



**NBS
EduWORLD**



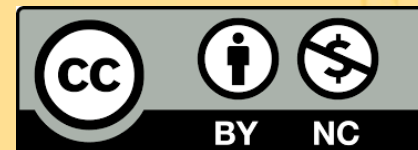
MARKET STRATEGY FOR NATURE-BASED ENTERPRISES

PART I : LEVERAGING STRENGTHS & OPPORTUNITIES

Lecture – online / in-person

Credit: Horizon Nua

Content created in 2024



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Learning Outcomes for this Learning Unit

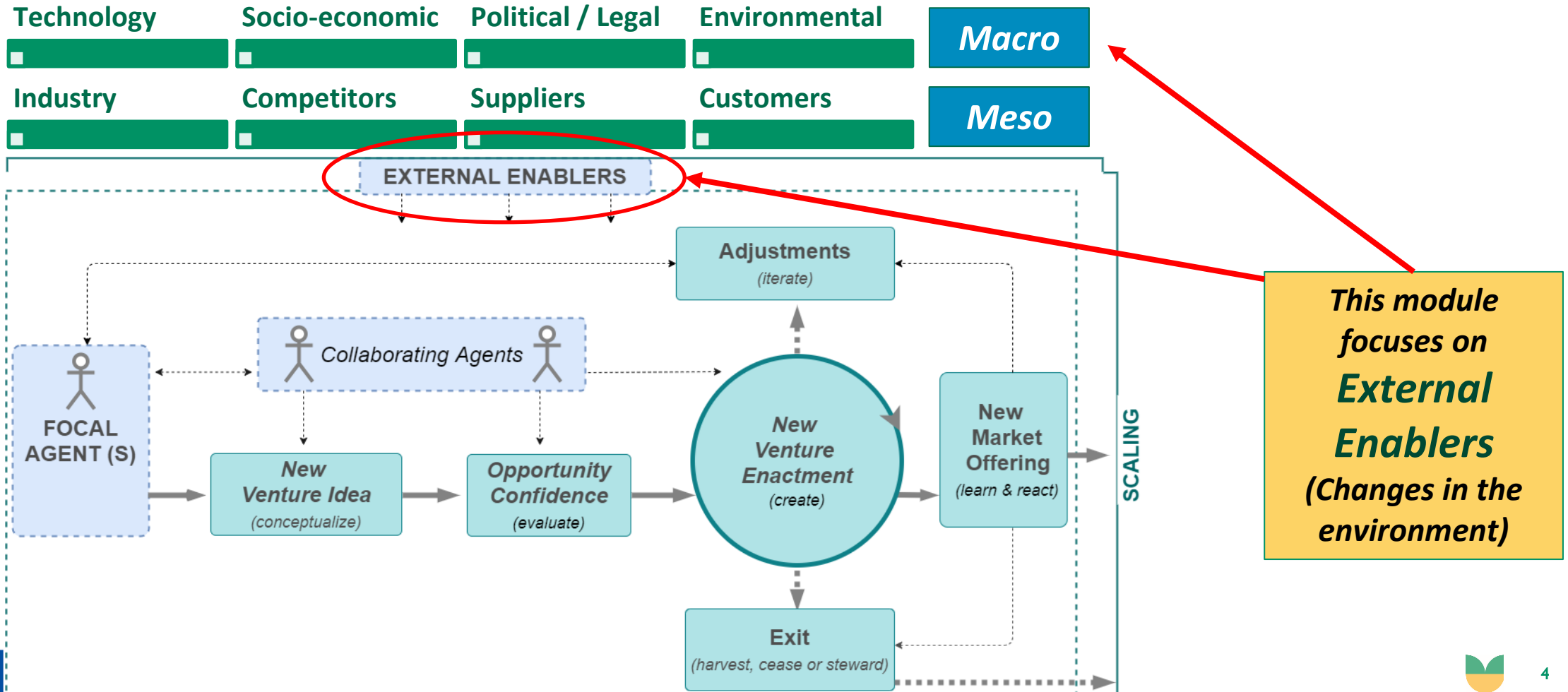
- Learn about strategic framework tools to evaluate the market.
- Gain insight into the environmental factors shaping nature-based enterprises.
- Attain experiential knowledge from peer-to-peer insights shared by practitioners across a range of sectors.
- Apply this knowledge to your own business context using frameworks to evaluate the potential impact of internal and external factors on your enterprise.

