence the operation of the organization. The business environment can cause both positive and negative consequences. The study of business strategy divides the consideration of the environment that affects the organization's operations into: External Environment and Internal Environment**

**In summary, the analysis of the business environment refers to the various factors that surround the organization as the driving force that affects the management of the organization**

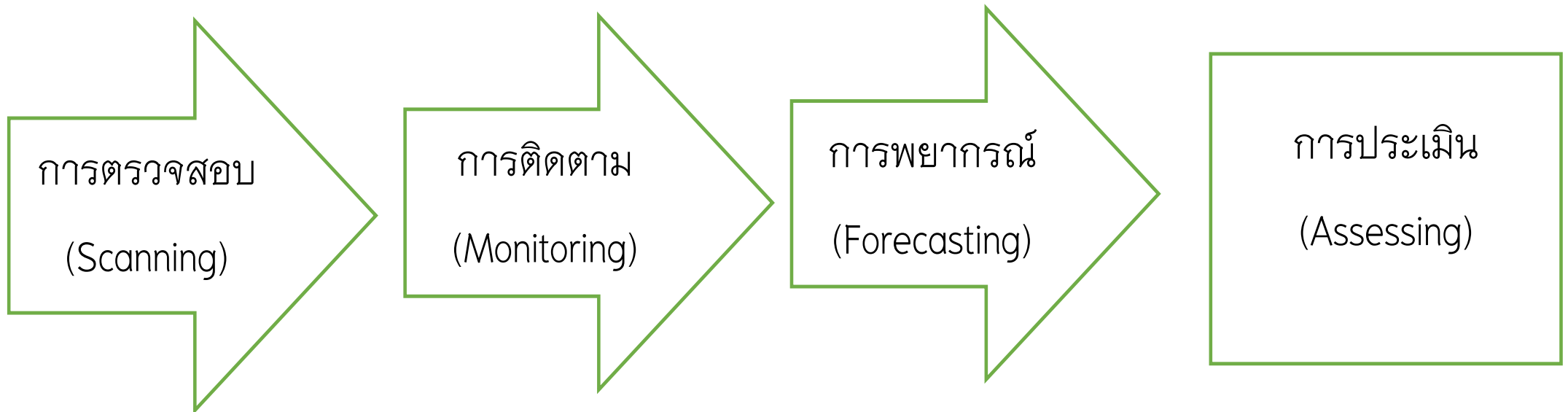
# **External Environment Analysis**

**It refers to the external environment of the organization that can affect the organization in a positive way. The analysis of the external environment of the organization can be divided into two levels: the general environment and the external operating environment**

# General Environment Analysis



# External Environment Analysis Process



<b>External Environment</b>	<b>Impact Monitoring (Current)</b>	<b>Follow-up Impact Present - Future</b>	<b>Trend Forecast Upcoming Present - Future</b>	<b>Evaluation (O /T)</b>

# External environmental factors

## 1. Economic

- ✓ Domestic economy
- ✓ Growth in the Industries in which the Business Operates
- ✓ Interest Rate
- ✓ National Income
- ✓ Exchange rate
- ✓ Wage Levels and Salaries
- ✓ Unemployment rate, etc.

## **2. Social and Cultural Aspects**

- ✓ **Values and attitudes of society**
- ✓ **Changing lifestyles**
- ✓ **Consumer Changes**
- ✓ **Population structure**
- ✓ **Birth rate of the population**
- ✓ **Health care, hygiene, etc.**

### **3. Politics and Law**

- ✓ **Government policies in various fields**
- ✓ **Laws that directly affect the business.**
- ✓ **Attitude towards multinational companies Tax Law**
- ✓ **Laws prohibiting monopoly**
- ✓ **Labor Law / Migrant Workers**
- ✓ **The stability of the government, etc**

#### **.4. Technology**

- ✓ **Progress in Communication**
- ✓ **Telecommunications Infrastructure**
- ✓ **Discovery of inventions, technological innovations.**
- ✓ **New developments in technology**
- ✓ **patent protection, etc.**

## **5. Ecology**

- ✓ **Effects of Global Warming**
- ✓ **Effects of pollution**
- ✓ **Non-state organizations**
- ✓ **Environmental protection laws, etc.**

## **6. Operational or operational aspects**

- ✓ **Competition between the same industries**
- ✓ **Newcomer Threat Analysis**
- ✓ **Analysis of the bargaining power of the buyer**
- ✓ **Analysis of substitute goods or services**
- ✓ **Analysis of the bargaining power of raw material sellers, etc.**

## : Environmental Analysis Techniques

<b>External environment</b>	<b>Impact Monitoring (current)</b>	<b>Follow-up Impact Present - Future</b>	<b>Forecast Upcoming Present - Future</b>	<b>Evaluation (O /T)</b>
<u><b>Economy</b></u>  <b>1.Domestic Economy</b>	<p style="text-align: center;">✓</p>	<p>It has a huge impact.</p>	<p>Thailand's domestic economy in the second quarter of the year expanded by 3.8 percent. Phok is more confident in spending for consumption. Increase the chances of selling products</p>	<p style="text-align: center;">O</p>

