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AGATA
Activating agricultural and tourism specializations through Center of Taste
2020-1-SK01-KA202-078207



Module 1

Potential for Centre of Taste in your Region

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Abstract of module

- The Centre of Taste (COT) can be defined as a dynamic process of interactions between different actors in a given area. Given these characteristics, its realization must be well thought out and analyzed from different aspects.
- There is no one-size-fits-all rule for setting up a Centre of Taste, precisely because each territory has specific dynamics and different economic and cultural characteristics. It is therefore essential to understand whether the area in question can host a Centre of Taste and what potential it has. In this first module we present various tools to help you understand whether the area can host a COT and its potential.



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Chapters

1. Analysis of territorial vocations of local context
2. Diagnosis of prevalent vocations
3. Analysis of demografic and entrepreneurial context of the area
4. Analysis of financial performance of the companies of the area
5. Construction of scenarios to understand the potentials of the local area to activate a Center of Taste

Key words: Territorial Vocations - SWOT Analysis - Context analysis - socioeconomic analysis - Focus Group - Questionnaires And Listening Tools - Environmental Analysis - Analysis Of Financial Performance - Financial Performance - Rural Development.



1. Analysis of territorial vocations of local context

1.1 Analysis of strengths and weaknesses

In this first part, we explore how to carry out a SWOT analysis, and how to put your findings into action. We also include a worked example and a template to help you get started on a SWOT analysis in your own context.

SWOT stands for **Strengths, Weaknesses, Opportunities, and Threats**, and so a SWOT analysis is a technique for assessing these four aspects of your business.

A SWOT analysis examines both internal and external factors - that is, what's going on inside and outside your organization. So some of these factors will be within your control and some will not. In either case, the wisest action you can take in response will become clearer once you've discovered, recorded and analyzed as many factors as you can.



1.1 Analysis of strengths and weaknesses

SWOT seems simple, but, if used carefully and collaboratively, it can be very revealing.

For example, you may be well aware of some of your organization's strengths, but until you record them alongside weaknesses and threats you might not realize how unreliable those strengths actually are.

- Equally, you likely have reasonable concerns about some of your business weaknesses but, by going through the analysis systematically, you could find an opportunity, previously overlooked, that could more than compensate.

How to Write a SWOT Analysis

Draw up a **SWOT Analysis** matrix, or use our free template.

A SWOT matrix is a 2x2 grid, with one square for each of the four aspects of SWOT. (Figure 1 shows what it should look like.) Each section is headed by some questions to get your thinking started.



Rural Business Strategy Goals

STRENGTHS	WEAKNESSES
<ol style="list-style-type: none">1. Innovative product/service2. Simple to scale up3. Wide presence on the territory4. Unique technical or professional skills your business possesses5. Shared mission	<ol style="list-style-type: none">1. What are your weaknesses according to your internal assessments?2. Improvement areas where you should focus upon.
OPPORTUNITIES	THREATS
<ol style="list-style-type: none">1. The unique features you can provide to your potential clients/stakeholders2. institutional benefits, political advantages, tax deductions, etc..3. change in user sensitivity	<ol style="list-style-type: none">1. The absence or lack of any features in your product or service.2. The absence of adequate financial resources to support the various business opportunities.



1.2 How to Do a SWOT Analysis

As we mentioned at the beginning of this module, a Centre of Taste is a particular activity.

- It reflects the agro-economic vocations of the area in question and therefore reflects the socio-cultural and economic aspect of the community.
- It is therefore fundamental to involve the main socio-economic actors of the territory and all the stakeholders as widely as possible, in order to make COT the most collective work possible, taking into account the needs and requirements of each one, and on the basis of these to construct the most suitable type of COT.
- Avoid relying on your own partial understanding of the territory, communities and their dynamics. Your assumptions may be wrong. Instead, assemble a team of people from a range of functions and levels to build an extensive and insightful list of observations.
- Then, each time you identify a Strength, Weakness, Opportunity or Threat, write it in the relevant part of the SWOT analysis grid for all to see.
- Look at each area in more detail and consider what fits where, and what questions you might ask as part of your data collection.



1.2 How to Do a SWOT Analysis

Strengths

Strengths are things that your organisation does particularly well, or in a way that distinguishes it from its competitors.

Think about the advantages your organisation has over other organisations.

- ✓ This might be the motivation of your staff, access to certain materials or a strong set of production processes.
- ✓ This also includes the strength and market attractiveness of local quality food products, which can have a competitive advantage over perhaps a large business that makes the same typical local product but at an industrial level, taking away all the added value of the craftsmanship of local production. (There are many examples of this in the agri-food sector).

1.2 How to Do a SWOT Analysis

Strengths

Your strengths are part and parcel of your organisation, territory and community, so think about what makes you "tick".

- ✓ What do you do better than anyone else?
- ✓ What values drive your business?
- ✓ What unique resources can you draw on that others can't?
- ✓ Identify and analyse your organisation's Unique Selling Proposition (USP) and add it to the Strengths section.

1.2 How to Do a SWOT Analysis

Strengths

Then reverse the perspective and ask yourself what your competitors might see as your strengths.

What factors make you get the sale before them?

- ❖ eg. Increasing trend of consumers preferring natural and local things, and wanting to visit places of production which then also becomes a tourist attraction.