“When it comes to the future, there are three kinds of people: those who let it happen, those who make it happen, and those who wonder what happened.”

John R. Richard, cited by *Wiklund et al., 2011*

Complex, multidimensional process of emergence of a new business venture.

(Wiklund et al., 2011)



Source: Nzembayie & Buckley



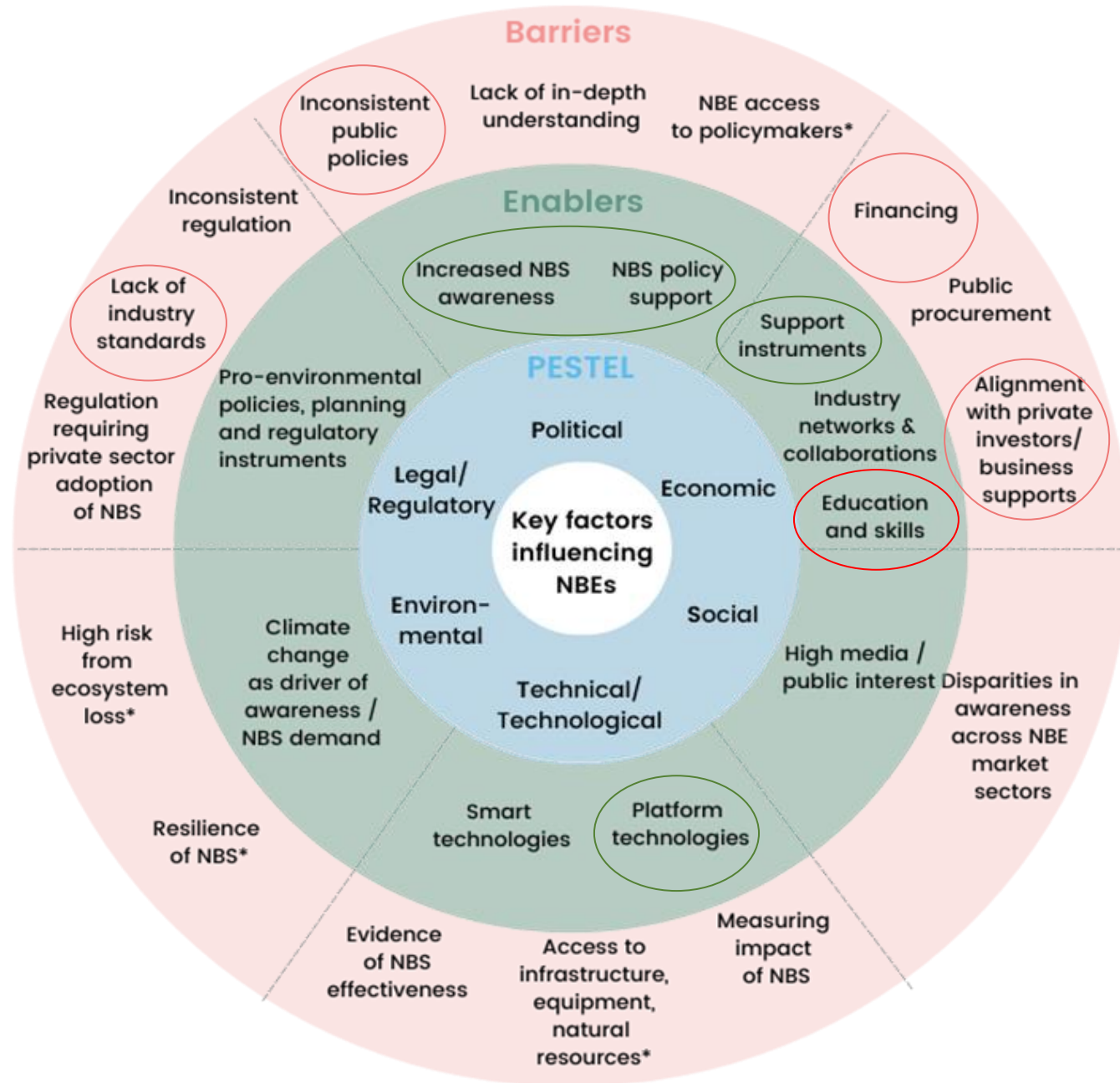
PESTLE / STEEPLE Analysis

- ❖ A widely accepted framework for analysing external factors affecting firms.
- ❖ Originally proposed as the 'PEST' (Political, Economic, Social and Technological) framework by Aguilar (1967).
- ❖ Grown from the original four factors to six factors, adding 'Legal' and 'Environmental' factors to become PESTLE.
- ❖ Most recently, a seventh factor has been proposed 'Ethical' and the anagram has been changed to 'STEEPLE'.