## : Environmental Analysis Techniques

<b>External environment</b>	<b>Impact Monitoring (current)</b>	<b>Follow-up Impact Present - Future</b>	<b>Forecast Upcoming Present - Future</b>	<b>Evaluation (O /T)</b>
<u><b>Industrial Growth</b></u>	<p style="text-align: center;">✓</p>	<p>It has a huge impact.</p>	<p>The market growth trend and the target group have purchased more products, so it is necessary to increase production capacity continuously</p>	<p style="text-align: center;">O</p>

# Internal Environment

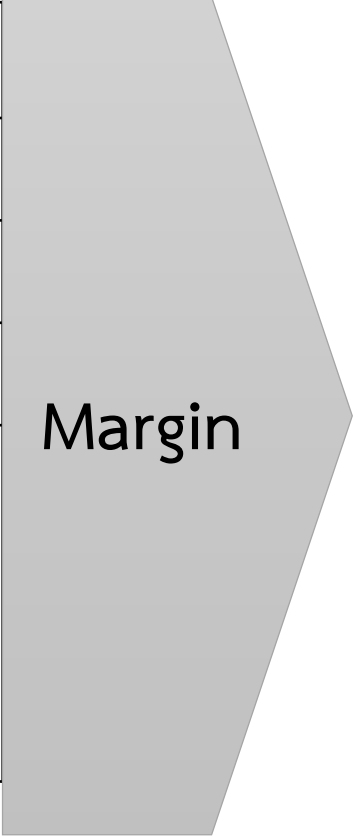
It refers to the influential environment within the business organization that the organization's executives must control so as not to have a negative impact on business operations. There are several methods of internal environment analysis that are commonly used in analysis:

1. Value Chain Analysis
2. McKinsey 7s Model Analysis
3. Scanning Functional Resources Analysis

# Value Chain Analysis

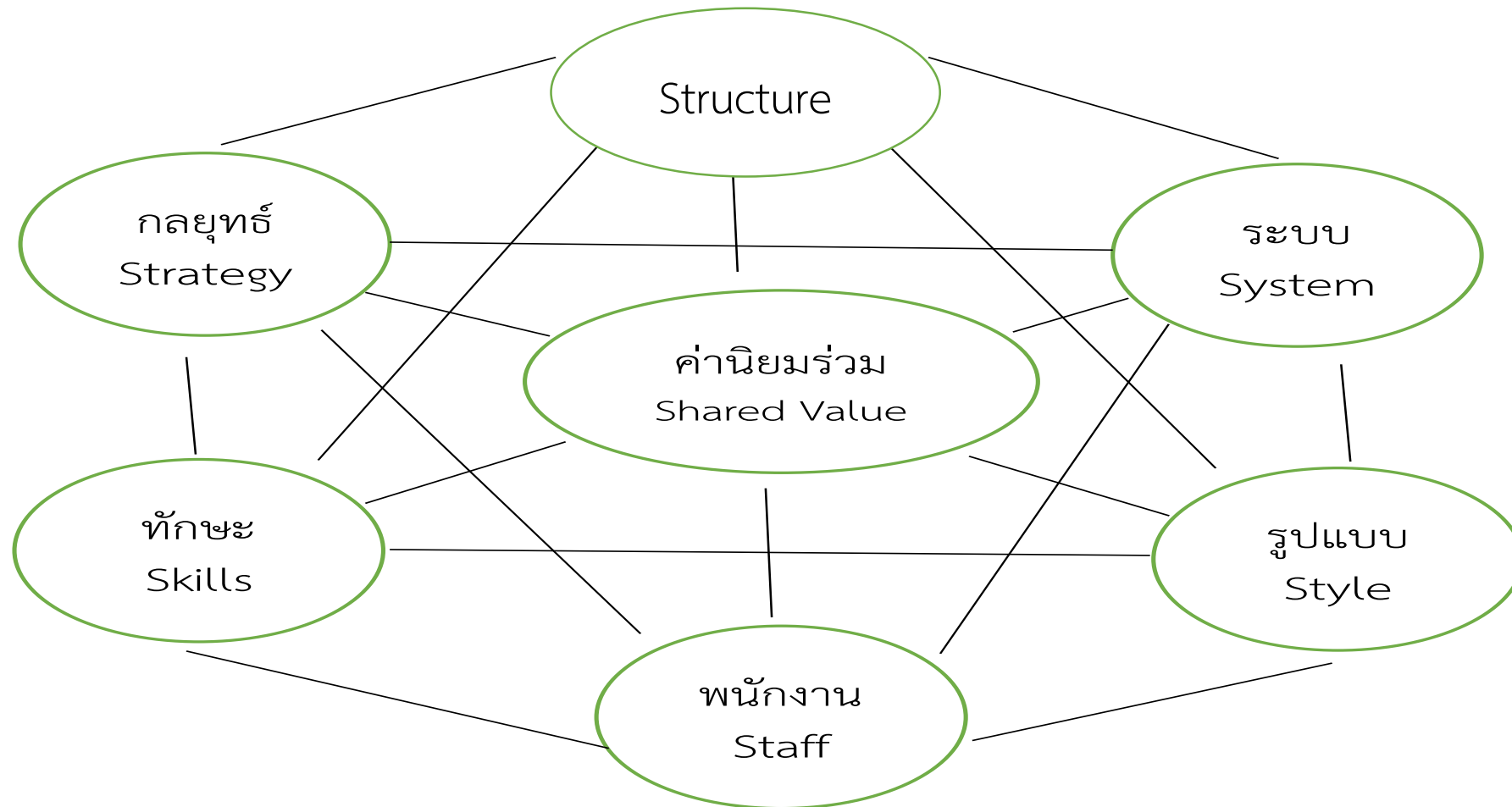
**Supporting Activities**

Firm Infrastructure				
Human Resource Management				
Technology Development				
Procurement				
(Inbound Logistics)	(Operations)	(Outbound Logistics)	(Marketing and Sales)	(Services)



**Primary Activities**

## (7s Model Analysis)



# Scanning Functional Resources Analysis

- ❖ Basic Organization Structure
- ❖ Marketing Functions
- ❖ Finance Functions
- ❖ Production and Operations Functions
- ❖ Human Resources Functions
- ❖ Information System Functions













Pursuit of business opportunities

# Pursuit of business opportunities

Business entrepreneurs seek ideas, have intentions, and must study the types of businesses in order to seek business opportunities.

- ❑ Manufacturing Business
- ❑ Buy-to-sell business or trading business.
- ❑ Service Business

# Sources of Business Opportunities

Origins of New Venture It is caused by 2 sources

- Personal factors
- External Changes



# Personal factors

- ❖ **Personal Experience and Skills**
- ❖ **Hobbies and Interests**
- ❖ **Creativity**

# External Changes

- ❖ Technological Change
- ❖ Political and Regulatory Change
- ❖ Social and Demographic Change
- ❖ Changes caused by trends in modern society

# Business Concept

- ❑ Having different backgrounds and business contexts
- ❑ Balancing Results and Reasonableness
- ❑ Cognitive Adaptability
- ❑ Learning from Business Failure

# Industry Transformation Direction

Industries that are conducive to the establishment of new businesses It can be determined by 4 main characteristics.

1. Knowledge Status
2. Demand Conditions
3. Industry Life Cycle
4. Industry Structure

# Industrial Market Entry Strategies

□ Strategies to enter industries with diversified businesses

- ❖ The industry consists of many small and medium-sized companies. Widely distributed in various industries
- ❖ There is no leader to determine the direction of the competition
- ❖ Focus Strategy

# Industrial Market Entry Strategies

## □ New Market Entry Strategies

➤ Pioneer Strategy

➤ Follow Strategy

# **Pioneer Strategy**

**It means that we always focus on building strength and developing products/services that are better than our competitors. Maintain market leadership**

# Pioneer/Leader Strategy

- ❖ **Build strength**
- ❖ Maintain leadership
- ❖ Continuous development
- ❖ Build Partnerships
- ❖ Value Focus
- ❖ Close weaknesses

# Follower Strategy

**It means following trends and technologies from market leaders, while using their own strengths, such as reducing costs or prices, to become a challenger in the market**

# Follower Strategy

- ❖ **Study Leaders**
- ❖ Reduce costs
- ❖ Focus on profits
- ❖ Use marketing effectively
- ❖ Accumulate resources
- ❖ Develop as a challenger

# Conclusion

Analysis of the entrepreneurial environment and the pursuit of new business opportunities.

Entrepreneurs will aim to seek golden opportunities in business operations. Most of the time, the source of opportunities comes from "people" who guide good opportunities, and from changes in the external environment, which is another important factor in the pursuit of business opportunities.

Politics and Law, and Social and Demography Regulations, and Changes Caused by Trends in Modern Society

End of lecture

# Questions

1. Explain the meaning of TOWS Analysis in Business Operations
2. Describe what the external environment is and what it consists of.
3. Give examples to illustrate. The external environment that affects the business is understandable.
4. Discuss the analysis of the internal business environment, what it consists of.
5. Give an example of the internal business environment and explain how it affects business operations
6. Explain what business opportunities are and why.
7. Discuss what are the sources of business opportunities? What is the necessity for business operations?
8. Explain what the business concept is, what is its importance? Explain
9. Explain the direction of industry change that is conducive to new businesses, what is the reason, why is that?
10. Explain the strategy for entering the new industrial market. Explain in detail

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