Remember that any aspect of your organisation is only a strength if it brings you a clear advantage.

- ❖ e.g. if all your competitors supply high quality products, then a high quality production process is not a strength in your market: it is a necessity.

1.2 How to Do a SWOT Analysis

Opportunities

Opportunities are openings or possibilities for something positive to happen, but you will have to claim them for yourself!

- They usually arise from situations outside your organisation and require an eye to what might happen in the future.

They might arise as developments in the market you serve or in the technology you use.

- Being able to identify and exploit opportunities can make a huge difference to your organisation's ability to compete and take the lead in its market.



1.2 How to Do a SWOT Analysis

Opportunities

Think of good opportunities that you can exploit immediately. They don't have to be game-changers: even small advantages can increase your organisation's competitiveness.

- ✓ What interesting market trends are you aware of, big or small, that could have an impact?

N.B. this is also related to the type of Center of Taste you want to create, whether it is a place to attract tourists and showcase local products or a place where local producers join together also to get more opportunities in the market or maybe both...

- ✓ You should also pay attention to changes in government policy related to your field. And changes in social patterns, population profiles and lifestyles may offer interesting opportunities.



1.2 How to Do a SWOT Analysis

Threats

Threats include anything that can negatively affect your business from the outside, such as supply-chain problems, shifts in market requirements, or a shortage of recruits. It's vital to anticipate threats and to take action against them before you become a victim of them and your growth stalls.

- Think about the obstacles you face in getting your product to market and selling. You may notice that quality standards or specifications for your products are changing, and that you'll need to change those products if you're to stay in the lead. Evolving technology is an ever-present threat, as well as an opportunity!
- Always consider what your competitors are doing, and whether you should be changing your organization's emphasis to meet the challenge. But remember that what they're doing might not be the right thing for you to do. So, avoid copying them without knowing how it will improve your position.
- Be sure to explore whether your organization is especially exposed to external challenges. Do you have bad debt or cash-flow problems, for example, that could make you vulnerable to even small changes in your market? This is the kind of threat that can seriously damage your business, so be alert.



1.3 How to Use a SWOT Analysis

- ✓ Finally, it is time to ruthlessly prune and prioritise her ideas so that she can focus time and money on the most meaningful and impactful ones. Refine each point to make your comparisons clearer. For example, only accept precise and verifiable statements such as: "Cost advantage of \$30/tonne in sourcing raw material x", rather than: "Best value for money".
- ✓ Remember to apply your knowledge at the right level in your organisation. For example, at the product or product line level, rather than at the much more vague level of the whole company. And use your SWOT analysis together with other strategy tools (Module 3 and 4), so that you get a complete picture of the situation you are facing.



Key Points

SWOT Analysis helps you to identify your organization's Strengths, Weaknesses, Opportunities, and Threats.

It guides you to build on what you do well, address what you're lacking, seize new openings, and minimize risks.

Apply a SWOT Analysis to assess your organization's position before you decide on any new strategy.

Collaborate with a team of people from across the business. This will help to uncover a more accurate and honest picture.

Use a SWOT matrix to prompt your research and to record your ideas.

Find out what's working well, and what's not so good. Ask yourself where you want to go, how you might get there – and what might get in your way.

Be realistic and rigorous. Prune and prioritize your ideas, to focus time and money on the most significant and impactful actions and solutions



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Exercise 1: Watch Video Case Study - CENTER OF TASTE - TROIA (ITALY)



WATCH IT ON YOUTUBE FOR ENGLISH SUBTITLES: [Troia, apre il Centro del Gusto dei Monti Dauni - YouTube](#)

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Exercise 2: What are your STRENGTHS - WEAKNESSES - OPPORTUNITIES - THREATS? Construct your SWOT matrix from the AGATA template provided to you.

STRENGTHS	WEAKNESSES
OPPORTUNITIES	THREATS



2. Diagnosis of prevalent vocations

2.1 what is the strongest vocation in the area, which are its storical, economic, social and strategic elements?

As already mentioned, there is no single size of Centre of Taste that can be used in every context.

- Each area has its own particular socio-economic characteristics, and these must be taken into account if we do not want to create an activity that will then become a cathedral in the desert without any real benefit for the area, the communities and therefore the real stakeholders.
- The " Centre of Taste " may represent a significant example of the evolution of local production systems which, moving in the direction of an increasingly symbolic demand, can provide adequate responses not only by strengthening production units or cooperative systems of enterprises, but also by making the territories attractive as a whole.



2. Diagnosis of prevalent vocations

2.1 what is the strongest vocation in the area, which are its storical, economic, social and strategic elements?

- Enhancing many other components present in the environmental context, from cultural heritage assets to historical centres still largely to be rediscovered and enhanced, obviously with an important spin-off in the tourist offer of a territory.
- The Center of Taste is a physical space, set in a territorial context, created to publicise and enhance the many excellent food and wine products of a given area as a tourist attraction.
- It is the answer to the new concept of food as a cultural expression.
- It offers users a multisensory journey through tradition, territory, history, collective knowledge and food education.



2.1 what is the strongest vocation in the area, which are its historical, economic, social and strategic elements?

- **Forms of COT**

The Center of Taste can be centred on several, obviously linked to the economic and social vocation of the area and the demand expressed by it.