Source: McQuaid et al (2021)



PESTEL applied to NbS



Top 3 External Barriers

- Lack of awareness of nature-based solutions among decision makers
- Lack of focus on environmental criteria in public procurement
- Lack of common policies to support nature-based solutions across the public sector

Top 3 Internal Barriers

- Lack of finance
- Lack of knowledge on how to measure impact
- Lack of finance/knowledge for research and development

Top 3 Enablers

- Strong partnerships/networks in sector
- Access to education, skill development
- Evidence of the effectiveness of nature-based solutions

Discussion:

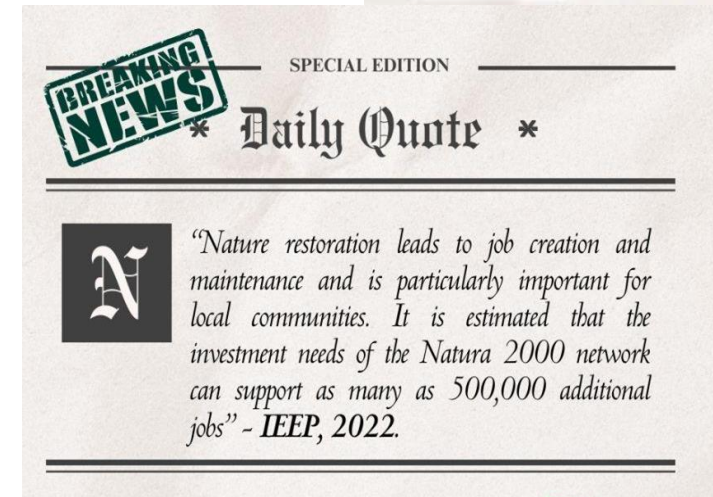
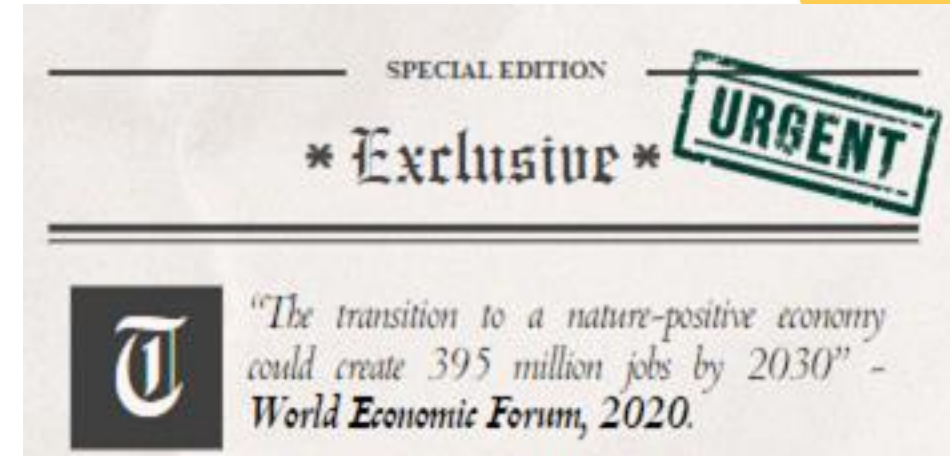
Would you agree with these findings?