The types a Taste Centre can take on are as follows

- food and wine promotion
- support for agri-food companies to increase economic exchanges
- education in healthy eating (workshops with schools)
- tourism promotion
- territorial and cultural promotion (museum)

2.1 what is the strongest vocation in the area, which are its historical, economic, social and strategic elements?

Context analysis - Socioeconomic analysis

Context analysis of the area:

- Description of the area of reference
- Brief historical notes
- Description of the territory on the basis of statistical data (demographic analysis, socio-economic analysis and socio-cultural analysis)
- Recognition of current initiatives in the territory that may be consistent with the project actions.
- A proper analysis of the economic system and the conjunctural study of the relevant economic indicators allow you

to identify the strengths and weaknesses of the area in question and to seize its medium- and long-term development opportunities.

- Research is able to combine different levels of analysis and cross-reference numerous variables.

It is essential to know what the economic situation is in the area where we want to set up the COT, we need to know the reality of local enterprises, their financial solidity, whether there is a real need for a centre such as the COT.

2.1 what is the strongest vocation in the area, which are its historical, economic, social and strategic elements?

KEY POINTS of Socio - Economic Analysis

- Subject of the study: food and wine producers, local units, entrepreneurs
- Level of territorial analysis: national, regional, district, provincial, municipal
- Level of sectoral analysis: macro sector (Primary, Secondary, Tertiary), sector (Agriculture, Commerce, Mechanics, etc.),
- Variables: legal status, gender, nationality, recruitment and termination flows, contract type, specific economic indicators, etc.
- Time span: based on database availability
- Output: data tables or reports
- Official sources: EUROSTAT, Chambers of Commerce, municipal offices, provincial, regional and association databases.



2.1 what is the strongest vocation in the area, which are its historical, economic, social and strategic elements?

- In order to identify the real territorial vocations on which to build the Centre of Taste, in addition to secondary research, i.e. carried out through the analysis of data and studies, AGATA emphasises primary research, i.e. research carried out with the involvement of the project's main stakeholders. This is done through **focus groups, panel groups**, administration of **questionnaires** etc.
 - in this part of the first module we will see what the main characteristics of a **focus group** are and how to set it up in order to understand what the territorial vocations are by **involving the main stakeholders**.
- **Focus Group**
- Focus groups are a widely used research tool in marketing research.
 - It is a particular method of qualitative interviewing in which a moderator submits, in an informal and apparently unstructured way, a series of discussion topics to a small group of subjects who are informed of the facts and willing to collaborate, inviting them to share and compare their opinions.



2.1 what is the strongest vocation in the area, which are its historical, economic, social and strategic elements?

Step 1: Choose your topic of interest

- Focus groups are primarily considered a confirmatory research technique.
- In other words, their discussion-heavy setting is most useful for confirming or refuting preexisting beliefs.
- For this reason, they are great for conducting explanatory research, where you explore why something occurs when limited information is available.

Step 2: Define your research scope and hypotheses

- Once you have determined that a focus group is the right choice for your topic, you can start thinking about what you expect the group discussion to yield.

Perhaps literature already exists on your subject or a sufficiently similar topic that you can use as a starting point. If the topic isn't well studied, use your instincts to determine what you think is most worthy of study.
- Setting your scope will help you formulate intriguing hypotheses, set clear questions, and recruit the right participants.



2.1 what is the strongest vocation in the area, which are its historical, economic, social and strategic elements?

Step 3: Determine your focus group questions

The questions that you ask your focus group are crucially important to your analysis. Take your time formulating them, paying special attention to phrasing. Be careful to avoid leading questions, which can affect your responses.

Overall, your focus group questions should be:

- ✓ Open-ended and flexible
- ✓ Impossible to answer with “yes” or “no” (questions that start with “why” or “how” are often best)
- ✓ Unambiguous, getting straight to the point while still stimulating discussion
- ✓ Unbiased and neutral

2.1 what is the strongest vocation in the area, which are its historical, economic, social and strategic elements?

Step 4: Recruit your participants

Depending on the topic of your research, there are a few sampling methods you can choose from to help you recruit and select participants.

- ❑ Voluntary sampling, such as an open call on social media and finding participants based on responses
- ❑ Convenience sampling of those who are most easily accessible to you, such as partners in existing networks
- ❑ Stratified sampling of a particular category of local producers
- ❑ Judgmental sampling of a specific set of participants you already know you want to include
- ❖ ***Beware of sampling bias, which can occur when some members of the population are more likely to be included than others.***



2.1 what is the strongest vocation in the area, which are its historical, economic, social and strategic elements?

Step 5: Host your focus group

Consider conducting a tech check prior to the arrival of your participants, and note any environmental or external factors that could affect the mood of the group that day. Be sure that you are organized and ready, as a stressful atmosphere can be distracting and counterproductive.

Starting the focus group

Welcome individuals to the focus group by introducing the topic, yourself, and your co-moderator, and go over any ground rules or suggestions for a successful discussion. It's important to make your participants feel at ease and forthcoming with their responses.



2.1 what is the strongest vocation in the area, which are its historical, economic, social and strategic elements?

Step 5: Host your focus group

Leading the discussion

Once you start asking your questions, try to keep response times equal between participants. Take note of the most and least talkative members of the group, as well as any participants with particularly strong or dominant personalities.

- ❓ You can ask less talkative members questions directly to encourage them to participate or ask participants questions by name to even the playing field. Feel free to ask participants to elaborate on their answers or to give an example.

2.1 what is the strongest vocation in the area, which are its historical, economic, social and strategic elements?

Step 6: Analyze your data and report your results

- ✓ After concluding your focus group, you and your co-moderator should debrief, recording initial impressions of the discussion as well as any highlights, issues, or immediate conclusions you've drawn.
- ✓ The next step is to transcribe and clean your data. Assign each participant a number or pseudonym for organizational purposes. Transcribe the recordings and conduct content analysis to look for themes or categories of responses. The categories you choose can then form the basis for reporting your results.



2.1 what is the strongest vocation in the area, which are its historical, economic, social and strategic elements?

Disadvantages

Advantages and disadvantages of focus groups

Just like other research methods, focus groups come with advantages and disadvantages.

Advantages

- ✓ They are fairly straightforward to organize and results have strong face validity.
- ✓ They are usually inexpensive, even if you compensate participant.
- ✓ A focus group is much less time-consuming than a survey or experiment, and you get immediate results.
- ✓ Focus group results are often more comprehensible and intuitive than raw data.

- × It can be difficult to assemble a truly representative sample. Focus groups are generally not considered externally valid due to their small sample sizes.
- × Due to the small sample size, you cannot ensure the anonymity of respondents, which may influence their desire to speak freely.
- × Depth of analysis can be a concern, as it can be challenging to get honest opinions on controversial topics.
- × There is a lot of room for error in the data analysis and high potential for observer dependency in drawing conclusions. You have to be careful not to cherry-pick responses to fit a prior conclusion.



Exercise 1: Test yourself: try to build your own focus group with possible questions to ask the main stakeholders in your area.

- Step 1: Choose your topic of interest:
- Step 2: Define your research scope and hypotheses:
- Step 3: Determine your focus group questions
- Step 4: Recruit your participants
- Step 5: Host your focus group
- Step 6: Analyze your data and report your results

Exercise 2: What do you think would be the best form of Centre of Taste for your region?

The Center of Taste can be centred on several, obviously linked to the economic and social vocation of the area and the demand expressed by it.

The types a Taste Centre can take on are as follows

- ☐ food and wine promotion
- ☐ support for agri-food companies to increase economic exchanges
- ☐ education in healthy eating (workshops with schools)
- ☐ tourism promotion
- ☐ territorial and cultural promotion (museum)
- ☐ other:



3. Analysis of demografic and entrepreneurial context of the area

3.1 The photo of local community and of local entrepreneurs.

The Socio - economic Analysis

A proper analysis of the economic system and the conjunctural study of the relevant economic indicators allow you to identify the strengths and weaknesses of the area in question and to seize its medium- and long-term development opportunities. Research is able to combine different levels of analysis and cross-reference numerous variables.

It is essential to know what the economic situation is in the area where we want to set up the COT, we need to know the reality of local enterprises, their financial solidity, whether there is a real need for a centre such as the COT.

3.1 The photo of local community and of local entrepreneurs. The Socio - economic Analysis

Subject of the study: food and wine producers, local units, entrepreneurs

Level of territorial analysis: national, regional, district, provincial, municipal

Level of sectoral analysis: macro sector (Primary, Secondary, Tertiary), sector (Agriculture, Commerce, Mechanics, etc.),

Variables: legal status, gender, nationality, recruitment and termination flows, contract type, specific economic indicators, etc.

Time span: based on database availability

Output: data tables or reports



3.2 Tools

Listening tools - questionnaires

Questionnaires are data collection tools consisting of a series of open and closed questions. They allow a large number of people to be quickly involved in order to gather information, find out opinions, attitudes and intentions.

Steps for constructing the questionnaire:

1. Define the purpose, make explicit the factors, the concepts you want to detect
2. Defining the background variables including the demographic and socio-environmental characteristics of the respondent.
3. Define who the questionnaire is intended for.
4. We then try to figure out the most appropriate language and wording for the questions in the questionnaire.

3.3 Tools

Formulation of questions:

chosen

- Use language appropriate to the subject matter
 - formulate questions that are not too complex
 - The questions must be clear and specific
 - Start with key questions: the attention is higher
 - pay attention to the length of the questions and the number of alternatives
- don't too many questions: max 20
 - Define questions to have numeric and strategic data
 - At the end of questionnaire, use opened questions;
 - Ask personal informations, without be intrusive



3.4 Tools

Do preliminary research.

To create an effective survey, you want to be as targeted as possible

Draft your questions.

For best results, include no more than five to 10 questions in your surveys. Many people, especially adults, generally have short attention spans, so if you bombard them with dozens of rapid-fire questions, your completion rates can drop significantly.

As you're writing your survey questions, try to let participants expand on their thoughts. "Yes or no" questions won't give you as much information as free-form text responses

Set up your survey.

Publicize your survey to readers.