What are the most important external barriers and enablers you have experienced?

Let's focus on opportunities...

“While the nature crisis exposes significant dependencies, impacts, and risks on nature, we propose that the NPE also presents **opportunities**. Nature-based solutions (NbS) and nature-based enterprises (NbE) present important pathways towards a NPE.”

[GoNaturePositive! Concept Note \(2024\)](#)



SWOT analysis: applying market knowledge to your context

Internal Factors working in your favour to take advantage of market trends e.g. technical or market knowledge







External factors that present strong opportunities for your organisation e.g. new regulation or funding

Internal Factors working against you e.g. lack of technical or market knowledge

External factors that could have a negative impact on your organisation e.g. anti-nature political or consumer sentiment

Strengths, Weaknesses, Opportunities & Threats for NbEs in Agriculture





NBE SWOT in France (ARTISAN study) - Agriculture

 <p>Strengths</p> <ul style="list-style-type: none"> - Collaboration between associations, public services and agri-food industry players; joint technological networks (RMT) and synergies between players - Construction of R&D partnerships on new crops - Differentiation strategy for agri-food products - Synergies of solutions with mitigation issues and other sectors (forestry, water, urban development, tourism) - Strong proximity to the services provided by nature and capacity to raise awareness through practical methods - Traceability and evaluation of external audits 	 <p>Weaknesses</p> <ul style="list-style-type: none"> - Multiplicity of actors - Structuring of value chains and cooperation between organizations in the sector - Development of skills and training on alternative agroecological practices - Advice, training and promotion of agroforestry - Demonstration of the environmental benefits of solutions - Difficulty in measuring the costs & benefits of solutions
 <p>Opportunities</p> <ul style="list-style-type: none"> - Financial instruments and European programs linked to the Green Pact - Existence of incentive mechanisms (ex. payment for ecosystem services) - Creation of technical and economic reference systems - Creation of standards and labels for agroforestry 	 <p>Threats</p> <ul style="list-style-type: none"> - Research disinvestment in crop diversification - Risk aversion related to the conversion to an agroecological system, perception associated with too alternative farming methods - Perception of associated costs/ profitability and acceptability by farmers - Competition with dominant crops and mass distribution - Low constraint and level of incentive through regulation

SECTOR LEVEL SWOT

Strengths, Weaknesses, Opportunities & Threats for NbEs in Forestry

NBE SWOT in France (ARTISAN study) - Forestry

 <p>Strengths</p> <ul style="list-style-type: none"> - Participation of stakeholders (owners, managers, citizens...) - Diversity and development of partnerships and networks - Awareness raising of the general public in progress - Expertise in particular in ecological engineering - Research work on NBS for adaptation - Implementation of evaluation and monitoring systems - Ecological engineering tools for forest managers 	 <p>Weaknesses</p> <ul style="list-style-type: none"> - Lack of performance indicators, tools and methodologies to help decision making in terms of climate risks - Training of forestry actors in scientific, educational and civic issues - Technical knowledge on impacts in terms of adaptation and biodiversity - Duration of project validation
 <p>Opportunities</p> <ul style="list-style-type: none"> - Incentives for private foresters to adopt sustainable management - Public policy instruments and state funding, in particular via the Low Carbon Label and France Relance for experimenting with new management and organizational practices - European and alternative financing - Financial valuation of positive externalities 	 <p>Threats</p> <ul style="list-style-type: none"> - Lack of consensus between the actors of the sectors - Low ownership of the NBS concept (public and private) - Costs of certain species - Forest management documents not always adapted to climate issues - Evolution of legislation to support forestry companies - Lack of understanding of social demand by regional actors

SECTOR
LEVEL SWOT

The Process to Carrying out a SWOT Analysis





Start with the the internal/organisational factors, then turn your thinking onto external/environmental factors.