Once your survey is ready to go, get the word out to your readers by advertising it on



3.5 Tools

External analysis	Internal analysis
<ul style="list-style-type: none">• Objective:• Analysing the forces and dynamics of the external environment	<ul style="list-style-type: none">• Objective:<ul style="list-style-type: none">○ Analysing internal distinctive skills and competencies
<ul style="list-style-type: none">• Tools:• Macro-environmental analysis	<ul style="list-style-type: none">• Tools:<ul style="list-style-type: none">○ Checklists
<ul style="list-style-type: none">• Identify:• Opportunities• Threats	<ul style="list-style-type: none">• Identify:<ul style="list-style-type: none">○ Strengths○ Weaknesses



3.6 Tools

Interview to local entrepreneurs

This is a way to know better the single experiences of local actors: you can ask everything you need to define the context in which you want to activate a COT. Besides, you can publish the interviews, and present th opinion leader, stakeholders, local adminitrator, the real situation of the area.

Here, You can see some examples:

<https://www.youtube.com/watch?v=4EtgF8ZG9t8> (Valeria and Ivano, small entrepaneurs of goji berries)

<https://www.youtube.com/watch?v=YtCfDzyKAPg> (Pasquale and Gaetano, small entrepaneurs of snails)

https://www.youtube.com/watch?v=nA0_OywGC5A (brothers Antonietta e Pasquale: they have a farm of wine)



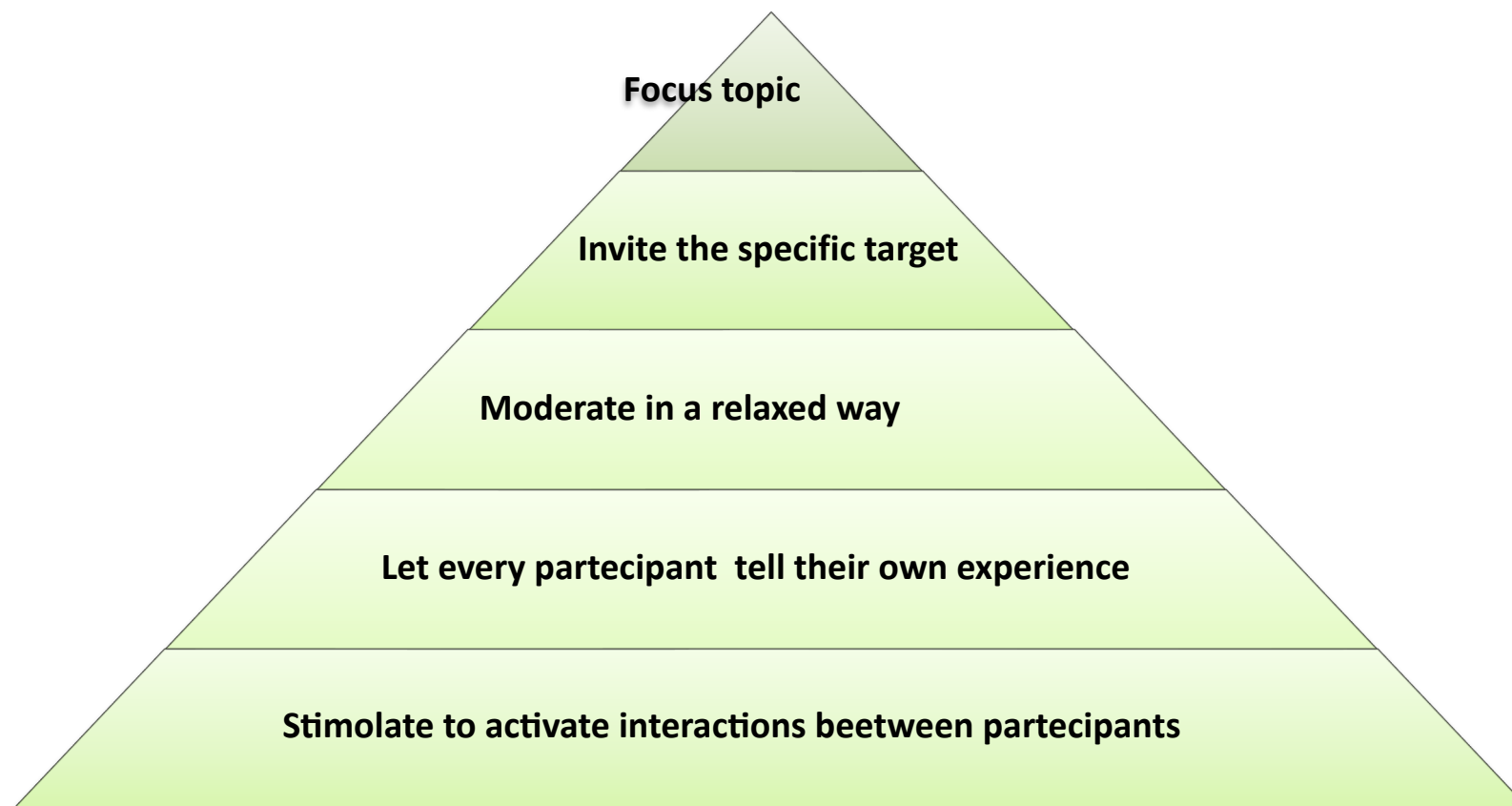
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3.7 Tools Meetings - How to do a meeting:



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3.8 Environmental analysis process

SCANNING	<ul style="list-style-type: none">· Observe" the external environment· Organising information into desired categories· Identify problems within each category
MONITORING	<ul style="list-style-type: none">· Observe developments· Determine rates of change
FORECAST	<ul style="list-style-type: none">· Predicting developments changes· Identify interrelationships between problems· Develop alternative alternatives
EVALUATION	<ul style="list-style-type: none">· Evaluate forecasts· Identify the forces to be to be considered for· Develop strategies



3. 9 Exercise Try to answer to following questions to define the context in which create a COT

DEMOGRAPHIC: which demographic phenomena may represent threats and opportunities for the organisation? E.g. You have to identify for example the target group of producers, if they are elderly I will have to have a specific type of communication. The same applies to the target audience

ECONOMIC: How will the development of incomes, prices, savings and credit affect the COT?