1. Explore the strengths and weaknesses internal to your organisation - resources and capabilities (e.g., managerial, financial, infrastructural, suppliers, technology, closeness to the market).
2. Examine the relevant environmental conditions - the threats and opportunities (e.g., competition, industry, broader environment - think PESTLE).
3. Generate a set of strategic actions that make use of strengths and opportunities and avoid/minimise weaknesses and threats. Consider the cause and effect arising from each factor.

Source: Sammut-Bonnici, T., & Galea, D. (2014). SWOT analysis. *Wiley Encyclopedia of management*, 1-8.

Sample SWOT for Nature-based Enterprise in Forestry

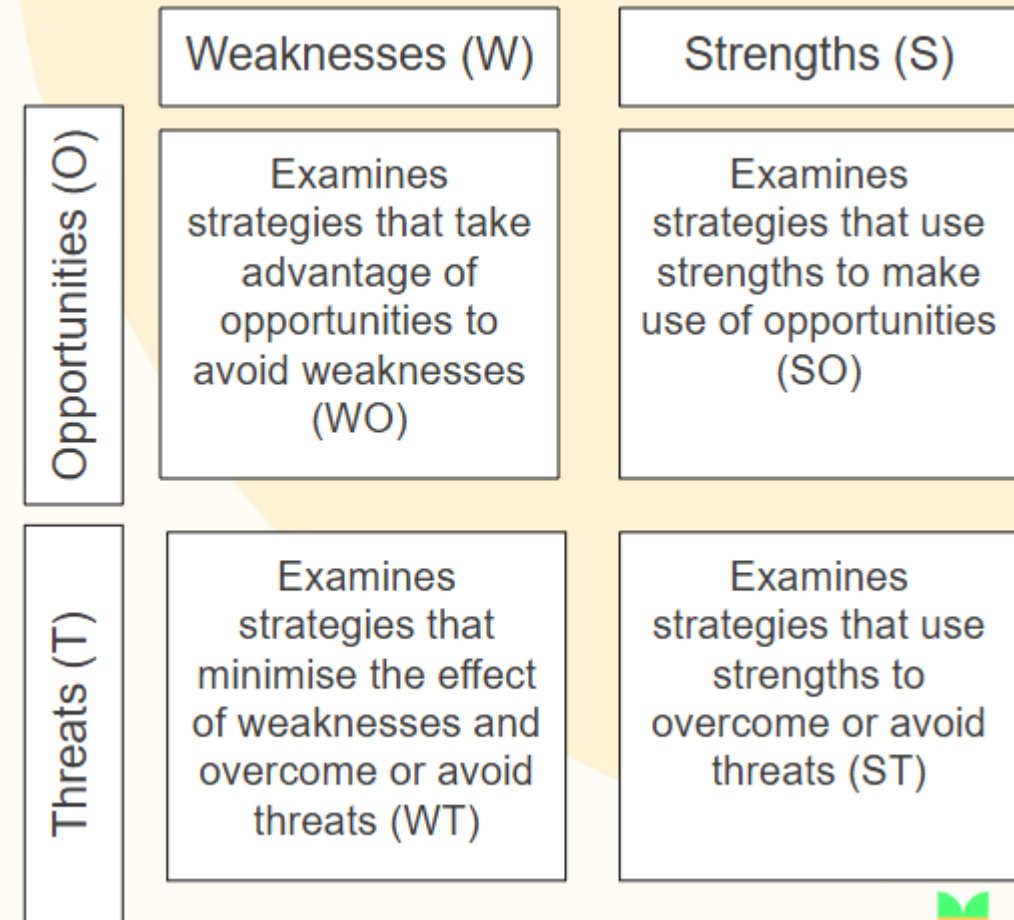
NBE LEVEL SWOT

<p> Strengths</p> <ul style="list-style-type: none"> ➤ Closeness to the market - strong collaboration/partnership with private and public forest owners and clients (e.g. woodworkers). ➤ Positive economic, social and environmental impacts (i.e. provision of local supply, carbon sequestration & strengthening of emotional bonds between local population and peri-urban forests). ➤ Diverse funding through both public and private sources - crowdfunding, private investment. ➤ Customer relationships through social media - environmental marketing. 	<p> Weaknesses</p> <ul style="list-style-type: none"> ➤ Intensive up-front investment costs associated with building up wood inventories. ➤ Purchasing inventory at market prices. ➤ Cooperative model can lead to higher transaction costs and governance complexity. ➤ Susceptible to overdependence on public funding, risking mission drift.
<p> Opportunities</p> <ul style="list-style-type: none"> ➤ Strong demand for wood in the metropolitan area of Brussels - imports more than 50 kt of wood per year. ➤ Goodwill amongst the local population and authorities - “keep the wood local.” ➤ Public policy instruments and state funding. ➤ European and alternative funding mechanisms. 	<p> Threats</p> <ul style="list-style-type: none"> ➤ Competition with buyers from the Asian market (up to 85% of the hardwood produced in Brussels is exported to Asia). ➤ Growth in public dissent for felling of trees. ➤ Scepticism amongst industry players and investors as to the financial sustainability and scalability of NBS in forestry. ➤ Lack of understanding of social demand among regional actors.

Wehrich's TOWS Matrix

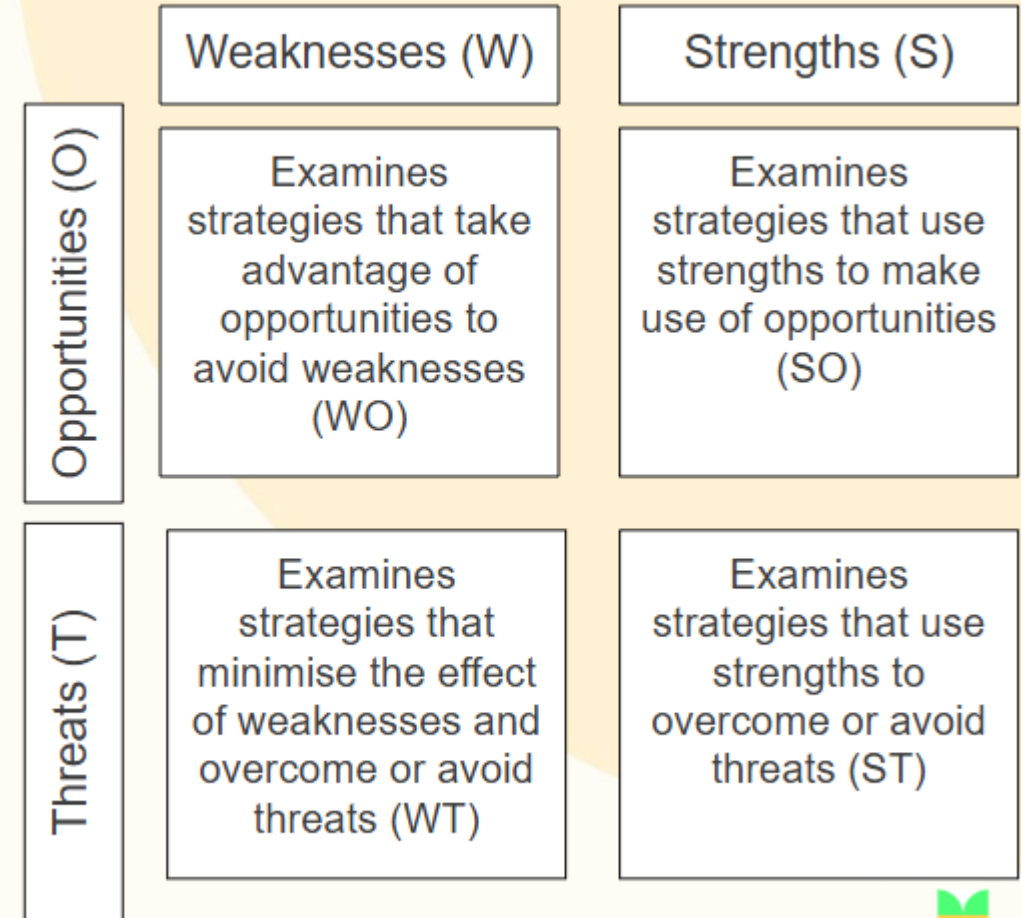
Used for identifying strategic actions “that could be deployed for the purpose of exploiting opportunities or defending against threats through the leverage of existing strengths and the reduction of weaknesses”

(Sammut-Bonnici & Galea, 2014, p.7.).