ECOLOGICAL: natural resources, environmental damage. What is the role of the organisation in protecting against environmental damage? Also on the side of local producers, working with those with high standards of environmental protection and continually raising their awareness of sustainable production

TECHNOLOGICAL: which technological innovations are relevant for COT services and processes? (e-commerce, crowdfunding platforms, block-chain, etc.)

POLITICAL: What are the new regulations in force? What are the most suitable legal forms for our COT?



3. 10 Exercise

Try to answer to following questions to define the context in which create a COT

SOCIO-CULTURAL: What are the social groups or institutional networks with which to relate? If there are different realities that work with the same goal, it is useful to unite rather than remain divided.

How do lifestyles change? How do values change? E.g. We expect that after the pandemic, people who were used to spending Saturday afternoons at the shopping center will prefer to go hiking in the open countryside.

PUBLIC: which sectors of the public (institutions, government and local communities) present particular opportunities or problems for the organisation?

What initiatives has the organisation taken with regard to the various sectors of the public?



4. Analysis of financial performance of the companies of the area

What Is Financial Performance?

Financial performance is a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues. The term is also used as a general measure of a firm's overall financial health over a given period*.

Financial analyses can be divided into five main groups:

1. Solvability
2. Liquidity
3. Profitability
4. Debt-Servicing
5. Efficiency

*<https://www.investopedia.com/terms/f/financialperformance.asp>



4. Analysis of financial performance of the companies of the area

1. Solvability

Solvability indicates the extent to which the assets of a business exceed the liabilities, and thus the ability of the business to meet its liabilities should the activities of the business be terminated. Thus in simple terms the ratio indicates whether the business is solvent or insolvent (bankrupt). To calculate this ratio information is taken from the balance sheet namely Total Assets/Total Liabilities.

2. Liquidity

Liquidity indicates the continued ability of the business to timeously meet all current or short term debt needed to be paid to run your business from day to day. The ratio to be calculated to measure this ability is the Current Ratio. To calculate this ratio information is also taken from the balance sheet namely Current Assets/Current Liabilities.

3. Profitability

The Profitability of a farm is calculated by expressing the Net Farm Income (NFI) as a percentage of the total capital employed in the farming business during a financial period. The information for the NFI is taken from the income statement and the information for the total capital employed is taken from the balance sheet and the ratio is then expressed as a percentage. It is a fact that farming businesses realises a rather low profitability. It could be as low as 7% depending on the type of farming.

4. Analysis of financial performance of the companies of the area

4. Debt-Servicing

Debt Servicing is normally judged by using the information as portrayed in the cash-flow statement. A very important issue and when applying for credit the financier will have a thorough look at your cash-flow statement. You can also calculate the Cash-flow ratio being $\text{Cash-income/Cash-outflow}$ using the information from your cash flow statement and expressing it as a percentage. Normally it is regarded that this ratio should be 120% and higher indicating that you should have enough cash available to pay all debt and all other farming expenses as required.

5. Efficiency

Financial efficiency evaluates how efficiently a farm uses its productive capacities (e.g., inputs, overheads, finance, and machinery) to generate revenue. A key indicator of farm financial efficiency is the operating expense-to-revenue ratio. This ratio provides an answer to the question “how much does it cost a farm to generate \$1.00 in revenue?” It is derived by dividing total operating expenses (excluding interest costs and depreciation) by gross revenue.



4. Analysis of financial performance of the companies of the area

Financial Performance of Agricultural Enterprises

In the agricultural sector most often, we need to consider the economic (profitability, liquidity, operating efficiency) but also the noneconomic (managerial planning and decision making).

The farm failure or success can be the result of the macroeconomic environment and its factors or unsuccessful and incorrect decisions by managers, but also the result of natural and climatic factors.

Different determinants of financial

distress may have different effects on the financial health and performance of agricultural holdings.

CASE STUDY

[Evaluating the Financial Health of Agricultural Enterprises in the Conditions of the Slovak Republic Using Bankruptcy Models](#)



4.1 Investment capacity in rural areas

Investments in territorial capital and regional capacity building have been considered as main cornerstones of a place-based approach to rural development (OECD, 2006).

In this section of the Module 1, we propose a subdivision of “territorial capital” and “capacity building”.

Territorial capital represents “the amount and intertwinement of different forms of capital (or different resources) entailed in, mobilised and actively used in (and reproduced by) the regional economy and society” (van der Ploeg et al., 2009, p. 13).

4.1 Investment capacity in rural areas

Capacity Building is the ability to valorise the local resources, such as natural amenities, cultural heritage or infrastructural equipment. The ability to effectively and efficiently exploit factor endowments is decisive in generating competitive advantages for the regions.