Sample Strategic Actions for Nature-based Enterprise in Forestry

- **WO strategy (first quadrant)** - Sonian Wood can overcome the weakness of overdependence on public funding by exploring alternative funding mechanisms that are newly emerging (opportunity).
- **SO strategy (second quadrant)** - Sonian Wood's strength in customer relationships can help them to leverage the public goodwill towards local supply (opportunity) by raising awareness of the high value added products developed regionally (e.g. wooden bicycle frames).
- **WT strategy (third quadrant)** - Sonian Wood with intensive up-front investment costs (weakness) can reduce the threat of investor scepticism by lowering their operating costs through economies of scale.
- **ST strategy (fourth quadrant)** - Sonian Wood might counteract the threat of competition from buyers in Asia by leveraging its closeness to the market (strength) to expand its customer reach and pool of suppliers.



Individual activity

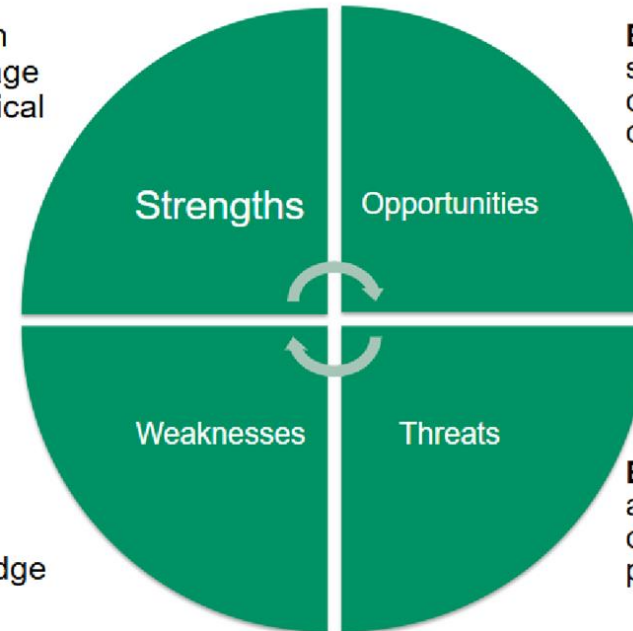
Carry out a SWOT analysis on your NbE. Generate a list of:

- Internal organisational factors - strengths and weaknesses.
- External environmental factors - opportunities and threats.
- Strategic actions that make use of strengths and opportunities and avoid/minimise weaknesses and threats.

ACTIVITY

Internal Factors working in your favour to take advantage of market trends e.g. technical or market knowledge

Internal Factors working against you e.g. lack of technical or market knowledge



External factors that present strong opportunities for your organisation e.g. new regulation or funding

External factors that could have a negative impact on your organisation e.g. anti-nature political or consumer sentiment

Final Reflection: Market Strategy for Nature-based Enterprises Part I

Reflect on your learning:

- What is your key takeaway from this lesson?
- What new information will you share with others?

Sources of Further Reading

- European Commission: Directorate-General for Research and Innovation, *The vital role of nature-based solutions in a nature positive economy*, Publications Office of the European Union, 2022, <https://data.europa.eu/doi/10.2777/307761>
 - Sammut-Bonnici, T., & Galea, D. (2014). SWOT analysis. *Wiley Encyclopedia of management*, 1-8.
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- Kampelmann, S. (2021). Knock on wood: Business models for urban wood could overcome financing and governance challenges faced by nature-based solutions. *Urban Forestry & Urban Greening*, 62, 127108. <https://doi.org/10.1016/j.ufug.2021.127108>



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