In particular, the interaction and mobilisation of certain domains of regional rural development, including innovation (new practices and products), market governance (institutional capacity to interact with markets) and new institutional arrangements (institutional capacity to support stakeholder cooperation) are considered influential for rural change in the New Rural Paradigm (van der Ploeg and Marsden, 2009; Horlings and Marsden, 2012).



4.1 Investment capacity in rural areas

Territorial capital includes

1. physical capital
2. human resources
3. natural capital for (rural or regional) development and competitiveness.

PHYSICAL CAPITAL

physical capital is defined as the human-made infrastructure, which mainly encompasses investments in immovable and durable production properties or built-up structures like rural housing, transportation and communication infrastructure, but also technical facilities for flood protection or other natural disasters (Vargas, 2010).

Investment in physical infrastructure promotes rural and regional development in different ways. It can improve the basic infrastructure for rural communities and agriculture. It contributes to employment and the productivity of the rural economy as well as to regional convergence. Physical capital reduces costs for economic agents to access urban markets, knowledge (Lakshmanan, 2011) and the global economic network (Anderson, 2000). It enhances the interconnectedness of the individual economic agents and generates economies of scale.



4.1 Investment capacity in rural areas

HUMAN RESOURCES

•Are meant as skills and education of the labour force, cultural and social capital. When defined narrowly as the availability of a skilled labour force (Gennaioli et al., 2013), human capital was found to be a substantial factor in regional development as it contributes to the regional knowledge base and supports innovation processes (Krugman, 1991), entrepreneurship and productivity (Gennaioli et al., 2013), and therefore income generation (Becker, 1964). Given the emigration and ageing of population in the more peripheral rural areas, it is also important to take into account the demographic dimension of human capital.

•Cultural assets represent a second dimension of human capital, which are essential to account for the role of local traditions and identity. In conjunction with the local environment, cultural assets are important as unique selling points (Dwyer and Findeis, 2008). Social capital can stimulate development and economic growth in rural areas by reducing information and transactions costs, as well as promoting knowledge transfer (Fukuyama, 1995; Woolcock and Narayan, 2000).



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4.1 Investment capacity in rural areas

HUMAN RESOURCES

In the EU RDP, support for investments in human and cultural capital includes a high diversity of measures to maintain a balanced age structure in the farming community, to stabilise the immigration and emigration balance to and from rural areas, training, consulting and information services on the cultural heritage and the enhancement of networks in rural areas.

4.1 Investment capacity in rural areas

NATURAL CAPITAL

It has a crucial role in the production of food, bio-energy, and extracting raw material, but also increasingly for the provision of ecosystem services, such as carbon sequestration, habitat conservation or recreation (MA, 2005; TEEB, 2010). Endowment, maintenance and investments in natural capital assets are considered “key pillars of place-based policies for rural development” (OECD, 2006, 14).

They help in “connecting the two other types of capital to a specific geographic setting and facilitating the relationship among people” (Vargas, 2010, 69).

The attractiveness of landscapes and natural heritage has been found to be the main driver for restructuring the rural economy through diversification of farming activities, place marketing and tourism (Marcouiller et al., 2004; Courtney et al., 2006; Pfeifer et al., 2009; Lange et al., 2013).



4.1 Investment capacity in rural areas

Capacity Building includes

1. stabilise and support of backward regions
2. modernise agricultural commodity production and vertical integration of the value chain
3. restructure and diversify economic activities in the rural areas as a whole in conjunction with the local environment

4.1 Investment capacity in rural areas

STABILISATION

Stabilisation measures are aimed at continuing agricultural and forestry activities, farm survival and the maintenance of population in rural communities which are often highly dependent on agricultural activities.

Stabilisation measures mainly include support schemes to enable the economic agents based in these areas to cope with disadvantaged conditions, such as in mountainous regions, areas with specific handicaps or other less-favoured areas, as defined in Council Regulation 1257/1999.

Stabilisation also covers support schemes for agents subject to environmental legislation limiting resource exploitation through economic activities or who have difficulties complying with community standards and supporting semi-subsistence farmers.



4.1 Investment capacity in rural areas

MODERNISATION

Modernisation is seen as a second way to improve the valorisation of territorial capital. RD measures focusing on the

- modernisation of agricultural production enable rural economic stakeholders to make better use of natural resources (e.g. through investments in machinery allowing increases in productivity) to establish new processes or products, such as organic or integrated production, quality products or products with protected designation of origin.

It helps to improve the vertical integration of the agricultural activities and the re-territorialisation of the value chain. Modernisation aims to increase productivity and the income of the individual economic unit, but also to improve co-operation.



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5. Construction of scenarios to understand the potentials of the local area to activate a Center of Taste



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5. Construction of scenarios to understand the potentials of the local area to activate a Center of Taste

Steps for the understanding of environment and implementation of a Center of Taste.

We have come to the conclusion of this first training module.

This last part will serve as a concluding chapter to summarise all the steps necessary to have a precise and careful understanding of the territory in which to set up a Centre of Taste.





5. Construction of scenarios to understand the potentials of the local area to activate a Center of Taste

1. Getting started

The first point in the roadmap for the creation of a Centre of Taste is to observe and understand the socio-cultural specificities of the target territory. This point is done through the involvement of the main local stakeholders and actors.



- **From this first all the other steps follow:**

1. Environmental scan
2. SWOT analysis
3. Vision, mission and strategic goals
4. Objectives, tasks and metrics
5. Implementation and alignment



5. Construction of scenarios to understand the potentials of the local area to activate a Center of Taste

Vision, mission and strategic goals

- Every organisation needs a clear vision, mission, goals and long-term strategies to make its activity a movement. These statements help outline the future of the organisation. Furthermore, they create a mental image of the organisation both inside and outside it. often these terms are used interchangeably, confusing meanings and creating confusion.
- Vision, Mission, Goals, Strategies and Tactics are fundamental parameters that characterise the company.





5. Construction of scenarios to understand the potentials of the local area to activate a Center of Taste

Vision, mission and strategic goals

1. What organisations want to achieve - reflected by the companies' Vision, Mission and Goals.
2. And how the 'what' is to be achieved - reflected by the Strategies and Tactics. These are long-term and short-term implementation plans, respectively.

- Organisations gain real strength when these statements show:

1. Clarity,
2. completeness and are consistent with each other.





5. Construction of scenarios to understand the potentials of the local area to activate a Center of Taste

1. VISION

A **vision** is a Big Picture of “What” the organization wants to achieve in Future. It should inspire people in the organization. It excites people to be part of “What.” And, also motivate to put their energy and time to achieve the future.



How do you write a good vision statement? What does a vision statement include? Let's take an example of an agriculture business:

“A Vibrant Economy is driven by value-added agriculture” Here the Vibrant Economy has the ability to inspire the people involved in this agricultural business. A good vision statement inspires to create a movement. It describes the desired outcome to invoke a mental image of the organization.

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2. MISSION

A mission is about what the organisation does to achieve the vision. The mission is an action statement to realise the vision. It provides a clear focus on what an organisation does and what it does not do.

What should a mission statement include? How do you think a good mission statement would fit with the vision statement above?

Let us continue with the example of the agriculture project:





5. Construction of scenarios to understand the potentials of the local area to activate a Center of Taste

2.MISSION

"Create and facilitate the development of value-added agriculture".



In this case 'Create and facilitate' are two clear areas of focus. The organisation has invested its energy in these two areas. The organisation strives to develop (create) and facilitate (facilitate) agricultural activity. And, for everything that is not mentioned here, the organisation is not involved. This is a clear indication of what the organisation does and what it does not do.



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2.MISSION

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2.MISSION

Let's see the following characteristics of a good mission statement:



- Short: The mission statement should be easy to remember. Each person in organizations should be aware of the mission statement to use in context with the work he/she does.
- Simple: Mission statement language should be of everyday life. We do not use words like stakeholder values, financial goals, and best practices in daily life. For example, a mission statement - "Help people in achieving work using best practices." How many people dream about best practices? The answer is very few; do you believe, people talk in such a language. The answer is 'NO.'
- Operative: A mission statement should provide a clear direction. It should focus on what an organization does. It also gives a clear route about initiative and resource allocation.



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2.MISSION

So, what kinds of resources needed for the mission statement mentioned above for the agriculture business?

- Probably SME, who can provide their services for the development and facilitation of the agriculture business.
- And farmers involved for the financial support in the venture.





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1. STRATEGY

Strategies are **long term implementation plans to achieve the goals and objectives**. These statements define how you can succeed in achieving your mission and stay along in the completion. Strategies are likely to be defined following a **SWOT** analysis as both external and internal environment assessment is needed as an input to develop strategies.

How do you write an organizational strategy? Strategic options may include:

- The development of market or product or
- In some diversified cases, both the market and product developme



5. Construction of scenarios to understand the potentials of the local area to activate a Center of Taste

1. GOALS & OBJECTIVES:

Goals are statements of steps to achieve the vision. Goals describe what you want to achieve with your efforts.

An **objective**, on the other hand, is a statement of **how long it will take to achieve the goals**. We have defined them in measurable terms.

The objectives for the Center of Taste vision above can be defined as, but not limited to, the following:

- Improve profitability
- Increase volume
- Ensuring stability





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1. GOALS & OBJECTIVES:

One objective is a broad definition, saying 'improve profitability'. It lacks specificity and is defined in broad, general terms. Targets, on the other hand, are quite specific and further define the objective. To continue with the example of 'profitability', targets can be defined as a series of Key Performance Indicators - **KPIs**:

- 15k€ net profit as a percentage of sales in a year
- 10k€ net profit as a % of investment in a year.





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1. GOALS & OBJECTIVES:

How do you set a good objective. What are the smart objectives used for? Well, while explaining, objectives a **SMART** acronym is commonly used:



- **Specific:** It is entirely job-related. In the above example, “sales” and “investment” are related to the job.
- **Measurable:** Objectives are always defined in measurable terms. We can measure the above objectives using a target of 10k€ and 15k€ profit.

5. Construction of scenarios to understand the potentials of the local area to activate a Center of Taste

1. GOALS & OBJECTIVES:

- **Attainable:** Objectives should be attainable within the provided environment and resources. Organizations need to analyze what is required to achieve defined objectives and need to need to make sure it continuously.
- **Relevant:** Objectives should be aligned with goals. These goals are further aligned with the mission and vision of the organization.
- **Time-Bounded:** Objectives should be achievable within the provided time period and in our example, we identified time ‘a year’.





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5. 11 Exercise

Try to creat a draft version on the Mission and Vision of your ideal Center of Taste

Mission:

Vision: