



Business Plan

Azeri Walnut

'Tough nut to break'



Durdana Baghiyeva

ADA0517023

eMBA 2019

Contents

Introduction	5
Executive Summary	5
Gap Identification.....	5
Business Idea Description	6
Industry, Market and Competitors Analysis.....	7
Competition Analysis.....	7
Competitive Advantages for Azeri Walnut.....	8
Segmentation and Customer Profiles	9
Consumer Behavior Analysis	9
Business Plan Objective and Its Outcome.....	10
Research Questions.....	10
Methodology.....	10
Research Limitation and Shortcomings.....	11
PESTEL Analysis	13
Political Factors	14
Economic Points	14
Social Factors.....	15
Technological Factors.....	16
Environmental Factors	16
Legal Factors.....	17
Porter’s Five Forces Model.....	19
Threat from Competition	19
Threat from New Entrants	20
Threat from bargaining power of suppliers	20
Threat from bargaining power of buyers	20
Threat from substitute products.....	20
Market Research, Data Analysis.....	21
Reporting of the Data Analysis.....	21
Company Overview	26
Background of Company	26
Azeri Walnut’s Products’ and Services’ Descriptions.....	27
Vision and Mission	27
Vision.....	27
Mission	27
SWOT/TOWS Analytical Model	28
Strengths	28

Business Plan (Azeri Walnut)	
Weaknesses.....	29
Opportunities	29
Threats.....	30
TOWS Model	30
Strength – Weaknesses (S – W).....	30
Opportunities – Threats (O – T)	31
Opportunities – Strengths (O – S)	31
VRIO Analysis.....	31
Company ownership, legal form	33
Organizational Structure	34
Start-up Investment, Financing.....	34
Marketing Plan and the Communication Means	35
Products of the Azeri Walnut.....	35
Price of the Azeri Walnut product.....	36
Place of the Azeri Walnut.....	36
Promotion	36
Operations of Azeri Walnut.....	37
Operations and Business Processes	37
Business’s working Process	37
Business Relations with Customers.....	37
Supply chain processes	38
Company’s operations schema	38
Business Canvas Model of Azeri Walnut	38
Key Partners of Azeri Walnut	39
Key Activities of AW	40
Key Resources of AW	40
Value Propositions of AW	40
Customer Relationship.....	41
Sales Channels.....	41
Customer Segments	41
Cost Structure and Revenue streams of AW.....	41
Financial Analysis, Forecasts	41
Financial Statements, Budget.....	41
Risks Analysis and Management	45
Implementation of the Project.....	49
Conclusion.....	50
References.....	50

LIST OF FIGURES

Figure 1 Food and Vegetable Production.....7

Figure 2 Hazelnut Production.....8

Figure 3 Walnut production companies of Azerbaijan8

Figure 4 Tree nut value of production12

Figure 5 Walnut Market, End-user industries12

Figure 6 Walnut Poduction of Azerbaijan13

Figure 7 Azerbaijan’s GDP15

Figure 8 PESTEL Table.....18

Figure 9 Porter’s Fiver Forces.....21

Figure 10 Income Proportion of survey respondents22

Figure 11 Sport activity level of survey respondents22

Figure 12 Age proportion of survey respondents23

Figure 13 Weight proportion of survey respondents.....24

Figure 14 Regression, Anova table25

Figure 15 Regression Data.....26

Figure 16 Correlation matrix28

Figure 17 VRIO Table32

Figure 18 Business CANVAS Model39

Figure 19 Budget42

Figure 20 Budget Inputs42

Figure 21 Income Statement.....43

Figure 22 Balance Sheet44

Figure 23 NPV Base Scenario.....46

Figure 24 NPV Market Volatility Scenario47

Figure 25 NPV Political Change Scenario49

Introduction

Executive Summary

In the 21st century, global business is in constant changes and there are large shifts from the high – cost luxury service and goods to low - cost shared economy (Sutherland, 2018). However, the agricultural sector is not witnessing such radical changes apart from the applying of some technologies, and intensive of use of fertilizers and pesticides. The global agricultural sector is facing a huge challenge in terms of increased supply due to rising demand with the world population increasing (Bodirsky, 2015). This also paves waves for the inorganic fruits and vegetables rising in the market.

Azerbaijan is also one of these markets, where there is high level of inorganic fruits and vegetables are being both imported and locally grown in the market. This has been done with the purpose of keeping prices of the goods down and being able to meet the high level of demand. However, fast rise in the level of such products can be hazardous. It harms the health of the consumers and gives rise to the environmental challenges. The usage of harmful and hazardous added ingredients such as pesticides, fertilizes damages soil and the air (Mascarelli, 2012). There are other major concerns in the agricultural products such as rise of cancer level in the consumers who are consuming such foods.

AW is a business concerned with growing walnut in Azerbaijan, the northern part of the country (Gabala mostly). There is large demand for the walnut in Azerbaijan due to the former being an inseparable part of Azerbaijani's diets. Azerbaijan is considered as a big walnut producing Transcaucasian country (Ibrahimov, 2011). They consume this delicacy both as dry fruit and addition to the traditional meals and sweets. Although walnut is considered as an expensive product but still almost any Azerbaijani household is consuming it regularly. Besides, it is a profitable business. The orchards require low maintenance costs and they are productive for forty years. These factors have led to formulation of this business plan.

This business plan will use several analytical models both internal and external in nature. The models will be dealing with analyzing the market, economy, political, social, and environmental and other macro-economic factors in the market which can be impactful on the business. The external models are very reliable tools for making company resistant to foreign shocks and being able to absorb any stressed situations ranging from climate changes to regulatory issues. The models will also allow the company to become familiar with the opportunities available in the market. It will help the entrepreneur, founder and shareholders becoming familiarized with the potential in the market for expansion and growth. The external models to be used for such analysis and understanding are the PESTLE, Porter's Five Forces, Canvas model and the internal models to be used are SWOT, VRIO.

The internal models will provide the 360 degree on the company's inside and outside surrounding. It will clarify the internal capacity for resisting against possible shocks and the availability of resources for growth and expansion. Such analysis will assist managers to have a detailed information on the company which they are going to manage.

Company is planning to invest 50 000 AZN as an initial investment for the walnut production. This will be used in purchasing land, seeds, trees and acquiring the necessary equipment (partly through lease agreements) for sowing and tilling the land.

Gap Identification

Azerbaijan's market and the overall economy is considered heavily – oil dependent one (Ciarreta, 2011). The rich energy sources are generating large revenues and they are being injected into economy. This is its turn evades the competitiveness of non – oil sector. Oil resources revenues are making 54% of GDP and 94% of the exports (Aybar, 2011). Other sectors are lagging the oil sector in terms of growth. The oil sector is the major driving factor behind the economic growth of Azerbaijan.

Business Plan (Azeri Walnut)

Strong reliance on the oil and gas sector has led other sectors to become import – based. Azerbaijan was a heavily oil-dependent during Soviets and now. Improving the manufacturing and industry will reduce the oil – dependency (Karimov, 2015). A lot of service and goods production sector is depending on the imported goods from abroad. For example, in walnut sector, Azerbaijan is exporting large volume of kernel and in – shell walnuts from Ukraine.

Azerbaijani consumers are being health – conscious and they prefer the plant – based proteins over the animal – based proteins. Currently, growing organic market also is making the increase in the level of organic products in Azerbaijan as a promising target (Aksoy, 2018). Besides, lack of availability of local walnut and the high prices of the imported walnuts are major problems. These factors lead to loss of customer satisfaction. Azerbaijani walnuts are deemed as high - quality fruits.

Azeri Walnut is well - aware of the above – mentioned problems and shortcomings. Many economic areas of Azerbaijan such as Sheki – Zaqatala, Ganja -Gazakh and Aran zones have large potential for growing walnuts. Increasing the local production can squeeze the foreign imported goods out of the market.

This in its turn will lead to the lower products with higher quality, large availability of variety of local walnuts, organic walnuts available for customers and the eventual increase in the customer satisfaction. All these factors can add up to the formulation of loyal client base and the room for growth.

AW will also prefer to attain fully organic growth. This can be considered as less competitive with other inorganic walnut planters and the highly inorganic foreign importers, but it will help the company to have a brand recognition and the establishment of brand equity. Having gained the client confidence and faith in the company it will help to get the constant repeating customers. This will assist in generating the sales of the company. By providing the organic and locally grown walnut products (kernel, in – shell walnuts), Azeri Walnut can increase its client base and generate large volume of sales eventually. It can also contribute to the elimination of lack of availability of the local walnut in the market. AW is also aiming to increase its client base. Besides, growing the walnut in the Azerbaijan’s agricultural sector company will also help for the preservation of the natural resources and strive for the elimination of the environmental challenges. Organic agriculture contributes to meaningful socio – economic balance and ecologically sustainable growth of the economy. It prevents the depletion of natural resources (Kilcher, 2007). These are part of the corporate social responsibilities, which will be discussed in further chapters. Company will aim for establishing a positive brand image in society. This is considered as an important business approach.

Business Idea Description

Walnut business is based on passion and desire of the founder Durdana Baghiyeva. She has been passionate about establishing walnut orchard and turning this agricultural activity into a sustainable going business entity. She has carefully laid out the plans and analyzed the details of the agricultural business activities ranging from farming techniques to planting, sowing, harvesting and observing the climate conditions. Partly this can be considered as a favorable and relaxing activity for her which is planned to become a profitable business with energy and zeal.

Mrs. Baghiyeva has been in the sales and marketing sector for more than 7 years. She has become familiar with business dealings, establishment of optimal supply chains and developing the right sales channels. These have assisted her developing confidence in establishing Azeri Walnut. She believes these skills will assist her in day to day business operations ranging from dealing with suppliers and addressing the customers’ needs properly.

Walnut business is deemed as a feasible but energy – consuming the dedication required business activity. The founder is expecting to generate approximately 10% ROE and 6 – 7 % ROA for this business. This will help her to grow the business over the year into a large concern.

Business Plan (Azeri Walnut)

In Azerbaijan there is an opportunity for the healthy products. Market is currently full of the products which are imported from overseas market. These products range from technological to health products. The last reforms in the country has been done with purpose of diversifying the economy (Ahmadov, 2015). A lot of dry walnut kernels are being imported from various countries. This not only raises the cost of this product for the customers, but also deprives him of getting the local, healthy and organic fruits. They can be provided with ease. After the careful observation by the founder herself, it has been discovered that there is a potential of supplying the healthy, organic walnuts in the local markets.

Benefits to clients

Benefits of Azeri Walnut for clients are various. They usually include the price, quality and the healthiness. Clients will be having access to local walnut fruits with the above – mentioned features. On the price side, customer satisfaction is assured, because this product will be cheaper than the imported walnut kernels. Consumers will be left with more disposable income having traded with Azeri Walnut.

On the other side, the product's organic and healthy features will make it preferable for clients over the imported goods. Imported walnuts from various markets are grown with various pesticides and fertilizers. They might raise some health concerns. However, Azeri Walnut will be pure and organic products for clients.

Industry, Market and Competitors Analysis

Competition Analysis

Azerbaijan's walnut industry is considered as a competitive one. There are various players who are involved in selling both directly walnut and walnut – related products. These products are supplied to various markets and bazaars in the country. Consumers are also having large demand for walnut products.

Azerbaijan has 4.8 million hectares of agricultural lands. There are large number of competing farmers. However, the competition is tight over the inorganic fruits and vegetables.

FRUITS AND BERRIES	2010	2011	2012	2013
Production (tonnes)	729 502	765 818	810 022	853 757
Import (tonnes)	151 396	80 827	65 159	34 533
Export (tonnes)	204 958	191 086	230 664	187 136

VEGETABLES	2010	2011	2012	2013
Production (tonnes)	1 189 465	1 214 758	1 216 240	1 236 331
Import (tonnes)	84 921	121 117	69 952	37 752
Export (tonnes)	55 958	67 182	56 417	65 955

(Source: AzPromo, 2013. Food and Vegetable production of Azerbaijan)

Figure 1

The yearly hazelnut production in Azerbaijan is 31.2 thousand ton (AzPromo, 2013). The agricultural GDP in Azerbaijan has been in rise in comparison to past years (despite first two declined quarters of 2019).

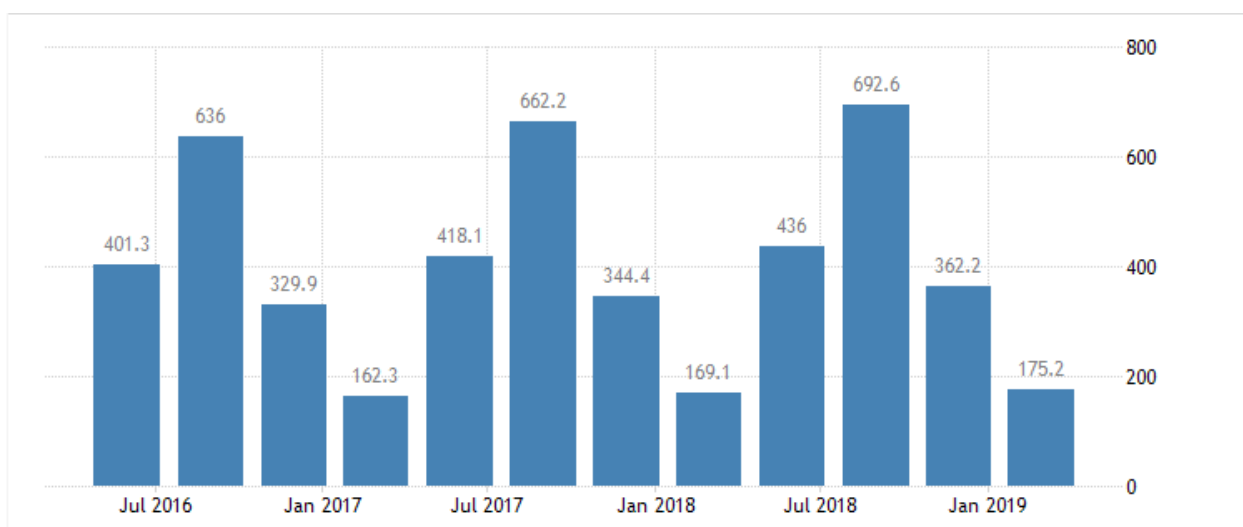


Figure 2(Source: State Statistical Committee, 2019).

Below are the list of walnut companies functioning in Azerbaijan:

No	Company	Description
1	Gabala Nut Processing	Gilan Holding
2	AzNuts Group	Walnut and Hazelnut supplier
3	Aspiland LLC	Walnut orchards
4	Mehrsam Co	Walnut production

Figure 3

The above companies (Fig 3.) are involved in either direct planting, growing and harvesting of the walnuts or the resale of the walnut after purchasing the fruits from individual farmers. The competition is very tight among the individual walnut growers as well. In the Caucasus area, usually Gabala, Gusar and Guba are the large walnut growers. These walnut growers are either selling to the local companies or exporting the walnut to abroad. Their target markets are largely Russia, Turkey and European countries.

The competition is very strong and the price of the walnut ranges between 15 AZN – 20 AZN. The local consumers are wary of the high walnut prices, but this is largely due to high prevailing demand.

Competitive Advantages for Azeri Walnut

Azeri Walnut will be position itself in the market, where competition is high. There are large companies and firms attracted to agricultural sector due to their willingness to earn profits. Another reason for their rush towards agriculture, is due to governmental support for the agricultural firms, and farmers. A lot of subsidies are provided for boosting this segment and achieving the diversification of economy. The diversification process and support towards the non – oil sectors such as tourism and agriculture has started after devaluation of 2015.

This process has accumulated many participants in the agricultural markets. In this regard, overall fruit business might be considered as a red ocean. But, Azeri Walnut’s area of functioning is slightly different. There aren’t many companies who are willing to provide organic fruits. Its walnut will vary from the competitors both in quality and in health concerns. In this regard company is differentiated from its competitors. Below is the list of differentiation factors which include both product and non – product related about Azeri Walnuts:

- Healthy,
- Rich nutrients,

Business Plan (Azeri Walnut)

- Organic,
- Strong team of the company,
- Founder' interest about self - management and sustainability,
- Drive for growth and expansion
- Access to financial sources (bank loan, state subsidies and investor attraction)

These factors which are listed above are key for Azeri Walnut's smooth functioning in both short and long – terms. The employees and the management will oversee the optimization of business processes and relationship management with the company's individual and corporate clients. Azeri Walnut will also consider the funding strategy for its expansion and growth in the future. The funding shouldn't let the ownership of the company to gather in the hands of investors who are profit – minded rather than being client – centric. This can contribute to company's brand image decreasing. It will be result providing low quality products for sake of saving costs and increasing profits. Such strategy will kill the competitive advantage and bring the eventual liquidation and breakdown of company.

Segmentation and Customer Profiles

Azerbaijan's market both for industrial, technological and agricultural goods have been developed. It is completely different not only from the one in Soviets period, but also from the markets of late 90s and mid - 2000s. The markets have become full of clients who are very well equipped with information about types of products and they have knowledge about the foreign products as well. Thus, Azeri Walnut will be very careful in segmenting its clients.

The segmentation of the clients will be based on various factors ranging the tastes and preferences, such as lifestyle (health – conscious clients), income and even then, businesses operating in various field which would buy walnuts in bulk for different purposes. The clients of the latter types will need bulk of walnuts for making sweets, foods and other sub – products. This segment will be charged differently for their willingness to purchase at large quantities (economies of scale) and they will also require the walnuts not of the highest, premium quality, but of the medium quality. The preference regarding quality is due to walnuts would be processed for other uses by these clients in various sectors.

Consumer Behavior Analysis

Walnut consumption of Azerbaijan is high in the Caucasus region. Azerbaijani walnut consumers usually use the walnut for their diet and as an addition to the cultural dishes. Azerbaijani cuisine is very rich and there are traditional dishes which require walnuts to be used in them. These dishes range from rice to sweets. The dishes are both prepared regularly and during the holidays. The holidays such as Nowruz see the people preparing sweets such as pakhlava, Shekerbura and others which requires walnuts in them.

Consumers are aware of the high prices, but they can't replace the walnuts with other nuts. This is largely due to them being used to consume walnuts. Despite of walnut products being considered as luxury goods; people still consume them. Consumers are reluctant to have substitutes for walnuts. People prefer walnuts. The walnuts are also being consumed in the form of jams alongside tea in Azerbaijan.

Azerbaijani walnut consumers' behaviors are also shaped by their disposable incomes. In the last decades the disposable incomes have been very volatile. Prior to early 2010s the disposable income and the purchasing power of consumers were high. However, the devaluation of 2015s has reduced the disposable income and the purchasing power of consumers. The currency crisis has increased the loans of clients who were indebted in foreign currency. Since the large portion of clients who had foreign currency loans were forced to reduce their costs and spend less on luxury goods. This has also affected the walnut industry. The sector has witnessed its worst shock.

Business Plan (Azeri Walnut)

However, the consumer behavior now is having positive impact on the walnut industry in terms of the sales. People who had foreign currency loans were compensated by government for their losses due to currency shock.

Business Plan Objective and Its Outcome

This business plan has been prepared for the managers and the founders of the company for establishing Azeri Walnut as a walnut producing company in Azerbaijan. The business plan is based on various analysis about the external macro - environment and the internal company setting. The analytical models used in this business plan will reveal key factors about the market and company.

The investors will be accessed to insightful information about the company and they will be having reliable information about company's resources and the managerial competencies. The analytical models will elaborate on the details of the feasibility of the projects tuned with strategic objectives of the company. The following objectives of the business plan include:

- Conducting the analysis of the market and industry. This analysis will allow to know the positioning of the company in the market and will also shape its specific objectives ranging from marketing to financial goals.
- Market research to reveal the key facts about the customer base in the market. This analysis will be aimed for finding out the insightful facts about customer features.
- Modelling the company's sales and expenses (part of financial analysis) and formulation of a risk management analysis. Such analysis will allow the company to know about its exposure to possible shocks and external threats in the market.
- Competitive analysis. It will be conducted for knowing company's rivals better.
- Operational and Marketing plan of the company will also be formulated.

Research Questions

The business plan has already mentioned its objectives and goals throughout the paper that is planning to achieve. However, there are questions which will be addressed in this paper regarding business plan's intention of achievement:

1. How will Azeri Walnut handle the problem of customer's demand for organic and natural walnut fruits?
2. How attractive can be products of Azeri Walnut be for clients in comparison with the existing products in market?
3. What value will the founder and owner of the company be getting from the operations of Azeri Walnut?
4. Will the company be profitable? Sustainable? Competitively advantageous?
5. Can the strategic goals be realized with given company's resources and competencies in the market?

Methodology

The business plan will use large variety of information sources largely from reliable secondary sources. Since it is an agricultural business, it will depend on the statistical information provided by the official local governmental bodies such as State Statistics Committee, Ministry of Agriculture, Ministry of Ecology and Natural Resource and other international agencies such as IMF, World Bank for various reasons ranging from climate information to macro - economic facts on Azerbaijan and neighboring regions. The data retrieved from these sources will be used in formulation of the assumptions for forecasting the costs and demands for sales. Based on these company's projected financial statements will be prepared. This in its turn will help to find the profitability of projects (NPV analysis, Risks management analysis).

Business Plan (Azeri Walnut)

The sources of the secondary information include scholarly articles, magazines, publications, statistical extracts on economic and financial information about the market and economy. Besides the information from the secondary official information sources being used on financial analysis, the analytical models such as PESTLE, Porter's Five Forces, SWOT and VRIO will also use this information. The data will be used to formulate an accurate picture on the market and the overall economy. Macro – economic factors will also develop the analysis on the currency volatilities. Azerbaijan's currency has become very volatile and sensitive in the recent times. Past 4 years Azerbaijan's economy has seen the devaluation of its currency by more than 100% against USD in two rounds in just a span of 9 months. After this period currency has managed to stabilize and perform a stability in the exchange rate.

Research Limitation and Shortcomings

The research is limited to extensive use of the secondary data. This data is limited to use in the agricultural sector. This business is in the field of agricultural sector. This sector relies on the data which is heavily linked to this sector. It will provide the details ranging from customer preference and tastes to the import and export data. Azeri Walnut will use this data for various purposes.

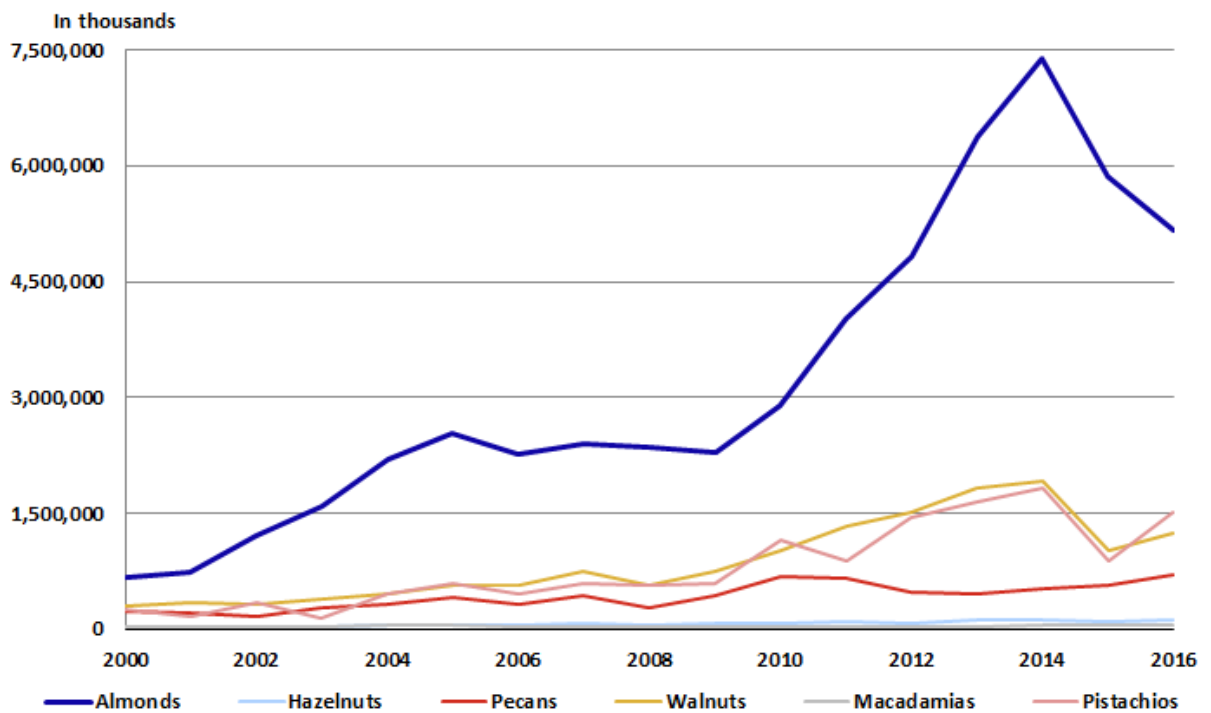
The data collected from the sources such as Statistical committee, ministries, World Bank and IMF will be dynamic in nature. They need to be constantly updated to reflect the true picture on the local Azerbaijani and regional market. The perfect reflection using the dynamic data, will allow Azeri Walnut to properly develop its assumption and allow for minimum amount of margin of errors. Otherwise, use of extensive data which will be static rather than dynamic can cause misrepresentation and false assumptions. The managerial team in charge of the collection of data needs constantly to monitor the changes in trend of the data and update their data. The proper collection of the data will allow the company management to have proper business analysis. The data is limited to constant monitoring and to be analyzed.

This section will be dealing with analysis of the market and industry which Azeri Walnut is going to function at. The market that Azeri Walnut will be operating is consisting of agricultural products. The company will be growing and harvesting various walnuts. Its products will include kernels, in – shell walnuts and other walnut – related products such as jams and sweets.

Global walnut production has been increasing in the last years (2010-2016, see Fig. 5). This is largely due to consumers around the world preferring to eat healthy products.

Figure 4

Chart 2. Tree nut value of production, 2000–2016



Source: United States Department of Agriculture, National Agricultural Statistics Service.

There is a prediction that this industry will keep on rising and global consumption will reach its highest level in few years. Per US Department of Agriculture, total walnut sales across globe amount to 2.5 billion dollars. The amount of walnut grown and harvested in 2019 was 2000 metric (approximately 2 million) tons (Statista, 2018). This has led to many agricultural enterprises to be attracted to this sector.

Walnut Market: Usage by End-User Industries (%), Global, 2018

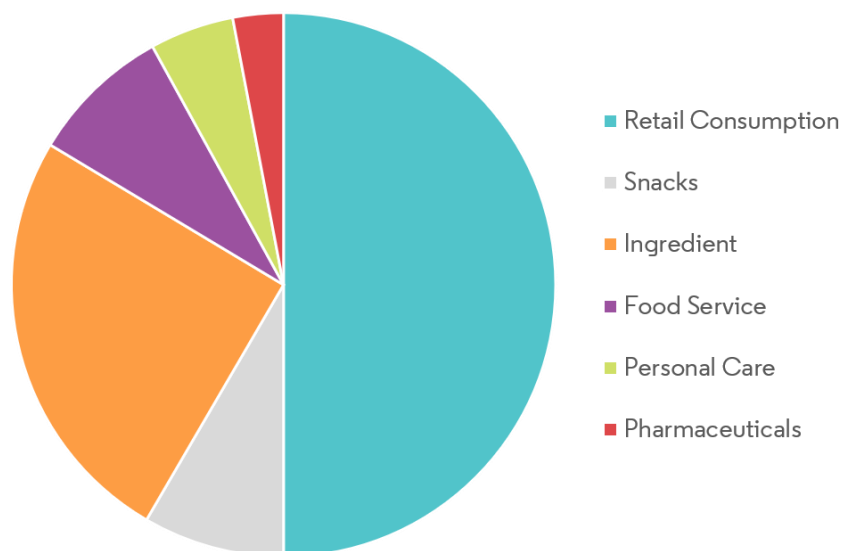


Figure 5 Source: Mordor Intelligence, 2018

Business Plan (Azeri Walnut)

Azerbaijan's agricultural sector, particularly walnut production has also been rising in the last years. There has been tremendous increase in the walnut production in comparison with Soviets periods. The research shows that walnut consumption in Azerbaijan in the last few years was at its peak.

Per research, the walnut is being either directly consumed or used for various purposes such as various foods, including traditional meals and different types of fruits. In general, Azerbaijani walnut consumers are consuming a lot of walnut during the holidays by making wide variety of sweets made of walnut.

Around 42 % of the world walnut production is from China and its population is consuming walnuts mostly as a direct part of their diets (Geoffrey, 2018). In US, the walnuts are grown in California and they are of the highest quality.

In Azerbaijan major walnut growers are in Gabala, Zagatala, Sheki, and other areas. These areas are located around Caucasus Mountains, and have suitable climate for growing walnuts. Total walnut production in Azerbaijan is 8 000 tons (Helgi Library, 2016).

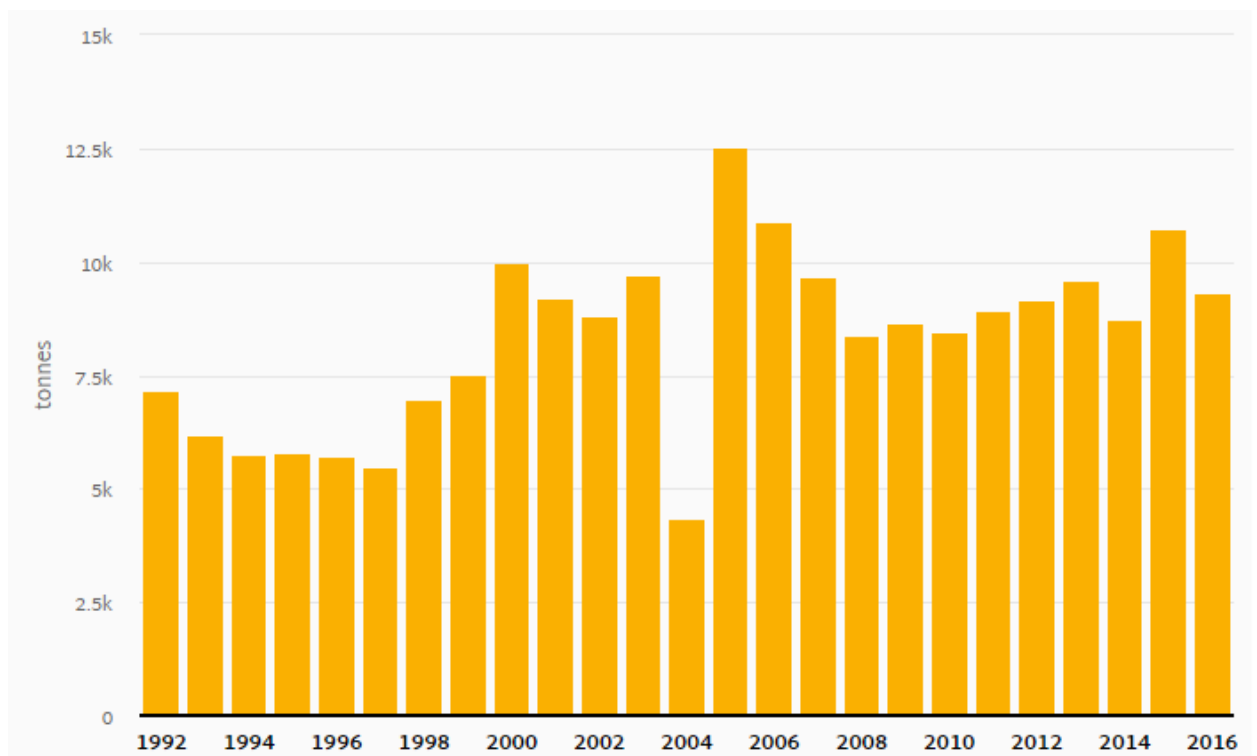


Figure 6 Source: Helgi Library (2016)

The annual amount of rain these areas are receiving are 1000 – 4000 mm (Tashilova, 2019). This amount of rain and the mountainous climate are the perfect combination for growing walnuts. Azerbaijan's walnuts are also considered as prime quality in the global markets. They are being preferred in Russia, Turkey, and Georgia and to some extent in European and American markets. AzPromo is promoting Azerbaijan's walnuts in various places around world. 'Made in Azerbaijan' brand includes many walnut growers as well. They are being supported to gain access to international markets. In this way foreign currency will be brought to Azerbaijan.

PESTEL Analysis

This is an external analytical tool which allows the company to have a clear picture of the macro – environment setting. PESTEL analyzed the macro – environment of business (Richardson, 2019). The macro business and economic surrounding of the Azeri Walnut can become a complicated issue if the

Business Plan (Azeri Walnut)

details are not taken into consideration. Proper understanding and detailed analysis of the economic surrounding will assist company in building sustainable business operations and formulate the competitive advantage. Besides sustainability and competitiveness achieving company will also be able to increase its market share with the proper external market analysis. PESTEL analytical models considers the detailed analysis of political, economic, social, technological, environmental and legal factor in the country. Below is the detailed analysis of these factors.

Political Factors

Currently Azerbaijan is a democratic republic and it is a secular state. Azerbaijan is considered the strongest economy in the Southern Caucasus region (Bajor, 2016). Its strong political course has led the country to achieve several lines of success. Azerbaijan has signed the Contract of Century in mid 90s with US, UK and other developed countries and their oil exploring companies. This contract has enabled to become one of the dominant players in the global energy security issues (Nasirov, 2010). Azerbaijan as an emerging economy has actively participated in the establishment of several energy pipelines for transfer of Azerbaijan's oil and gas to Europe and US eventually. Despite, Azerbaijan's strong political will and drive, still it can't find the resolution to the Armenian conflict. Country is seeking alternative ways for the peace negotiations over returning of Azerbaijan's occupied lands – Nagorno Karabakh – by Armenia. The peace solution is concerned with keeping the 160 miles along Nagorno Karabakh as intact (Broers, 2016). This ongoing concern constantly makes investors cautious and worried. Recently, in 2016 there has been breach of ceasefire by Armenia and Azerbaijan had to retaliate for stopping the Armenian aggression. As a result of this conflict, Azerbaijan has managed to get back small parts of the occupied lands – Leletepe. Still almost 20% of Azerbaijan's lands are under invasion. There hasn't been the immediate execution of UN resolution for peaceful return of invaded lands.

Azerbaijan's government is having friendly ties with all its neighbors except Armenia. Its ethnic ties with Turkey and the Azeris of Iran have allowed the country to have a better and smooth political and economic relation with these countries. Azerbaijan is having strong ties with Russia due to 3 million Azerbaijani citizens residing in Russia. There is a strong Azerbaijani lobby functioning in Russia (Radnitz, 2014). Azerbaijan's government is establishing good relations with European countries and US as well. It constantly collaborates with those countries in economic, political and cultural issues.

There have been strong changes in the political arena of Azerbaijan in the span of a year. Country ruling party has been preferring young professional in key positions. It has even replaced the long ruling ministers from the 90s with young cadres. These has been viewed as a reformist move by the government. It gives the government flexibility and allows to execute the innovation approach in ruling. The country is gaining upper hand in dealing with Karabakh conflict (Bajor, 2016). It has benefits for the society as well. Those young key positioned individuals contribute to individuals in various ways.

Economic Points

Economic factors have the direct influence on the businesses. They can influence company's revenues and profits. The volatilities, shocks in the markets can drive company in various ways. Azerbaijan's economy has witnessed vast changes since the independence from Soviet Union. It has lived through radical changes. In the early 90s, the economy had seen hyper – inflation (Suleymanov, 2015). It has eroded the purchasing power of the individuals and raised the prices of the goods and services. Such a harsh economic terms prevailing in the country was largely due to shortage of necessities resulting from mismanagement of resources, lack of transparency in most government bureaucracies, corruption, ineffective taxation system (breaches and tax evasion dominating) and the decentralized exchange rate. The local currency became very volatile. Even the banking system was caught up with fraud. The large bank (Vahid bank) has frauded the customers savings and the depositors lost their saving. Since the banking sector wasn't insured and the individuals didn't do any insurance, the consequence became very harsh. The turmoil of the 90s was replaced with steady growth of late 90s, early 2000s and the booming

Business Plan (Azeri Walnut)

years of late 2000s and early 2010s (DW, 2018). This progress can be explained with having proper policy, tax reforms, support of state towards SME and agriculture, diversification of the economy and large inflow of cash from energy resources. The economy was booming in 2010s until the oil crisis hit Azerbaijan's economy. The revenue streams dried up and the foreign exchange reserves of the country were depleted. This was largely due to strong reliance on the oil revenues. Many large infrastructure projects were financed from state budget which was filled up by the oil revenues. The correlation with non-oil sector and oil sector was positively high. This has caused the local currency to lose more than 100% of its value in 2015 against USD. In early 2015 USD/AZN rate was 0.79, while it became 1.05 in 2015 February and further becoming 1.70 in December 2015. There was intervention from the government's side and the diversification of the economy and reduction of oil-dependency has started. Still, Azerbaijan's non – oil sector is considered as fragile and exposes to business shocks and cycles (Ciarret & Nasirov, 2011).

Currently economy has become more stable and it has achieved a steady growth. Per World Bank GDP is 46.94 billion USD (2018).

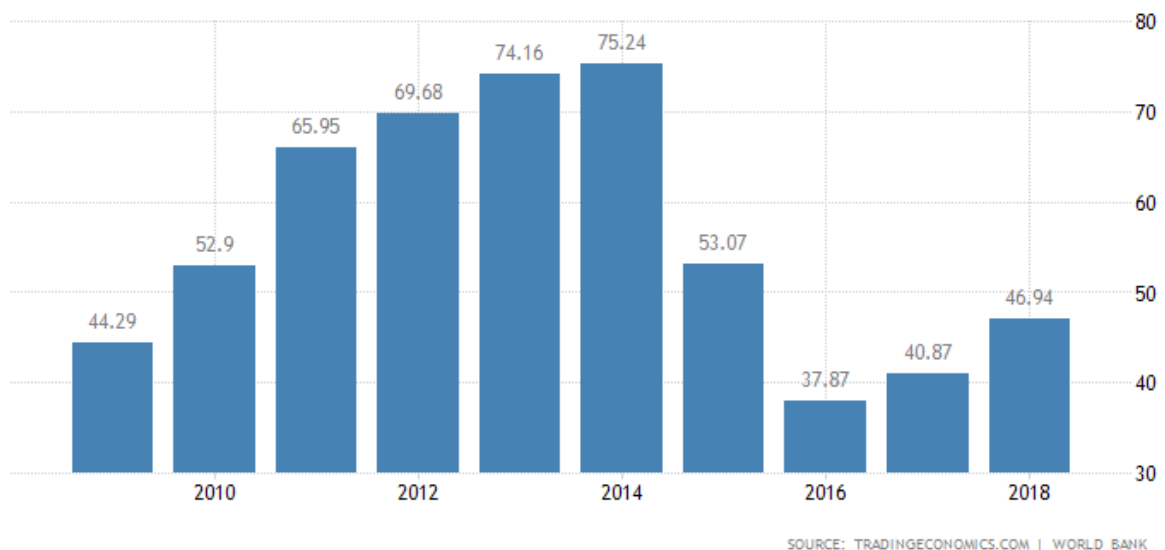


Figure 7

Social Factors

Azerbaijan is a multi – cultural and a secular state (UNPO, 2016). There are wide diversity of small ethnic minorities and religious communities residing in the country. Some of the ethnic minorities are the Talish, Pars, Tat, Jughut (Jews), Russians and other. Most of these minorities are the Persian speakers. Some of the Baku's villages, and the southern areas of the country are Persian speakers. They live peacefully in the country due to secularism prevailing in Azerbaijan. Besides ethnic minorities, different religious communities are also freely practicing their faith and beliefs, customs and traditions. Some of the religious communities are the Jewish, Christian Orthodox (slavic), Sunnite and other sects. These sects have been living together and there haven't been any violent clashes except the Armenian aggression twice in 20th Century. Today, Azerbaijan is considered as crossroads of the civilizations and cultures. Being located on the Silk Way, Azerbaijan has witnessed countless cultures part of the trade and commerce along this historical route. Azerbaijan is already becoming a new point of connection European and East Asian economies and social values. It plays important role via Silk Way (Lianlei, 2016).

Azerbaijan's demography largely consists of the younger population (UNICEF, 2018). This makes country eligible to have a large labor force. The literacy rates, education level and the HDI are being high and they are the indicators of the country's high living standards (UNDP, 2018). In the 21st century where the capital

Business Plan (Azeri Walnut)

is free, Azerbaijan is also witnessing the high turnover in its human capital. Large number of educated, qualified and experienced, skilled local professionals migrated to Europe and US in pursuit of a better salaries and wages. This is part of the brain drain that Azerbaijan is witnessing. After the fast brain drain Azerbaijan's educational systems were forced to increase their level of education provided to students for filling the void left by those experts emigrating. Thus, the number of educated future graduates are rising annually. Increasing literacy rates in Azerbaijan has also raised the level of financial literacy and financial inclusion. This has led to awareness about the financial issues and fostered the development of SME in Azerbaijan (Ibadoglu, 2018).

Azerbaijan's society is also suffering by having 1 million internally displaced people (MFA, 2013). These people have been left homeless due to war with Armenia. One of Azerbaijan's societal problems is to provide accommodation, housing, education and other necessities to such families and households. Providing employment to these people remain a big challenge. Azerbaijan is building refugee towns with modern apartment building for these people. Some portion of these displaced people have already been housed. The refugee crisis in Azerbaijan has brought much economic difficulties and curbed their social lifestyles. In the past, Karabakh female poets were very famous. After the war, they have lost their interest in this regard (Mehrangiz, 2015).

Per Hofstede's dimension, Azerbaijan's society of the Soviets era could be considered as heavily masculine and communal in nature. This was largely due to country being part of Soviet Union and individual success wasn't sought at large and females weren't as much enthusiastic for employment as in a free market of today. However, today Azerbaijan's society is less male dominant and it can be considered as an individualistic society. With changing tastes and preferences, the social values are changing. As per Hofstede's dimensions Azerbaijan has one of the highest masculinities with the lowest uncertainty avoidance (Kaasa, 2013).

Technological Factors

Azerbaijan has been behind the technological progress in Soviets' period, due to lack of competition and private entrepreneurship. The technology was large military – centric during the Soviets rule. However, the independence era has forced Azerbaijan to become both familiar with technology and to adopt it in industrial settings. In the early 90s lack of willingness and lack of resources to invest in technology, have led to inefficiencies and externalities in the economy. The prices of the goods were very high due to their high costs. However, today Azerbaijan is adopting technology in all sectors of the economy. It increases the efficiency, optimizes operations and reduces the cost. The ultimate customer satisfaction can be achieved with technological means. Technological growth stemming from the increased globalization contributes to Azerbaijan's economy and improves the social, political, humanitarian and cultural sides in the country (UNDP, 2019).

High – tech has been consistently used in the oil and gas sector. It is being applied offshore and onshore. Besides this, various other sectors are also trying to benefit from the technological progress. Banking sector is strongly keen on digitalization, application of artificial intelligence to its day to day banking operations. This will allow company to easily recognize its good and bad customers and allocate the appropriate interest rates for loans of deposits of clients. Technological advances are also expected to help with fast and better decision making. The artificial intelligence relied on big data will allow to consider various factors, which cannot be analyzed by human brain for its limitations of capacity and performance.

Environmental Factors

Azeri Walnut will be operating in the agricultural sector. This is sector which is monitored by the government and regulators constantly. The purpose for tight watch over agriculture is due to health and environmental concerns. Health concerns can arise from intensive use of chemicals such as pesticides and fertilizers in farming, while environmental concerns are depletion and exploitation of the resources. Such

Business Plan (Azeri Walnut)

exploitation can lead to lose of natural resources and this in its will kills the industry business wise, while on the other it will lead to big environmental challenges such as global warming. Azerbaijan is suffering from the industrial damage to alpine and subalpine zone of highlands, by arable lands being depleted (Mammadov, 2017).

Many industrial settings and large industrial companies are already causing huge environmental concerns ranging from pollution of sea to air pollution in Azerbaijan During Soviets' role, Sumgait (second largest industry city in the country) had actively operating 11 chemical factories which has earned image of 'dead city' for Sumgait due to its highly intensive air pollution. Sumgait was listed in Top 10 World's worst polluted places in 2007 (Abbasov, 2017).

Today, Azerbaijan's government is preferring the value – generating high tech firms, which are pollution – free. Azeri Walnut will make sure that it doesn't deplete the natural resources or exploit it in any other way. The over usage of soil for walnut growing can cause it to lose its competence. Azeri Walnut will instead prefer the timely seasonal breaks for soil to rejuvenate itself. This will help to overcome the environmental challenges in this regard.

Azeri Walnut will also prevent the impact on the health of the customers by not using the chemicals such as fertilizers and pesticides. This will also increase the customers' satisfaction and allow the company to increase its market share and revenues.

Legal Factors

The judiciary and the court system in Azerbaijan are very effective. It oversees the problems arising among individuals, business and public entities. The civilians are subject to punishment by law for their breach of laws. Azerbaijan has a Roman law. The legislators can also bring the corporates regardless of their size and impact before court for their improper business practices. Various penalties and fees can be charged.

Recently, Azerbaijan's regulators have forced more than 10 commercial banks into liquidation due to their fraud and damage on the banking sector. These have banks have seen their licenses cancelled and operations ceased. The bankers were involved in mishandling customer deposits and disbursing loans to clients with illegal fees charged to the latter by the credit specialist officers. These practices were wide - spread and raised alarms for the regulators to take issues. Thus, the law was executed for punishing the faltered ones.

Azerbaijan's court system is not only punishing the local corporates, but also international and foreign companies are bought before court. Some of the examples include the BP falling short of obligation, SOCAR falling short of meeting the standards for health concerns and others. These companies were charged by the courts.

Below the summary of the PESTEL discussed in the table is provided in a visualized format. The table illustrates key facts of model and its impacts on Azeri Walnut.

PESTEL	Major facts on PESTEL	Main impacts and facts on AW
Political Facts	<ul style="list-style-type: none">• Agricultural support is state policy's priority• Stability in local and geo - politics	<ul style="list-style-type: none">• FDI is attracted due to stability• Subsidies help to achieve sustainability

Business Plan (Azeri Walnut)

	<ul style="list-style-type: none"> • Subsidies provided to the needy sectors of economy • Establishment of self – sufficient, self – financed public agencies 	<ul style="list-style-type: none"> • AzPromo help to increase brand image of Azerbaijani goods
Economic Facts	<ul style="list-style-type: none"> • Stable local currency • Impacts of past devaluation of 2015 have been eliminated • Compensation provided to individuals impacted from devaluation • Shocks of devaluation harmed finance sector and agriculture eventually • Economy is being diverted from dependence on oil 	<ul style="list-style-type: none"> • Economic growth improves non – oil sectors • Shock of 2015 increased non – performing loans in finance sector • Economic growth has replaced the recession
Social Facts	<ul style="list-style-type: none"> • Mostly educated portion of society • 1 million refugee population • Deprived refugee settlements • Per UN, HDI has improved in Azerbaijan • Standards of Services to taxpayers improved • Multicultural and multi – diverse population 	<ul style="list-style-type: none"> • Start – ups are rising due to young population • Rising incomes improves the spending habits of consumers
Technological Facts	<ul style="list-style-type: none"> • Infrastructure of technology is growing • Brain drain of the leading IT specialists • Use of high tech in agriculture • Access to internet in rural and remote areas 	<ul style="list-style-type: none"> • Azeri Walnut will apply technological devices in farming • It will increase productivity • Provide assistance in day to day operations
Environmental	<ul style="list-style-type: none"> • Caspian Sea is polluted with oil exploration • Sumgait is polluted during Soviets period • Forestation process is increasing 	<ul style="list-style-type: none"> • Azeri Walnut will protect environment • It will not use chemicals in its business
Legal Facts	<ul style="list-style-type: none"> • Breaches of laws by corporates punished in Supreme Court • Well established set of rules and regulation for environmental factors 	<ul style="list-style-type: none"> • Fees can be charged in case of breaching rules

Figure 8 PESTEL Table

Porter's Five Forces Model

This is an external model for analyzing the macro – environment in which Azeri Walnut is going to function. It takes into account the business surrounding of the company and the economy in which its operations are carried out. Five Forces of Porter is mostly considered as the interaction of the economy's major factors such as competition, supplier, consumers, products and potential entrants. The level of interaction is a determinant of how much threat is existing for the company. The threats can be harmful for business operations. It can cause timely halting of business, or the total failure in the operations which might lead to the eventual breakdown or liquidation of company. Thus, the threats revealed by the model must be closely studied and precautions should be taken against these threats. If timely precautions are taken, then the effects of the threats can be minimized. In other words, Azeri Walnut will be able to sustain its operations and carry day to day business activities smoothly. The following threats will be elaborated and analyzed in this section. Each threat's impactful level will be described and company's action for that should be in place. Counter - act-on will help to fend off the threats.

Threats:

- Threat from the Competition in Azerbaijan's agriculture;
- Threat from the potential entrant into the market;
- Threat from the bargaining powers of suppliers;
- Threat from the bargaining power of buyers;
- Threat from the substitute products.

The above – mentioned threats have a common factor. That is their external impact. None of these factors has an impact on the company internally. Instead Azeri Walnut must have internal capacity for meeting any potential threat.

The threats also have various correlations. Unfortunately, there isn't any publicly available historical information which can allow to measure the correlations. However, the financial experts of the company must collect information about various variables ranging from rivals' publicly available financial information, climatic information, number of players in the market, demand and supply information and other quantitative information which will allow company to model and forecast potential impacts on the company.

For example, if the rivals have a negative correlation with each other on their earnings, then one competitor's loss will be another competitor's gain. Another example to this can be the correlation between seasonality and the sales of the company. If seasonality and sales have a highly positive correlation, then any negative change in weather will bring down the sales, or vice versa.

Threat from Competition

The first threat to be discussed here is the threat from the competition in the market. Azerbaijan's agricultural players range from small scale farmers, individual sellers to the big rivals such as Azersun, Azersheker and other subsidiary companies under PMD Group. These rivals each have a different market share. However, the market share in the agricultural sector overall can be concentrated with 60 % - 70 % market share belonging to 2 - 3 large holding corporates. These corporates can influence the market price at ease and squeeze out any potential player with insignificant market share out of the market. This is a big threat for the existing competitors. Azeri Walnut can be considered as slightly protected from any such threat, because it is in a specific field of growing walnuts. Large agricultural firms are usually having a big market share in tomato, potato, apples and other fruit and vegetable business and sugar production. However, they still have a considerable market share in the walnut growing. But this is largely in the inorganic growing of the walnut. The fruits and vegetables planted and grown by these players are exported to various countries. The major foreign target markets of the competitors are Russia, Turkey and Europe. Azeri Walnut deems this threat now being at a medium impact level and it can harm its operation

Business Plan (Azeri Walnut)

in the long – run. Now, Azeri Walnut is planning to grow the organic walnut and concentrate its focus on its daily business operations.

Threat from New Entrants

Threat from the potential entrants to the market depends on the type of the business. If it is an individual who is a single entrepreneur seeking profits, then this threat might be considered as low. It is due to the long – time requirement for him to get any considerable market share. But if the market entrant is a large company or a subsidiary of a large holding company then the picture will be different and Azeri Walnut should be worried about such threat. This can impact the company's financials by taking the market share out of rivals and concentrating it in one hand. Other factors which can increase the level of threat from entrants is the ease of entry into market. Currently, agricultural sector doesn't have any limitations and not many individual or companies are prevented from embarking on agricultural sectors. This increases the threats for Azeri Walnut. Company should be worried about this threat and should focus on getting its market share and attaining loyal client base. Overall, threat from the potential entrants to market can be considered as high.

Threat from bargaining power of suppliers

Threat from the bargaining power of suppliers is low. Azeri Walnut is not much dependent on the large suppliers who can negotiate the price up with company and increasing costs. The major requirements for the activities and operations of business are the water, tilling and sowing devices, equipment for land and other small devices. There are many suppliers of such equipment and device. Azeri Walnut can choose any supplier for this purpose and it wouldn't have to worry about the negotiating power of them. In this regard, this threat is deemed as low and company is protected from such threats in the long run. Azeri Walnut has another option of getting the required device and equipment from the leasing companies or the state agencies which provide at favorable terms for supporting the agriculture. Government is also ensuring that continuous water and other utility services provided for boosting the agriculture. This was part of state policy after the devaluation hit the economy and caused loss in the economy. The low threat will be beneficial for the company.

Threat from bargaining power of buyers

Another threat to be analyzed is the threat from the bargaining power of buyers. Azerbaijani people have social values which are based on bargaining and negotiating. This is based on the centuries of long trades inside of the country and with the foreign countries. The country itself was located on the crossroads of the Silk Way. It has been dealing with traders from Europe, China, Persia and India. Azerbaijan had lots of caravan palaces for the resting place of these traders. Thus, modern Azerbaijanis have this feature of bargaining powers. Azeri Walnut will also witness the bargaining from the buyers. But the bargaining will be from the individuals who will be negotiating directly with the company's salesmen. Azeri Walnut will be having stands instilled in the large traditional bazaars in the regions and the big food stores. In the bazaar's clients will be bargaining bazaars. But the highest impact from the bargaining power of clients will be the large buyers. These buyers will be firms. Such large companies will be buying walnuts in bulk. These walnuts will be used for various purposes such sweets, chocolate, jams and various foods. However, their margin for negotiating the price down is very low, due to Azeri Walnut being one of the very few companies supplying the organic walnuts. This threat can be considered as relatively low. Thus, Azeri Walnut can be ensured of the demand and the right price for meeting this demand.

Threat from substitute products

Threat from the substitute products is also another example of threats which is external. Azerbaijan's market is full of various dry fruits. These dry fruits are consumed largely by the individuals. They are used in daily cuisine and special occasion. However, walnut has very low number of substitutes. The indirect substitutes are different types of dry fruits which are like nuts, peanuts, and the sub products of walnuts such as jam, raw walnut jams etc. These products are indirect substitutes for the Azeri Walnut. Thus, they

Business Plan (Azeri Walnut)

can't be considered as a big threat. People who consume the walnuts don't prefer the substitute products. Thus, company can attain the sustainability and have self – sufficiency.

Overall, Porter's five forces has revealed that, the external threats in the market is low. Azeri Walnut as a company supplying organic walnuts have benefits and room for improvement in the market. It can explore the opportunities of high demand. The demand for organic direct walnut in Azerbaijan is high and Azeri Walnut will have the capacity to meet the demand. It can also expand its operations to all parts of Azerbaijan and overseas such as Georgia, Turkey and Russia. These markets have also large demand for walnut.

The threats and their impact (level) on the Azeri Walnut's operations is summarized in the following visualized table:

No	Threats	Impact
1	Threats from Competition	Medium
2	Threat from New Entrants	Low
3	Threat from bargaining power of suppliers	Low
4	Threat from bargaining power of buyers	Relatively Low
5	Threat from substitute products	Medium

Figure 9 (Porter's Fiver Forces)

Market Research, Data Analysis

Surveying has been conducted for the market research and analysis. The form of the surveys used is the google survey forms. This has been sent to 300 persons. They have responded to the questions posed about themselves and about their consumption habits, preferences and tastes. The variety of the questions were about their incomes, age, weights and their involvement in any sportive activities. These data were collected for the purpose of analysing the potential of walnut sales, its appropriate pricing and the use of data from respondent in future financial projections.

Besides, financial analysis and statistical econometric methods used for analysis of the data, the following visual charts have been applied in understand the portion of respondents about questions.

Reporting of the Data Analysis

The respondents have been asked about their income level for finding the relationship between their incomes and the pricing of the walnuts. Majority of the surveyed persons (21.33 %) are earning approximately 400 – 500 AZN per month. This is the above the minimum wage and can be in general considered as an average monthly income in Azerbaijan's labour market. It seems, that the majority of the surveyed have less income and they are more aware of the walnut products and their benefits. This might be due to low – income individuals consume walnuts by making sweets and other cookies at home, unlike other high – income individuals who purchase the ready – made products.

Second largest portion (18.33 %) has the highest income – earning individuals (see Fig. 11). They are approximately earning 900 – 1000 AZN per month. This salary can be considered high salary for an average Azerbaijani individual worker. The reason for them making the highest proportion is due to large – income individuals will have more disposable income to consume the walnuts. They will be also preferring healthy diets and can in general be considered as health – conscious potential consumers of Azeri Walnut products. This segment can be beneficial and lucrative for company to attract into.

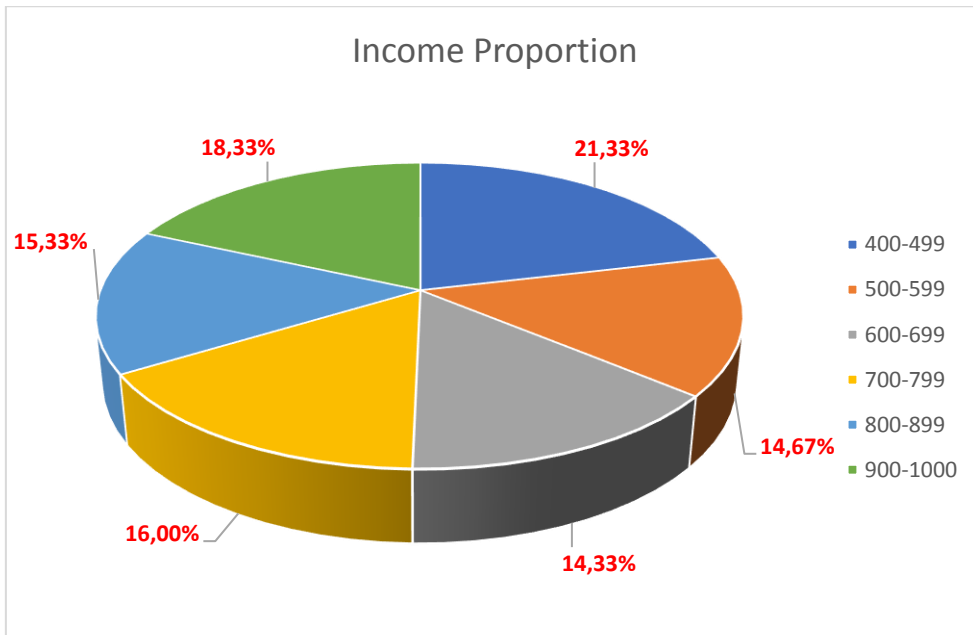


Figure 10

The respondents have also been inquired about their involvement in sports. They have been asked how many hours they generally spending in gym per month. Out of 300 respondents, 37% spent almost 18 – 20 hours per month. This is considered as the healthiest surveyed respondents. Their preference for consuming walnuts will be high. However, they must have enough disposable income to support their diet alongside their sportive lifestyles.

The second largest portion of respondents make 23% of all persons. They almost spend 14 – 15 hours a month exercising. This is relatively low, and it can be explained as they are not being actively involved in sports and just consider time to walks. This portion might not be so interested in maintaining healthy diet and the walnuts’ consumption will not make part of their regular diet.

22% of the respondents spend 16 – 17 hours exercising per month. Their intense involvement in exercising can be also supported maintaining healthy diet and consuming walnuts regularly. Such potential clients can be beneficial to target. Their love and desire for sports will lead them to live healthy life with specific diets in which walnut can be part of it.

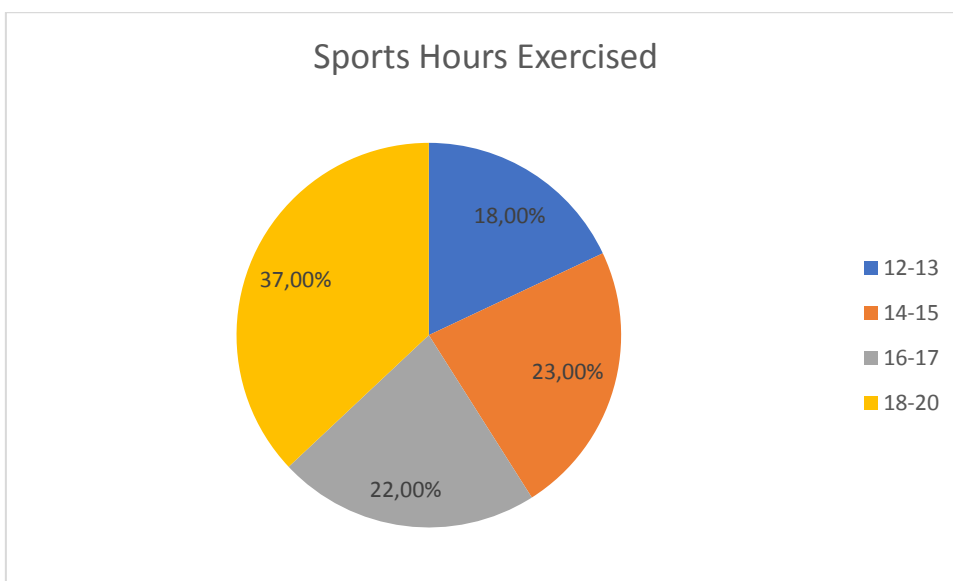


Figure 11

Business Plan (Azeri Walnut)

The respondents have also been classified as per age proportion. They will be classified in various age groups such as 30 – 34, 35 – 39, 40 – 44 and 45 – 50. These groups are very important for driving a conclusion. The younger generation in Azerbaijan is becoming the health – conscious and are needing walnut for eating and leading healthy life. The older and grown generation have in general been leading unhealthy life and not been concerned about their lifestyles. This is mostly due to Azerbaijani cuisine. It largely consists of the food and meals which are having large volume of fat contents in them. Per the pie chart, the largest proportion of the respondents are in the age group of 45 – 50 ages and they make 29.33 % of all the respondents. This can be largely explained by this group being established in life and having larger income than other groups. Their income will allow them to constantly consume the walnuts.

Other largest group is 29 % is from age group of 40 – 44 ages. They are also preferring walnuts as part of their diets.

The remaining other two groups are 30 – 34 age and 35 – 39 age groups. These groups are having the low portions of the total respondents. It has been explained above that younger generation will be more preferring to have walnuts as part of their diets. However, this anomaly can be explained by the younger population might not be having enough income to maintain a healthy diet and consume walnuts regularly.

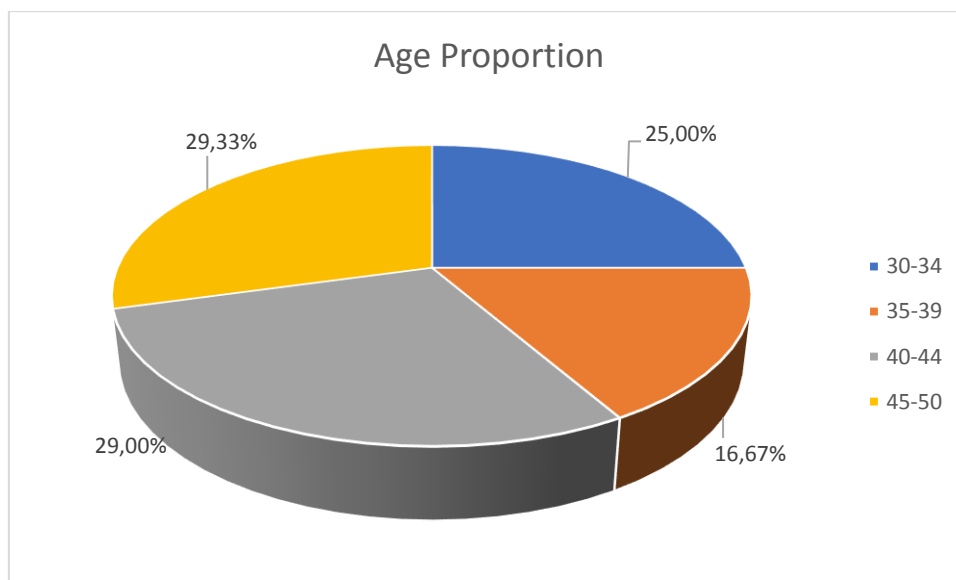


Figure 12

Weights of the respondents are also important factor to consider about the market research. It will let the AW to know whether the surveyed clients are leading healthy life or not. The largest proportion of the surveyed are from the weight group of 85 – 90 kg. This is a strange behaviour, because the largest weight proportion is responding to the query about walnuts. It can be because they are being overweight and worried about their weights and preferring healthy diets. Walnuts are having large impact on health of clients. The second largest group is 80 – 84 kg. They are also having large weights. They might also be needing to consume healthy goods such as walnuts. The other weight group such as 75 – 79 kg. This group is very important because it is in the range of sportive and athletic group. It will lead to more consumption of walnuts. Remaining group are also sharing significant proportion of the overall surveyed respondents. Their portions are very close to each other. This can be explained with them being aware about the walnuts. Usually, the walnut is such a fruit where the respondents are easily available of benefits. Walnut is a fruit of which everyone is aware of benefits. People are aware of how walnut can be part of healthy diet and solve the problems of overweighting and other obese issues.

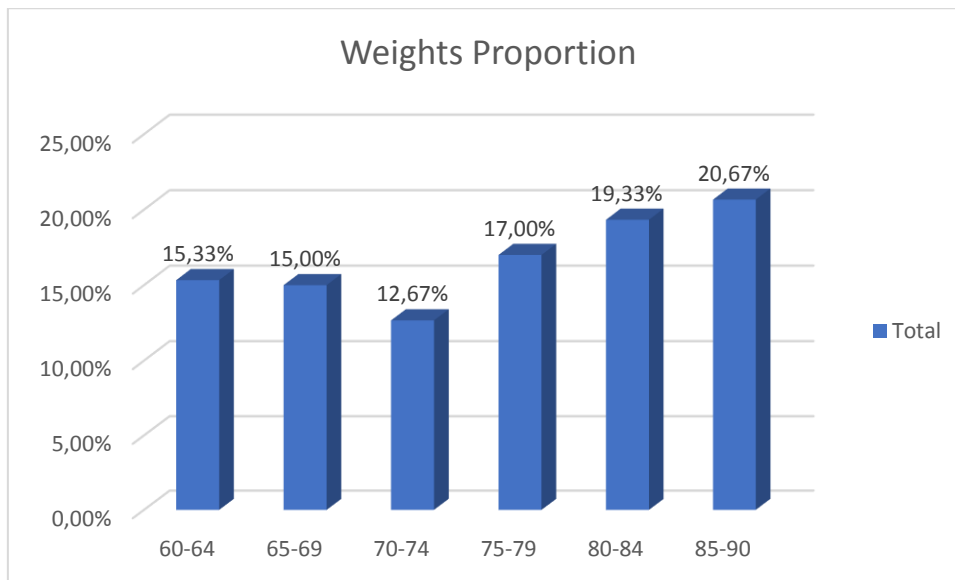


Figure 13

Modelling and Regression Analysis

The data collected from the respondents are used in modelling such as formulation of regression and deriving the correlations about the respondents' facts and the facts about walnuts. Regression used in this model is a simple linear regression (OLS – ordinary least squares). It is a simple linear algebraic relation of $y = a * x + b$. This relation is linear, and it helps to define y with x and its coefficient multiplied and the intersection point of x axis and error term (if any) added. In this case, there will be multiple independent variables and the regression will be polynomial linear regression. The regression will have dependent variable of walnut price (this to be predicted with help of independent variables and their coefficients) and the independent variables will be including income, weights of individuals and their involvement in sport activities. The variable dependent in this regression, i.e. walnut price is done for the purpose of finding (forecasting, modelling) the right pricing of Azeri Walnut using the survey results (see Appendix.). The independent variables based on Survey data, such as incomes, weights, sports involved will assist in predicting the dependent variable – pricing of walnut. The first portion of regression table below represents the explanatory data such as multiple R, R square, Adjusted R, and standard error. Three types of R mentioned respectively are showing the strength of the prediction and how well the changes in independent variables explain the changes in dependent variable. In this case model can be considered as very strong since it is above 0.9. The other data about the model is standard error. It shows 0.2. It is relatively low in comparison to strength of model. The total number of observations used in the model is 300. This is number of the respondents involved in the online surveying process.

SUMMARY OUTPUT	
<i>Regression Statistics</i>	
Multiple R	0.960144
R Square	0.921876
Adjusted R Square	0.920817
Standard Error	0.229866
Observations	300

ANOVA					
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>

Business Plan (Azeri Walnut)

Regression	4	183.9327	45.98317	870.26	6.6E-162
Residual	295	15.5873	0.052838		
Total	299	199.52			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	28.375	1.957478	14.49569	0.00	24.52261	32.22739	24.52261	32.22739
Income of Individuals	-0.01341	0.001223	-10.972	0.00	-0.01582	-0.01101	-0.01582	-0.01101
Body Kg	-0.1066	0.018012	-5.91847	0.00	-0.14205	-0.07115	-0.14205	-0.07115
Age	0.081095	0.021079	3.847203	0.00	0.039611	0.122579	0.039611	0.122579
Sports Hour	0.108697	0.039361	2.761517	0.01	0.031232	0.186162	0.031232	0.186162

Figure 14

The major table of regression shows the coefficient, standard error, t – stats, p – values and confidence intervals (upper and lower bounds) of the variables used in the model. The first point is the intersection and its coefficient are 28.38. The other coefficient is of income of individuals. It is – 0.01. The impact level on the price of walnut is low. However, the variable itself can be considered as highly significant. Body weight of the respondents are having high impact on walnut prices. Its coefficient is -0.10. The variable is also highly significant. Age of the respondents are also having big influence on the walnut. Per this data, each one unit increase in age (in this case age unit equals the years) will raise the price of the walnut by 0.08 (i.e. less than 1 AZN increase in one kg of walnut’s price for 1 - year increase in age of respondents). Sports activities of the respondents are having 10 % impact on the walnut’s price. 1 – year increase in ages of respondents will increase price of walnut by 0.1 AZN. Variable is significant itself. All the variables used in this analysis are highly significant while their impact on dependent variable differ from 0.01 to 0.1. This can be explained with different types of individuals being involved in the survey process. Their data vary from each other and it causes the results to be different and the impact level be volatiles. However, model is strong.

Correlations between the independent and dependent variables.

Measurement of the correlations between variables will help to understand the behavior of them along with the price of the walnut and with each other. For example, income of individuals and price of walnut are strongly negatively related. The existing negative correlation retrieved from the survey results between income of respondents and their stating of how much they pay for walnuts is contrary to economic sense. However, this can be explained by different behavior of online surveyed clients than conventional walnut consumers such as purchaser from the traditional bazaars or regular shopping clients. The relation with the body weight and the price of walnut is strongly positive. If the body weights increase, then price will also rise. This is due to body weight increasing and consumers becoming health – conscious and willing to consume healthy fruits such as walnut. More consumption will also raise the price. Age of respondents and price of walnut are having strong negative correlation. Sports hours and price of walnut also exhibit strongly negative correlations.

Correlations with variables are also interesting to evaluate and understand. For example, the body weight and income of individuals will have strong negative correlation. It can be explained that high income individuals will be concerned about their health and allocate funds for their diets. This will help them to control their weights and decrease them. Correlation with body weights and ages are also having correlations. Since individuals become aged, they become more health – conscious and aged individuals will have decreased weights. The sport activities and the body weights are having – 0.989 correlations. This is logical. More sports activities will cause the weights to decrease. If the sport activities decrease, then weights will also increase. Sports and age have positive correlation. It is due to, since people become

Business Plan (Azeri Walnut)

aged, they are concerned with staying fit. This will help them to stay healthy and they will also be consuming healthy food and making walnuts part of their diets. The walnuts will help them to watch over weights and prevent any fatal consequences such as heart attacks and obese problems. If such problems can be prevented, then consumers will be satisfied.

Income of individuals and sports are having strong positive correlation of 0.99. It is due to rising income will make individuals seeking sportive activities as part of the health – conscious lifestyles. They will exercise intensively for being fit and health. This is important for them because it will help to attain good looks, since they will be obtaining various position with high incomes.

The correlations which are discussed above are illustrate various logic and rationale. It helps Azeri Walnut to understand whether the consumers will be willing to consume their products or will instead be leading normal life without any health – related food consumption.

	Price of Walnut	Income of Individuals	Body Kg	Age	Sports Hour
Price of Walnut	1				
Income of Individuals	-0.95215	1			
Body Kg	0.941154	-0.99639	1		
Age	-0.94005	0.993716	-0.98831	1	
Sports Hour	-0.9352	0.991136	-0.98826	0.987627	1

Figure 15 Regression Data

Company Overview

Background of Company

As already discussed in previous section global business world is constantly changing and with the constant demands are being shaped (Biggeman, 2013). Ranging from the consumption to production customers likes and preferences are in tune with fast changes in the technology across globe. Today's clients are becoming health – conscious. They are aware of the impact of inorganic foods and eatables, especially junk food on the human health. Thus, the preference on organic fresh fruits and vegetables are very high.

Azerbaijan's market is also fast becoming a prey to the production of inorganic fruits and vegetables. There are large companies, farmers and other entrepreneurs who are involved in agricultural activities which are largely dependent on fertilizer and pesticide.

Thus, Azeri Walnut has observed a potential in establishing a business which will be growing local walnut, purely organic. Azerbaijan's climate and environmental suitability will allow the company to carry out its plan smoothly. The southern slopes of Caucasus around Sheki, Gabala, Zagatala and Balakan are very suitable locations for growing this fruit. These regions have the right amount of rainfall, humidity and rich soil which are main requirements for growing walnuts. Besides, company is aware of the demand for local walnuts being high. Thus, AW will do its best for meeting this demand and acquiring the client base. Company is also seeing a potential for expansion to Russian, Georgian and Turkish markets in which demand for walnut is high. These markets have set prices high for walnut products. Thus, company can benefit from supplying these markets at the favorable price and getting the market share in foreign markets in future. This is part of the expansion plan of the company. Initially the walnut business will not be making immediate profits. It will generate profits after the 2 – 3 years of growing walnuts. After the initiation and harvesting it can be considered as long – lasting and profitable business.

Azeri Walnut's Products' and Services' Descriptions

Azeri Walnut is an agricultural firm and will be planting, growing and harvesting walnut. Company will also be involved in preparation of the walnut – related products. The walnuts will be organic, and they will be healthy. These products will also be targeting the health – conscious clients, who are closely watching over their diets by avoiding the GMO goods.

Azeri Walnuts will also be doing various packaging of the walnuts ranging from kernel to in – shell and other walnut - related products. The contents of the walnuts, nutrients and the vitamins and the calories will be provided for clients for informing clients and giving the right detailed info about the company's products. Usually, the companies and farmers who are involved in the market for selling walnuts, they don't bother about packaging and just sell the goods by weights in a simple bag in stores. However, Azeri Walnut will strongly pay attention for the packaging of its good. Such measures are the indication of company's brand image and it has the message to clients about the types of products offered to clients. The products will carry with itself the image of company to all parts of Azerbaijan and to international markets as well.

Vision and Mission

Vision

Azeri Walnut prioritizes the customers' right to have access to the delicious, organic and healthy fruits. This will help to get the ultimate customer satisfaction which will increase the brand image of Azeri Walnut. The capacity, skills and the resources of the company will allow it to grow such types of fruits and supply the markets. The clients will be delighted with the true local organic fruits that they can get in the market at the right prices. The vision statement of the company runs as following: "We bring the delight and quality to your door for your pleasure and health".

The Company's vision regarding the strategy and long – term plans, is get a considerable market share in Azerbaijan and become one of the largest companies in Southern Caucasus supplying walnuts and walnut – related products. To this end, company will allocate its resources in an optimal fashion to become both customer – oriented (to be in tune with its vision statement) and not to deviate from its long – term strategy.

Mission

Mission of the company on the other hand is strongly related to the company short and medium – term objectives and goals. In this way company wants to get customer satisfaction from day to day transactions with clients. The mission statement of the company is also referring to this activity as following:

"Daily walnuts for happy clients".

The priority of the mission is to strengthen the company's operations is such a way that, they will contribute to the achievement of the long – term goals and plans of getting sustainability, self - sufficiency and eventual acquisition of market share.

Azeri Walnut will have strong quality controls for maintaining the customer satisfaction. This is a necessary step, which will allow company to become aware of quality of its products. Currently, Azerbaijan's many agricultural firms (except large rivals are lacking such measures) are not implementing any control measures. There have been many breaches disclosed by the Ministry of Health and the actions against those firms will be taken severely.

Thus, Azeri Walnut can avoid such hefty penalties with being in tune with company's mission and vision. They will assist the company for its smooth operation and increase the number of happy clients that company will be dealing with and contribute to profitability of the company in coming years.

SWOT/TOWS Analytical Model

In comparison with SWOT model, SWOT/TOWS is very dynamic in nature and considers the interaction with the internal and external factor impacting the organization. These factors have strong interactions, and this must be analyzed in detail for preparing the proper strategies. The strong dynamism of this model is in measuring each impactful internal or external factor against each other. In this for every weakness a strength is provided and for each threat and opportunity is shown.

The classical SWOT model requires a detailed analysis of the internal and external factor, while the new, dynamic SWOT/TOWS model instead requires measurement of the factor against each other. Below is the classical SWOT models of the Azeri Walnut:

<p>Internal Impacts</p> <p>Azeri Walnut Strengths</p>	<p>Internal Impacts</p> <p>Azeri Walnut Weaknesses</p>
<ul style="list-style-type: none"> - Strong qualified farmers - Managerial expertise - Domain knowledge and experience about market - Simple, user - friendly business model - Flexibility and user friendliness of the company’s service for clients - Financial support and funding possibility - Customer loyalty preference 	<ul style="list-style-type: none"> - Low brand equity and recognition - Security of the business is low - Dependence on seasonal factors can cause the loss of database - Insurance of the business not existing - Others can imitate the model - The sales channels and promotional activities aren’t well – designed
<p>External Impacts</p> <p>Opportunities Azeri Walnut</p>	<p>External Impacts</p> <p>Threat for Azeri Walnut</p>
<ul style="list-style-type: none"> - Agricultural sector is booming - Growth of non – oil sectors in economy - Stabilization of economy with stable currency - State support to non - oil services and solutions - Diversification of services and products - Political stability attracting investors - Preference for natural and organic products are increasing 	<ul style="list-style-type: none"> - Prevalence of the inorganic fruits and vegetables - Customers can have negative perception for organic food planters - Organic fruits can be prone to seasonality - External threats such as climate issues can harm business - Indirect competition can be high - Loyal client base isn’t developed

Figure 16

Detailed analysis of the SWOT factors is described below:

Strengths

Azeri Walnut is an agricultural company and it requires the strong qualified farmers. The skill and expertise of the farmers will allow to increase the output and harvest of the company and bring more revenues to the company. These skilled farmers know the details of walnut production, growing, sowing and harvesting. Their inside and out knowledge are very valuable.

Azeri Walnut also has the managerial expertise. The founder and CEO of the company has been in the marketing and sales field for almost a decade. She is familiar with wide variety of sales channels in a wide range of economic sectors. This can be beneficial for the company in terms of bringing its product to the end – users and gaining the eventual customer satisfaction.

Azeri Walnut is a preference for clients due to its simple business processes and growing of the organic walnuts. It doesn’t use the chemical such as pesticides and fertilizers.

Business Plan (Azeri Walnut)

Another strength for the company is its financial resources. Company have the required funds for the initial meeting of business expenses. Its projected sales revenues will be enough for achieving sustainability and expanding in the future.

Weaknesses

There are several weaknesses which is Azeri Walnut is having. Thus, weaknesses can impact the business, its sustainability and competitive advantage. In the long – run it can cause default and bankruptcy if precautions aren't taken timely.

Azeri Walnut is a new company. It will be new in the market and will require to have its name hears. With low brand recognition and equity, customers will not be aware of this company. It can hurt company's revenues and reduce the profitability. Instead, Azeri Walnut should invest in building its brand image and developing brand equity.

Security of the business can be very low, due to strong reliance on the seasonal factors. Since, Azeri Walnut will be growing organic fruits, it will require the right climactic and weather conditions. These conditions can have positive impact on the harvest and crops. On the other hand, if the seasonal changes occur in a negative way, then the output can be low, and revenues might decrease.

Another weakness is that, company is being agricultural concern and lack of insurance is hurtful for business. Azeri Walnut is a simple business concern and prone to others imitating the model. Thus, the other potential entrepreneurs can imitate and indulge in same activities. Thus, the level of competition might increase, and the level of profit margin and market share might decline.

There are external factors which are out of company's hands and can have big impact on the business. These factors are grouped into threats and opportunities. Below is the detailed elaboration of these external factors are provided:

Opportunities

Azerbaijan agricultural sector is booming. However, this sector has large number of small fragments, which consists of countless number of farmers with their own plot of lands (Berkum, 2017). After the devaluation of 2015, state policy has been the diversification of the economy and strengthening the local currency by boosting the country's exports. Since wide availability of the fruits can help to bring foreign currency to country and increase the purchasing power of AZN, government is providing support to agricultural sector. Azeri Walnut can also benefit from this, by getting subsidies and any kind of support. It can help company in the short – term achieving sustainability and carrying out its business operations and gaining the competitive advantage.

There are other sectors also booming in Azerbaijan. When AZN lost 100% against USD in 2015, various non – oil sectors such as tourism and services were deemed as profitable business. Their progress and growth are beneficial for Azeri Walnut, because it raises the living standards in the country.

Azerbaijan's economy has been stabilized in the post – devaluation period. Almost 5 years have passed since the first devaluation in Azerbaijan. 2017 is considered as recovery year for Azerbaijan. This can also be explained by steady increase in oil prices (Brebán, 2017). Currency has become more stable and fixed its rate against USD at 1.7 (USD/AZN = 1.7). This rate has been stayed same for more than 2 years. The reason for stability is the economic growth and development.

Another factor making opportunities for the Azeri Walnut is the political stability. Azerbaijan is considered as one of the most politically stable countries in the Southern Caucasus. Oil and politics are inextricably connected in Azerbaijan. Azerbaijan has adopted a successful political model (Farid, 2013). This is beneficial for the foreign direct investment. The stability attracts funding. With the rising level of foreign

Business Plan (Azeri Walnut)

direct investment in the country, the businesses can boom and its positive impacts on the Azeri Walnut can be witnessed.

Other opportunities for the Azeri Walnut are the customer tastes and preferences. These preferences can shape the company's revenue streams. In the recent period, Azeri customers have become health – conscious and they prefer to consume healthy, organic foods such as fruits and vegetables. Thus, Azeri Walnut can benefit from this.

Threats

There are wide range of threats in the market which can harm the company's brand image, revenues and destroy its profitability.

Still market is full of inorganic fruits and vegetables. This is largely due to people preferring the products which are cheaper and affordable. Azeri Walnut's prices in comparison with other inorganic planters will be more expensive. Thus, customers might prefer inorganic ones.

There are skepticism and doubts from the customers towards the organic fruit and vegetable growers. They tend to think that, they are also using chemicals like inorganic fruit growers. This might lead the customers to consumer competitors' inorganic fruits and vegetables anyways.

Organic fruits and vegetables are prone to seasonality. Unlike inorganic fruits which are fused with chemical such as pesticides and fertilizers they can't bear the mild climate conditions. Thus, they can be easily impacted by seasonality.

Seasonality can harm business and have negative impact on company's harvests, revenues and result in decline in the net profits. All these can pile up and cause company's eventual downfall and breakdown.

Azerbaijan's fruit industry for dry fruits have a strong indirect competition. There are wide variety of dried fruits imported from Iran. These products have flooded to markets. Besides, there are other inorganic products in the market as well. Indirect competition being high, can become threat for Azeri Walnut in the form of substitute, i.e. alternate product for clients.

SWOT has helped to better analyze the company's internal strengths and capacities. These features of the company will allow company to tap into opportunities in an efficient manner or become exposed to threats and incur heavy costs and decrease company's profitability.

TOWS Model

In the previous section the SWOT model has been elaborated on and the classical impactful internal and external factors were analyzed in detail. They have each been described in a separate fashion. The interaction between them was ignored. However, TOWS models will emphasize on this interaction.

Strength – Weaknesses (S – W)

One of company's discussed weakness was the low brand recognition. Its low level can harm the sales. However, company's strength like financing availability can help to overcome this issue. It can invest in marketing and other promotional activities for increasing the brand recognition in the market.

There was another weakness – high dependence and reliance on seasonality – which could impact the business operations. This factor can be overcome with strength of the company which lies in the professional and skilled farming techniques of the staff. The employees of the Azeri Walnut have deep knowledge on farming ranging the countering the climactic changes to the seasonality impacts.

Another weakness of imitability of the business model, could cause the increase in the competition level of the company. Azeri Walnut has strength lying in providing the quality product which are purely organic walnut to the clients. Not many companies or want to be entrepreneurs who are willing to imitate the

Business Plan (Azeri Walnut)

business model of Azeri Walnut can achieve this, due to their willingness to use some level of chemicals for increasing the productivity. However, Azeri Walnut is away from such practices.

Sales channels aren't well designed, and this weakness can be problematic. However, Azeri Walnut prefers the customer loyalty and its willingness to retain the repeating customer can help to overcome this issue. These customers can spread the information about the company to others and help to bring new clients by word of mouth.

Opportunities – Threats (O – T)

This strategy is the interaction between the external factors of the company.

The seasonality effect which can become a threat at some points will be overcome with the availability of the opportunity rising from booming agricultural sector. Since there is a boom in this sector then company's revenues will rise, and this will allow to become equipped for the seasonality issues. Thus, such effects of the threats will be minimized.

Indirect competition is being high in the market. This is a threat for the company, but the steady growth of the economy and stable currency will allow Azeri Walnut to attain its own market share and expand to other regions and become an international company.

There are other opportunities available in the market such as state support for the non - oil sector and subsidies to agricultural sector, which can help to eliminate threats such as seasonality and indirect competition. These opportunities must be taken advantage of with the company's given strengths.

Opportunities – Strengths (O – S)

Azeri Walnut has wide variety of strengths helping it take advantage of the available opportunities.

One of the opportunities discussed was the rising economy and booming non – oil sectors. This opportunity can be realized with the potential of Azeri Walnut lying in its specialized and professional team. The expert farmers of the company can help company to have walnut growing in other areas of the country. On the other hand, domain knowledge and managerial skills of Azeri Walnut's leadership can bring more revenues to company.

The political stability in the country is causing Azerbaijan becoming a favorable business hub. Azeri Walnut has a strength of having financial resources to expand and grow in current stable political atmosphere in the country. Thus, the company can expand its business operations with investment in different sectors. The political stability will ensure the constant increase in the business revenues, if the company operations are run smoothly and timely taking advantages of the opportunities in the market.

Political stability can be also taken advantage with the expertise of the managers of the company. They can deem this period as a beneficial period for the company and can attract more investment from abroad to company. This can help the expansion and growth process.

TOWS model has revealed that optimal strategies will fend – off threats and help company to become shock – resistant. In this regard, Azeri Walnut is expecting to use the strengths such as financial resources, managerial skills and competencies to overcome the weaknesses, take advantage of opportunities and minimize the company's exposures to shocks.

VRIO Analysis

There is another external model which aid with company's management to understand the capacity of its resources. These resources can be both tangible and intangible resources. The various resources of the company can also have different characteristics. These resources are analyzed for the sake of understanding whether they contribute to the formulation and development of the competitive advantage. The resources of the company will be analyzed from the point of whether they are valuable,

Business Plan (Azeri Walnut)

rare, imitable, and organizational. In this framework the resources will be analyzed separately and in detail. If most of the resources generate competitive advantage separately then they will add to overall company’s comparative advantage. This in its turn will lead to sustainable business operations and self – sufficiency.

Following are the resources which are analyzed in detail by the VRIO analytical model:

VRIO Model of Azeri Walnut and its resources					
Major Resources and Competencies	Valuable	Rare	Imitable	Organization	Outcome of the model
Managerial experience and skills, leadership	Yes	Yes	No	No	Comparative Advantage
Financials sources, funding	No	Yes	No	Yes	Competitive Advantage
Company’s brand image	Yes	Yes	No	Yes	Sustainable Comp. Advan.
Staff and personnel skills and expertise	Yes	No	No	No	Competitive Parity
Equipment, Devices	No	No	No	Yes	Competitive Advantage
Business Plan, Strategy	Yes	No	Yes	Yes	Competitive Parity

Figure 17

From the above table it is visible that company major tangible and intangible resource and competencies have been analyzed. They are the company’s managerial skills, financial resources, funding, company’s brand equity, staff and personnel and their professionalism, equipment, device and business plan. These resources are very important for the company’s existence and operations in the agricultural services.

Managerial skill and competencies are one of the core resources which will guide the company through thick and thin. It will allow company to take advantage of the available opportunities and tackle the challenges on the road. Company’s management consists of specialized managers and directors who have expertise in the farming, and familiar with the agricultural trends and use of various technology in the agriculture. The management’s domain knowledge is an asset for the company. Besides, company’s management knows how to organize its sales channels, develop network and introduce the product to market and gain the market share eventually. All these are necessary for company’s growth and expansion phase. This resource of the company contributes to the formulation of the competitive advantage. The competitiveness gained from this resource will be used in gaining market share.

Azeri Walnut has another valuable resource, which is financial sources and funding capacity. Company has enough financial resource available to start company operating successfully. The initial investment provided in the form of company’s capital will be used in organizing the business operations and operating in the market with ease. These initial expenses such as payroll of staff, rent, purchase of equipment and tools, seeds and trees will be funded from company’s own capital. However, in the future period Azeri Walnut will be getting new funding. These funding will be coming from the external sources. Company’s management and leadership might either get new loans or allow the public to invest in the company. This will increase the capital and make company shock resistant. Such actions are necessary for sustainability and expansion. After meeting the initial requirements for existence, Azeri Walnut new funding facilities will be used for growth and expansion. The walnut will be planted around the slopes of Caucasus, in different parts of Azerbaijan. This will be diversification of the company’s business locations. This can reduce the seasonality impact by minimizing the exposure to single location. Besides the regions have large demand for walnuts. The financial resources and the funding facilities after the adequate analysis it

Business Plan (Azeri Walnut)

is deemed that Azeri Walnut is generating competitive advantage. These advantages are part of company's sustainability factor.

Company' brand image is a very necessary. All companies must sure that they logo, location and information is publicly available in the market and it sounds in tune with the ringing positive image in the mindset of the people. Currently company brand equity is low. However, the clients who become aware of the natural, organic walnut being supplied by Azeri Walnut in various food stores, stall in bazaars spread the word of mouth across cities, regions, countries and continents. Currently country's food stores and bazaar has an effective shopping culture. The clients easily spread the word of mouth to far distances. It becomes profitable for the company. Now this resource does neither kill company's competitive advantage nor creates one. There is a comparative parity derived as a result of having this skill, competency or resources.

Azeri Walnut will hire the right personnel and staff who can operate in this field. Growing walnut and taking care of this fruit is not an easy job. It requires both dedication, skills, competencies and knowledge about the farming techniques. These three components will add up to formulation of the competitive advantage for the company. The professional staff and personnel will help company to carry out its operations smoothly and run the business without any difficulty.

Azeri Walnut also has various equipment and device used in the agricultural activities which are part of the company's business operation. These tools are used for various purposes ranging from the sowing, planting, land tilling to picking up and collecting walnut and breaking the shells and storage warehouse shelves. The equipment, tools and devices of the company will be helpful for making company a smooth – running organization. It will provide a competitive advantage for Azeri Walnut.

Azeri Walnut's business model and strategy are very valuable for the company. They will allow the company to make company a well – known brand, grow and explore the market. The business plan and strategy have a purpose of making company expand its operation and increase its market share. In the short – run it provides the competitive parity, while in the long – run it is expected to provide the competitive advantage.

Overall these resources have been analyzed and elaborated in detail. They provide a framework and better picture of the inner company. The resources and their importance for the company, allow the managers to understand their reliance on these resources and their dependence on them. Azeri Walnut is looking for having the resources which can be easily supplied with and become important for company's operation and integral part of the company's strategy. These resources must be able to provide either back or substitute for themselves in case they run out of stock or get damaged. If for example, there is not any back – up or right substitute for a resource that company is heavily dependent on, then it will create big problem for the company and can halt the operations for some time. This in its turn can result in loss of customer satisfaction. Thus, company must be able to find the optimal solutions and provide the best alternates if there are any needs in such stressed periods.

Company ownership, legal form

'Azeri Walnut' will be the official name assigned to company. This is done with the purpose of delivering an image of the locally grown walnut to both Azeri and foreign clients in the market. Company will be registered in the ASAN Services in Baku, Azerbaijan. Company's legal registration for is the limited liability company. This is type of company in which the owners (Azeri Walnut will have one owner/founder in the initial stage) are entitled to the same amount of liability in which they have put capital in the bank. The capital of the company will be in the form of common equity, indicating that each owner will be getting equal share in the company. Owner's earnings from the company's net profits will be in the form of dividends. Once the company will be announcing that it will be disbursing dividends, then owner will be getting their earnings in the same amount.

Business Plan (Azeri Walnut)

Currently the owner and the founder of the company will be Mrs. Durdana Bghiyeva. She will be the sole investor and founder/owner of the company. Mrs. Durdana Baghiyeva's preference for being the single shareholder of the company and its CEO is due to her willingness to drive the company towards its goals and objectives per her own desire. She has demonstrated strong managerial skills in the past, that she will be able to perform the managerial position in the company without any difficulty. She has been in various fields across economy and has gained vast experience and managerial skills. Her social and managerial skills will be invaluable for company's negotiations with suppliers and clients. However, in the future for sake of larger investments, company might require funding. In this case, instead of applying for large loans, it can attract investors who would be willing to invest in company's equity directly.

Organizational Structure

Azeri Walnut will choose the most optimal form of organization. This process is very important for achieving day to day business operations of the company smoothly and contributing to the eventual long – terms goals and objectives of company which is part of its strategy. Organization Structure of the company will oversee the effective communication in the company among the different layers of management and employees. Another important factor is to consider in the organization chart is the achieving of smooth and timely decision – making companies. Those companies who take long – time for decision – making tend to miss on the opportunities available in the market and are doomed to fail.

The top layer of the organization structure is the company's CEO. CEO will oversee that the managerial board of the company is operating efficiently. It must ensure the perfect customer relations with company and ensuring that company is operating with the budget allocated to different units.

The second - tier managers will be consisting of CFO, head accountant, VP of Sales, VP of marketing and VP of CRM. These managers will be having effective communication among each for their hierarchical level being the same. CFO will oversee the company's sales and expenses forecasting. Head Accountant will deal with the proper bookkeeping procedures being existent in the company. VP's of sales, marketing and CRM will handle increase company's sales, applying the right marketing strategy and building strong relations with customers. This procedure will help company to achieve sustainability. They will be reporting about various issues directly to CEO.

The employees of the company which is the part of the organizational structure will deal with company's core activities. They will be doing day to day company's operations such as planting, sowing, growing and harvesting of the walnuts. They will also do the packaging and oversee the various equipment functioning in the company. These employees are very important for the company's functioning smoothly. They will have the supervisors who will be the link between them and the managers. Their suggestions, recommendations and complaints will be carried to managers via these supervisors. Supervisors will maintain that customers' needs and demands are heard by the managers.

Start-up Investment, Financing

Financing for a start – up is very important step for achieving competitive edge, operating at ease and having smooth business operations. However, there are various alternatives of financing which will interfere with company's ownership and management. The various forms of available financing are as following:

- Initial investment by founders;
- Incubators' financing;
- Investment by the angel investors;
- Venture capitalists;
- Business loans;
- IPO, secondary public investments.

Business Plan (Azeri Walnut)

Azeri Walnut is business which will be established with the founder's own capital. This is the first stage of financing in the company. This financing is safe for the sake of ownership and control. The initial funding of this fashion will help the founder to have a say in the company's operation and manage it per own likes and preferences. Since the founder is very experienced and has domain knowledge it will be beneficial for the company as well.

In the further stages company will seek alternatives for growth and expansion. In this regard, there are few alternatives available for company. One of them is the classical business loan application. This method is largely used by the most entrepreneurs in Azerbaijan. Usually, large banks such Pasha Bank, Kapital Bank and International Bank of Azerbaijan are issuing loans of 100 000 AZN – 500 000 AZN at 15% - 20 %. However, this method can be considered costly.

Azeri Walnut will also seek angel investors. There interested parties who might invest in Azeri Walnut. The investment attracted in this form will be in the range of 300 000 AZN – 600 000 AZN. However, these investors will seek the 10% - 15% ownership stakes at companies. Thus, company will have to let go of such portion of ownership.

Marketing Plan and the Communication Means

Marketing plan of the Azeri Walnut covers the key activities and factors of the walnut business such as price, place, product, promotion, people, physical evidence and promotion.

Marketing plans allows the company's management, shareholders and the marketing specialists to design, formulate, develop new products and communicate them to the clients. Effective marketing plan is made via the use of marketing mix. Marketing mix consists of the 7 Ps (McCarthy, 1960). It is a framework in for helping company to have the optimal marketing plan and Azeri Walnut will be referring to this for addressing its target clients in the market.

Products of the Azeri Walnut

Azeri Walnut is an agricultural company and its specialty is the providing of organic walnut fruits and related products. The aim of the company to provide the highest – quality, delicious fruits. The quality and taste of fruits are very important (there will be quality control processes), because they will define the client base and market share eventually.

Kernels Walnuts

These walnuts are grown and sold in various stores, bazaars and hypermarkets. Kernels can be consumed throughout the years. They come in different forms. These forms are half, broken, fragments and they have different colors.

Half fruits: walnuts are usually separated in two equal parts.

Broken walnuts: these walnuts are chipped to various sizes.

Chopped walnuts: these walnuts are minced, and they are sliced in various small sizes.

Colors of the walnut kernel light brown, dark brown and of amber colors.

The nutrition of the product is very rich. It includes protein, fiber, magnesium and phosphorous. Walnut have high dietary fiber and protein which are very rich diet and makes one feel full longer and helps the consumer to maintain a healthy diet. This is important for clients because usually they are health – conscious.

Other products will include the in – shell walnut, raw unpeeled walnuts.

Business Plan (Azeri Walnut)

The sub – products will include the walnut jam, walnut honey, walnut sweets and canned walnuts. These products will be sold in various stores of Azerbaijan. They will also be imported to international markets. The products will be designed and packaged per customer preferences. The bulk and wholesale purchasers will do their own packaging. Azeri Walnut will be supplying the raw walnuts to these wholesalers. They will be buying the products in bulk and unprocessed.

Price of the Azeri Walnut product

Azeri Walnut will be charging various prices depending on the type of the products. Pricing is an important strategy for the company because it will define its profitability which will in its turn contribute to the company's sustainability and self – sufficiency. The prices must be chosen carefully. Pricing strategy will consider various factors such as:

- Costs of the company
- Competition in the market
- Disposable income of individuals and purchasing power
- Macro - Economic and market conditions.

Considering these factors Azeri Walnut will put a price tag on its products. The walnut (cleaned) will be sold at 15 AZN per kg. It can be up to 20 AZN depending on the various type and quality. The price range is meeting the clients' expectation and their income is considered. It must be also noted that this price is in the same range of the prevalent market prices. Azeri Walnut is planning to place itself better in the market in comparison to the market competitors. Their prices are ranging between 13 AZN – 18 AZN. The reason for this, is the use of fertilizers and pesticides in growing walnuts. However, Azeri Walnut will shun from these methods and provide purely organic fruits. These fruits are healthy and fully nutritional.

Place of the Azeri Walnut

Azeri Walnut will be initially functioning in the Azerbaijani market. The business will consist of the walnut orchards in the slopes of the Caucasus. Company will purchase lands in Zaqatala, Gabala, Sheki and other regions. It will plant walnut trees in these regions. The fruits grown and harvested in these areas will be delivered to Baku, Sumgait, Ganja, Lenkeran, Sheki with trucks. They will be sold in bazaars and food stores in major cities. The major location of the office will be in Nesimi region, 20 January St, Baku. This location is on the entrance of the Baku and an easy spot for delivery to regions of Azerbaijan and exporting to overseas market. Russian and Georgian clients will be purchasing from this office. It will have storage (warehouse) in the suburb areas where place is available at low renting price. Azeri Walnut will also rent a place in Sederek where the fruits are sold in bulk. This place is in the suburb areas and it is a southern entrance and exit of Baku. This is a good location for exporting fruits to Lenkoran and other southern parts. Thus, company will be using this location for exporting products to Iran as well.

Promotion

The promotional activities of the company will include advertising and use of commercial means in this regard. Company will use internet and social media for promoting the company's brand image. Facebook, Instagram will be used as part of the promotional activities through internet and social media. Besides, company will also closely cooperate with AzPromo. This is an agency which will help Azeri Walnut to actively participate in the exhibitions.

Azerbaijan is conducting annual exhibition and it is inviting the foreign companies and investors to these exhibitions. They become familiar with 'Made in Azerbaijan' brand. The major promotional and advertisement activities of the company will include the following:

- Grand opening of a head sales office in Baku
- The billboards will be installed around Baku and on the highways from Baku to major cities

Business Plan (Azeri Walnut)

- Special events will be organized for advertising company's products to the participants (members of the large firms and business involved in sales of agricultural firms)
- TV and radio commercials about the company
- Website of the company
- Facebook and Instagram page advertising company
- Ads on social media
- Also, different commercial websites will be used for advertisement.

Operations of Azeri Walnut

Operations and Business Processes

This section of Business Plan focuses on the business operations, functioning of various divisions and supply chain processes. The operations is an integral part of the company. It will help with smooth functioning of company and prevention of any possible shutdown or blackouts in the operation. Thus, the processes in the business should be watched closely and they must be optimized. The optimization processes will be helpful for stopping any possible extra costs from occurring and making company durable to any shocks from outside.

Business's working Process

Azeri Walnut is planning to purchase the walnut orchards. It will be planting walnuts in these orchards. The walnuts grown over the time will be delivered to the market for customers' convenience. The products will be available in major food supermarkets, hypermarkets and the traditional bazaar of the suburban areas, including different regions of Azerbaijan. This is due to clients in the regions do their shopping in bazaar and they have access to wide variety of products ranging from fruits to vegetables and other sorts of eatables. The bazaar culture is important part of Azerbaijan's traditional lifestyle.

Business Relations with Customers

Target clients of Azeri Walnut include the households, individual clients, wholesalers and the food companies who will be willing to buy in bulk. They are generally classified as follows

Retail level consumption

- Individuals
- Households

Bulk purchasers

- Wholesalers
- Food companies

The company is planning to meet the timely needs of its clients. To this end, company plans to have the stock of walnut available throughout the season, rather than only seasonal availability of stock. However, pricing of walnuts during the season will be different due to its large availability than the off – season period.

Retail consumption which consist of individual and household clients will consume walnut as part of their routine diets or due to their need to use walnuts in food, sweets and for other purposes such preparation of home jam.

Wholesale purchasers, who are wholesalers and large companies will use the walnuts of AW will be needing the products for reselling them to their own client base. In this regard, they will be doing their own packaging and branding.

Business Plan (Azeri Walnut)

Supply chain processes

Since Azeri Walnut, is an agricultural firm its requirements for the business will be getting agricultural tools, devices and equipment. These tools and equipment will be used in carrying the day to day operations ranging from watering with automated piping system, pruning of the trees and cleaning around the trees from the wild weeds and bushes. The various devices, tools and equipment will be purchases at the local agricultural appliances market and the large equipment will be acquired from the Sumgait Technology Park.

The other part of the processes including the hiring of the skilled experts in growing walnuts. Azeri Walnut will be searching for individuals in the regions of Azerbaijan who have been involved in various agricultural activities and are familiar with walnut industry.

Company's operations schema

It will include the tilling of the land and digging holes for sowing the walnut seeds of trees. The tree seeds should be planted inside of soil in a row and a proper distancing must be followed. This is to be considered for the future growth of the trees and they shouldn't intervene with each other's growth by blocking the sunshine.

After the seeds planted, then watering of the seeds should be done on a constant basis. In this regard, company will be using the watering pipe which are run automatically based on the adjustments in its setting.

The growing of the trees will be time – consuming, but once they are grown, there should constantly pruning of the branches done and the weeds and bushes around the trees should be cleaned up for sake of tree getting appropriate water.

The harvesting of the trees will be done in several ways. Few acres of the walnuts' orchards will be allocated to harvesting the green walnuts (raw) for the clients who are consuming them for making jams. It is large part of Azerbaijani people's preference for drinking it with tea.

Most part of the walnuts' orchard will be consisting of fully growing of the walnuts and selling them in – shell or kernels.

Business Canvas Model of Azeri Walnut

Business canvas model is a framework which provides a visualization for the startups to understand and analyze the activities involved in business operations. The owners and managers of the company understand the generic process and operation in a better fashion (Osterwalder et al, 2010).

Key Partners of the Azeri Walnut	Key Activities AW	Value Propositions AW	Customer Relationships AW	Customer Segments AW
farmers suppliers leasing companies banks public agencies	Walnut growing Walnut Selling Sub products of walnuts	Providing the high - quality organic fruits Available offices for the ordering of fruits Reasonable pricing	Company Website Sales representatives Loyalty Programs for clients	Individuals Households Firms Bulk and wholesale purchases

Business Plan (Azeri Walnut)

government funding facilities Ministry of Agriculture	Key Resources AW Employees Facility	Delicious fruits	Channels AW Website Telephone Yellow pages	Businesses (B2B)
Cost Structure of the Azeri Walnut Plants, seeds, trees, equipment Marketing expenditures Salary and payrolls Insurance Utilities Intermediaries fees (selling agents)		Revenue Streams Azeri Walnut Sales income (revenues) from walnut products (kernel and in – shell walnuts) Sales income from walnut sub - products		

Figure 18

This framework reveals all the activities involved in the walnut business in general. It ranges from the partners, to customers, to company values, resources, channels, costs and revenues of the firm. Knowing them in general and analyzing each factor in detail will make the managers to know the company inside out and will assist in making right decisions about the company. This in its turn will allow the company to grow and gain firm footing in the market. It will increase the market share and turn Azeri Walnut into a dominant market player. Currently there are large agricultural players who have concentrated large market share in their hands. To be able to compete with them and to survive in the market, the proper analysis of the business processes and activities and related parties are very important. It is a bloodline of the business.

For example, if Azeri Walnut management doesn't understand its right partners then it can lose on benefits to be derived from cooperation with them. If the company misses on the cost structure and doesn't properly analyze the costs driving the profits down, then the profitability of the company can be killed and eventually the sustainability will be damaged. These factors are heavily linked with each other and they have a chain reaction to each other. Thus, company must address each of them separately.

Key Partners of Azeri Walnut

Azeri Walnut is an agricultural company functioning in the agricultural sector and involved in growing organic walnuts. One of the partners of the company is the farmers. These will be local people who are

Business Plan (Azeri Walnut)

regularly growing various fruits and are familiar with growing walnuts. AW will closely cooperate with them. Company will hire their services for establishment of the walnut orchards and growing these walnuts.

AW will also collaborate other suppliers which will be providing the required equipment and tools. These tools and equipment devices will be used in the process of growing walnuts.

Another major partner of the company will be the leasing companies. These are companies who provide the agricultural technological equipment, machinery for various purposes. AW will be leasing the necessary equipment from them. These companies will collaborate with AW at a favorable term for the company.

AW will partner with public agencies and government. Azerbaijani government is providing support in the form of state subsidies to the agricultural firms with the aim of increasing level of agriculture in the country and reducing oil – dependency, diversifying the economy. These are beneficial steps for the agricultural firms such as AW. Azeri Walnut will get government support such as tax exemptions, state support to free promotion of AW locally and abroad. AW will be accepted to the list of promoted companies in AzPromo (state promotional agency of Azerbaijani companies). State will also provide support of allowing 1 – 2 representatives of company to join them in their expeditions abroad for attracting the brand sponsored by the government. This is a beneficial partnership for AW, because it will be able to increase its potential client base and increase the revenues as a result.

Other partners include the Ministry of Agriculture and the state funding facilities. MA will aid on the techniques to be used in growing organic fruits. There has been large variety of companies from Japan, Korea, China and other places invited on behalf of MA for experience exchange with Azeri farmers. AW can also benefit from this factor and use their experience in agricultural field.

State funding facilities such as SKMF (State Support for National Entrepreneurship) will aid AW. Their loan at low rates (6% per annum) and high maturity terms (10 years and more) will allow AW to get required funds for expanding its business operations.

Key Activities of AW

Azeri Walnut is involved in growing organic walnuts in the southern slopes of Caucasus. The fruits will be in kernel and in shell. They will be supplied to various parts of Azerbaijan. Its major activity is planting, growing, harvesting and selling the products in the market. It is simple procedure but can be time – consuming. Thus, company inventory managers must always keep the stocks under control in order to be able to meet constant demand. If the stocks run out, then company's brand image can be damaged for its not having enough stock to meet the demand in the market.

AW will also be involved in preparation of sub – products of the walnuts. These will be jams, canned fruits and different walnut – related products. These products will be made by 100 % of organic walnuts of the company.

Key Resources of AW

The major resources are already discussed in the VRIO analysis section. The major resources of the company are its staff and facilities. Staff will be comprised of the professionalized experts, managers and simple employees who will be handling routine jobs in collecting and packaging. These resources will be used in the business activities of the company.

Value Propositions of AW

AW is aiming to provide the high – quality products to its clients. This will help the company to get customer satisfaction. It will assist in building loyal client base. Clients will also be entitled to pay reasonable price for the high – quality, organic products of Azeri Walnut. Unlike, competitors in the

Business Plan (Azeri Walnut)

market, AW is going to be consumer – centric, rather than profit – centric. The former will bring more profits if the company has right values. Thus, right prices for right goods are company’s philosophy behind its business.

Customer Relationship

AW will try to create to most effective way of communication with its clients. The way of communication should be optimal to both parties. Clients shouldn’t feel that they are being imposed and company is conducting aggressive sales strategy. AW will shun such methods. Its approach for customer relationship is a friendly – approach. Understanding clients’ true needs is a way of showing them appreciation and feeling of caring for customers.

AW will keep such things in minds for design its website and instructing the sales reps when dealing with clients. They should be gentle and caring towards clients and show them the right attitudes.

Sales Channels

Having the right and effective channels for selling your products will contribute to increasing the sales. AW, will be using various techniques in this fashion. It will have website and phone as means to sell the products and reaching out to clients. Company might also consider the intermediaries.

Customer Segments

AW has various customer segments. It ranges from individual clients, families, household, and firms to businesses. Each segment has different needs, tastes and preferences. Trying to understand this is a challenging task and providing the right product to each segment is very important. Otherwise, client will not repeat a sale again.

Cost Structure and Revenue streams of AW

This section will be elaborated in the financial part of the business plan. In general company’s major costs are payrolls, salaries, and marketing and advertisement expenses. The latter is very important, because company is new in the market and it requires to be advertised. Thus, company will allocate certain budget for that.

The sales of the firm are the major revenue stream. They are generated from selling kernel, in – shell walnuts and walnut sub – products. These revenues will allow company to meet its expenses and generate value for its founders and related stakeholders.

Financial Analysis, Forecasts

Financial Statements, Budget

The financial analysis of Azeri Walnut is based on the prepared budget of expenses for growing walnut per one hectare. The breakdown of walnut productivity provided in the budget includes the materials, pesticides, trees, seeds and other direct related things to walnut production. The following is the budget prepared for the productivity of walnut based on required materials and other items:

No	Agrotechnical Procedures	Unit	Materials and Technical works expenses							
			Work Volume	Discount (kg)	Volume	Discount	Unit AZN	Price	Total AZN	Cost
Material expenses used										
1	Fertilizer	tonnes	30				AZN	20.00	AZN 600.00	
2	Amaphos	kg	500	214.30	70%		AZN	1.00	AZN 64.29	
				285.70	0%				AZN 285.70	
3	NPK	kg	100	100.00	70%		AZN	0.73	AZN 21.90	

Business Plan (Azeri Walnut)

				0.00	0%		AZN -
4	Azote	kg	200	200.00	70%	AZN 0.53	AZN 31.80
				0.00	0%		AZN -
5	Trees Planting	Piece	100			AZN 4.00	AZN 400.00
6	Pesticides	ha	1			AZN 100.00	AZN 100.00
7	Irrigation installation	ha	1			AZN3,000.00	AZN3,000.00
Technical works expenses							
8	Mineral fertilizers application	ha	1	-	-	AZN 8.00	AZN 8.00
9	Sowing (60-70 cms deep)	ha	1			AZN 200.00	AZN 200.00
10	Cultivation	ha	1	-	-	AZN 20.00	AZN 20.00
11	Levelling ground	ha	1	-	-	AZN 30.00	AZN 30.00
12	Digging holes	piece	100	-	-	AZN 0.35	AZN 35.00
Staff expenses							
13	Marking of spots for trees	ha	1	-	-	AZN 30.00	AZN 30.00
14	Planting trees	piece	200	-	-	AZN 0.50	AZN 100.00
15	Watering trees	piece*ha	6	-	-	AZN 20.00	AZN 120.00
16	Softening the bottom of planted trees (600x0,50 AZN)	ha	6			AZN 30.00	AZN 180.00
17	Pesticides application for insects	ha	5			AZN 20.00	AZN 100.00
Tax and other expenses							
18	Land tax	piece/ha	1	-	-	AZN 10.00	AZN 10.00
19	Other expenses (security,transport, worker, etc.)	piece/ha	1	-	-	AZN 150.00	AZN 150.00
Total Expenses		ha	1	-	-		AZN 5,436.69

Figure 19

The overall expenses in the budget mentioned are the direct related expenses. The other indirect expenses will be provided in the income statement.

Walnut Productivity Assumption	Units	Pieces	Total	
Area	Hectare	3		
Trees	Piece	200	600	
Productivity (kg/tree)	Kg	15	9000	750
Price	AZN	18	162000	

Figure 20

The financial analysis of Azeri Walnut includes the projections based on the portion of the walnuts sold in the country. It is based on assumptions, which relies on the secondary data of the macro – economic data collected from World Bank and Azerbaijan’s statistics committee. The financial statements are prepared in this regard. These are Income Statement, Balance Sheet, and the risk reports eventually. Below is the detailed Income Statement of Azeri Walnut:

Income Statement of AW	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
------------------------	------	------	------	------	------	------	------	------	------	------

Business Plan (Azeri Walnut)

AW Sales	0	0	0	0	0	194,400	233,280	279,936	335,923	403,108
<i>Walnuts (Kernel, In-Shell)</i>						162,000	194,400	233,280	279,936	335,923
<i>Sub products (jams, sweets)</i>						32,400	38,880	46,656	55,987	67,185
COGS of the GP	16,310	21,747	27,183	32,620	38,057	43,494	48,930	54,367	59,804	65,240
AW GP	-16,310	-21,747	-27,183	-32,620	-38,057	150,906	184,350	225,569	276,120	337,868
Overhead Costs										
Payroll of the staff	25,200	25,200	25,200	25,200	25,200	42,000	75,600	84,000	92,400	100,800
Marketing Expenses	0	0	0	0	0	26,400	27,600	28,800	30,000	31,200
Rent Expense (Warehouse)	0	0	0	0	0	14,400	14,400	14,400	14,400	14,400
Utility, Misc Exp.	2,400	2,400	2,400	2,400	2,400	6,000	7,200	8,400	9,600	12,000
Total Overheads	27,600	27,600	27,600	27,600	27,600	88,800	124,800	135,600	146,400	158,400
Earning Before Tax & Depreciation	-43,910	-49,347	-54,783	-60,220	-65,657	62,106	59,550	89,969	129,720	179,468
Depreciation (PPT)	8,000	6,400	5,120	4,096	3,277	2,621	2,097	1,678	1,342	1,074
Depreciation (Stationary, Current)	400	320	256	205	164	131	105	84	67	54
Depreciation (Farming Equipmt)	5,000	4,500	4,050	3,645	3,281	2,952	2,657	2,391	2,152	1,937
Earning Before Income Tax	-57,310	-60,567	-64,209	-68,166	-72,378	56,402	54,691	85,816	126,158	176,403
Banking interest expenses	-	-	-	-	-	60,000.00	58,000.00	56,000.00	54,000.00	52,000.00
Total interest	-	-	-	-	-	60,000.00	58,000.00	56,000.00	54,000.00	52,000.00
Profit before tax	-57,310	-60,567	-64,209	-68,166	-72,378	-3,598	-3,309	29,816	72,158	124,403
Taxing expense	0	0	0	0	0	0	0	5,963	14,432	24,881
Profit after tax	-57,310	-60,567	-64,209	-68,166	-72,378	-3,598	-3,309	23,853	57,726	99,522
Accumulated Profits	-57,310	-117,877	-182,086	-250,252	-322,630	-326,229	-329,538	-305,685	-247,959	-148,436

Figure 21

Based on the assumptions for formulation of the Income Statements, company is expected to earn profits in 2027. The sales of the company will be generated from 2025, because the walnuts are time-consuming fruits to grow. It will take 5-6 years the trees to grow and generate fruits. The company will gain its profitability at a later stage due to the walnut being very long-term profit generating industry. Since walnut trees are expected in general to take 5-6 years to grow and the walnuts be grown then expenses will overcome revenues. The walnut profits will start at a loss of 57 k and grow to 99.5 k AZN profits at a further stage.

The company will sustain its operations with its available capital of 100 000 AZN and the 200 000 AZN bank loans. The company will get loans from Pasha Bank at a 20% with 5 years of grace period. Since Pasha Bank is supporting agriculture then this grace period will be granted to AW. It will apply for further loan for accessing the cash funds, since company will generate profits at later stage.

It will have other expenses such as marketing expenses, staff payrolls are non-cash such as depreciation.

Azeri Walnut's forecasted Balance Sheet is also provided below.

Balance Sheet of AW	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Farming Equipment	50,000	45,000	40,500	36,450	32,805	29,525	26,572	23,915	21,523	19,371
Fixed Asset	50,000	45,000	40,500	36,450	32,805	29,525	26,572	23,915	21,523	19,371

Business Plan (Azeri Walnut)

PPT (Plant, Property, equipment, Land)	40000	32,000	25,600	20,480	16,384	13,107	10,486	8,389	6,711	5,369
Stationary	2,000	1,600	1,280	1,024	819	655	524	419	336	268
Cash and Liquid resources	151,690	104,023	50,534	91,794	27,362	30,484	22,880	41,592	93,471	186,555
Current Asset	193,690	137,623	77,414	113,298	44,565	44,247	33,890	50,400	100,517	192,192
Total Assets of AW	243,690	182,623	117,914	149,748	77,370	73,771	60,462	74,315	122,041	211,563
Bank Loans and Funding	200,000	200,000	200,000	300,000	300,000	300,000	290,000	280,000	270,000	260,000
Payable and other liabs	1,000	500	0	0	0	0	0	0	0	0
Total Liabilities of AW	201,000	200,500	200,000	300,000	300,000	300,000	290,000	280,000	270,000	260,000
Shareholder Capital	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Net Income of AW	-57,310	-117,877	-182,086	-250,252	-322,630	-326,229	-329,538	-305,685	-247,959	-148,436
Shareholders Funds	42,690	-17,877	-82,086	-150,252	-222,630	-226,229	-229,538	-205,685	-147,959	-48,436
Total Liabilities & Capital	243,690	182,623	117,914	149,748	77,370	73,771	60,462	74,315	122,041	211,564

Figure 22

Azeri Walnut will also have various assets and liabilities of the company for achieving to operate and continue the daily business operations. Azeri Walnut will have Farming Equipment used in the walnut orchards. These walnuts will be processed via using equipment. Farming equipment will be leased via the state leasing companies, which are providing the lease based on favorable terms for agricultural companies. Agrarian Credit and Development Agency under Ministry of Agriculture will provide the equipment. Overall spending on the farming equipment will be 50 000 AZN. Company will also acquire the land for founding of walnut orchards. The lands to be obtained will be costing company 40 000 AZN. Since, AW is an agricultural firm, it will also seek state support, subsidies for reducing costs and attaining sustainability. The farming equipment will be depreciated over the years. It will be reduced over the years. In the other parts of the Balance Sheet there will be PPT, Stationary, and Cash (Liquid position). The PPT will be 40 000 AZN. It will also be depreciated over the years its value being reduced to 5 300 AZN. Stationary of the company will be considered as the current asset of company. Stationary will be acquired from Antaris Company in the amount of 2000 AZN. They will be small in amounts such as 2 000 AZN initially, 1 600 AZN, 1 280 AZN, 1 024 AZN, 819 AZN and 655 AZN in 2020, 2021, 2022, 2023, 2024, 2025 and depreciating further for coming years respectively. Company's cash will be decreasing in the initial years, since walnut production is a time – consuming activity. Then it will increase by the coming years. It will be 152 k AZN, 104 k AZN and increasing to 50 k AZN from 2020 onwards and finally liquidity position being 187 k AZN. This position is the strongest in Balance Sheet due to cash from sales will be formulated. The cash will be generated and turned into capital. The compounding effect of capital will help company to achieve the adequacy.

Company will also apply for bank loan for meeting some of its expenses. This loan will be 200 000 AZN. Loan will be acquired from Pasha Bank at 20% per annum. 5 - year grace period will be granted since it is an agricultural company. It will be amortized by the annual annuity methods. The loan will be taken from local bank via state support and it will have low rates. Bank loans will be reducing because company will be paying the principals of the loan. The other liability will be payables. The payables will be paid to suppliers of the company for providing some necessary tools and other kits for farming and agricultural activities of Azeri Walnut. These payables of the company will also be changing from 1 000 AZN, to 500 AZN. They will be decreasing because company will be preferring to close their credit and instead to pay not it credits.

Shareholder capital of the company will be 100 000 AZN. This will also be the initial investment of the company alongside with bank loan. It will remain steady and shareholders will make them remain same

Business Plan (Azeri Walnut)

for the next 6 years. Net Income of the company will be negative figures, because walnuts take years to grow and so the company will generate sales after few years. However, Net Income of the company will be converted to capital and it will increase the overall capital of the company. Increasing company's capital position will make company stronger and it will increase its capacity for being resistant to shocks. Thus, company will be ready for absorbing any potential stressed shocks in the economy. This is necessary for company's sustainability.

Risks Analysis and Management

Azeri Walnut will face various risks in the country. These risks can be due to possible financial difficulties in the economy and spilling to other sectors, or the political reasons stemming from the on – going concern with Armenia. Regardless of type of the risk, it can harm company's operations and result in eventual liquidation of the company if the risks aren't calculated properly.

Risks in the market and political arena are described below in various scenarios. These scenarios are based on stressing various factors in the market. The first scenario is a no – change scenario. In this case, the factors in the country macro – setting are expected remain same (with the existing tendency of past 5 years). In this case company's Income statement will change in a different fashion. The revenues of company will be increasing from the 194 000 AZN to 336 000 AZN from 2025 to 2028. The costs of the company will vary from 14 000 AZN to 24 000 AZN in the span of 4 years from 2020 to 2023. Changing costs and revenues will result in Gross Profit changing from 150 000 AZN to 276 000 AZN in the next four years. The Gross profits will be covering various overhead expenses ranging from marketing to rent, utility, depreciation and tax expenses. These costs will be approximately above 40 000 AZN. And it will increase to 154 000 AZN in 2025. The company's net cash flows will range -3.5 k AZN to -3.3 k AZN, 29.8 k AZN and 72 k AZN in 2020, 2021, 2022 and 2023 respectively. Considering the above net cash flows the discount factor of 15 % will be chosen. The reason for the 15 % discount cash flow is because of market, liquidity, and currency and credit risks of the market being prevalent. The net cash flows will be discounted at 15% and the remaining cumulative discounted cash flows will be enough for covering initial investment. Overall under bas case the NPV will be 821 AZN. These NPV will be expected to change under probabilities of partial salvage value and changes in state policies. The probabilities will make the expected NPV to be equal to 263 AZN. It will be enough to accept the project under these scenarios. However, this section will consider few more scenarios and find their expected value. The expected NPV of the AW under this scenario show that project is profitable, and it can be expected to accept and embark on this project with given conditions in the market.

Base Scenario (AZN)					
Income Statements of AW					
	Year - 0	2025	2026	2027	2028
AW Sales		194,400.00	233,280.00	279,936.00	335,923.20
COGS of the GP		43,493.52	48,930.21	54,366.90	59,803.59
AW GP		150,906.48	184,349.79	225,569.10	276,119.61
Payroll of the staff		42,000.00	75,600.00	84,000.00	92,400.00
Marketing Expenses		26,400.00	27,600.00	28,800.00	30,000.00
Rent Expense (Warehouse)		14,400.00	14,400.00	14,400.00	14,400.00
Utility, Misc Exp.		6,000.00	7,200.00	8,400.00	9,600.00
Depreciation (PPT)		2,621.44	2,097.15	1,677.72	1,342.18
Depreciation (Stationary, Current)		131.07	104.86	83.89	67.11

Business Plan (Azeri Walnut)

Depreciation (Farming Equipmt)		2,952.45	2,657.21	2,391.48	2,152.34
Banking interest expenses		60,000.00	58,000.00	56,000.00	54,000.00
Operational Activity Expenditure		- 3,598.48	- 3,309.42	29,816.01	72,157.99
Taxing expense		-	-	-	-
Salvaging Value					270,000.00
Net Cash Flows (AZN)		- 3,598.48	- 3,309.42	29,816.01	342,157.99
Initial Investing	300,000.00				
	Year - 0	2020	2021	2022	2023
Discounting Factors		(1+15%)¹	(1+15%)²	(1+15%)³	(1+15%)⁴
Discount Cash Flows		- 3,427.13	- 3,001.75	25,756.19	281,494.22
					-
NPV (000 s AZN)					821.54
Exp NPV					262.89

Figure 23

The next scenario is considering the changes in the market. These changes can be various, depending on the fiscal or monetary policy of the government. The monetary policy can cause inflation or deflation, while the fiscal policy can affect the currency by state intervention to market through stock markets. In Azerbaijan usually the state intervention to market happens through the former case. It can be tightening or loosening the monetary base of the economy. In the last devaluation there was a change in the currency rate against USD in an unfavorable position due to unexpected fall in the oil prices. Since, Azerbaijan's economy was largely dependent on the oil prices, it caused huge stir in the market and made many companies from oil and non – oil sector to lose money. Losing due to exchange rate had resulted in the collapse of 12 banks in Azerbaijan. They were forced to liquidation. As a result, banking sector became very volatile and the liquidity of the banks were largely affected. Clients started withdrawing their funds denominated in local currency which were deposited and converted them to USD and deposited back of dollar deposits. This was harmful for banks itself, because possible shock would put the risk not on clients, but on banks.

Today the situation has been stabilized. AZN has been declared as a free – floating currency by the CBAR and its rate is determined by market forces of supply and demand. The currency has been set by the market at 1.70 USD / AZN rate. This rate has stayed the same way for almost more than 2 years. Today the economy is being slowly diversified. State is boosting various sectors ranging from tourism to agricultural and other service sectors. Diversification of economy will help to achieve the reduction of oil dependency. In the below case, AW has considered a possible market shock. It can be another devaluation or reverse in monetary policies which can harm AW's operations.

In this case, it has been assumed that sales of the company will decrease. It will be 175 000 AZN in 2025, 209 000 AZN in 2026, 251 000 AZN in 2027 and 302 000 AZN in 2028. On the other hand, the company direct costs related to the sales of the company will be increased. They will rise from 54K AZN in 2025 to 61 000 AZN, 68 000 AZN, and 74 000 AZN in 2025, 2026 and 2027 respectively. The rise in the direct costs can be explained by the cost of business increase due to currency falling. This will be making the price of imported goods more expensive. Since, Azerbaijan is an import based – economy this will affect many businesses across wide sectors. The other expenses will also be rising. The negative changes in the market, will contribute to rise of marketing, payrolls, rent, utility and tax changes. The changes in the expenses

Business Plan (Azeri Walnut)

will result in total operational activity expenses of 185 000 AZN. These expenses will be increased as part of the stressed scenarios and it will impact the company's profitability. Azeri Walnut will witness a fall in its income, i.e. net cash flows given that market volatility will occur. The over net cash flows will be 43 K AZN, 45.9 k AZN, 85 k AZN and 332 k AZN in 2025, 2026, 2027 and 2028 respectively. The net cash flows will be discounted with 15 %. After the discounting of net cash flows, their cumulative amounts will not be enough to cover the initial investment. The NPV will be 18k AZN. The expected NPV after the probability of partial salvage value and the probability of no further changes considered will be 1.5 k AZN. In this scenario the project can be considered as profitable since it is able to cover the initial investment, and the amount remains above zero. There should be a minimum of any positive amount for project to be considered as a profitable investment. The current market scenarios NPV analysis is complying with acceptance rate, because there is profit at the end of assumed project.

Scenario (AZN) - Market Volatilities (Costs rise as a result)					
Income Statement of AW					
	Base Year	2025	2026	2027	2028
AW Sales		174,960.00	209,952.00	251,942.40	302,330.88
COGS of the GP		54,366.90	61,162.76	67,958.63	74,754.49
AW GP		229,326.90	271,114.76	319,901.03	377,085.37
Payroll of the staff		50,400.00	90,720.00	100,800.00	110,880.00
Marketing Expenses		31,680.00	33,120.00	34,560.00	36,000.00
Rent Expense (Warehouse)		17,280.00	17,280.00	17,280.00	17,280.00
Utility, Misc Exp.		7,200.00	8,640.00	10,080.00	11,520.00
Depreciation (PPT)		3,145.73	2,516.58	2,013.27	1,610.61
Depreciation (Stationary, Current)		157.29	125.83	100.66	80.53
Depreciation (Farming Equipmt)		3,542.94	3,188.65	2,869.78	2,582.80
Banking interest expenses		72,000.00	69,600.00	67,200.00	64,800.00
Operational Activity Expenditure		43,920.95	45,923.70	84,997.31	132,331.42
Taxing expense		-	-	-	-
Salvaging Value					200,000.00
Net Cash Flows (AZN)		43,920.95	45,923.70	84,997.31	332,331.42
Initial Investing	300,000.00				
	Year - 0	2017	2018	2019	2020
Discounting Factors		(1+15%)¹	(1+15%)²	(1+15%)³	(1+15%)⁴
Discount Cash Flows		38,192.13	34,724.92	55,887.11	190,011.57
NPV (in 000s AZN)					18,815.73
Expected NPV					1,505.26

Figure 24

The next stressed situation considered is the changing in the political environment of the country. Azerbaijan's political rule has ensured stability in the country over the last decades. This stability has

Business Plan (Azeri Walnut)

resulted in attraction of Foreign Direct Investment to the country. Political stability has also ensured the high credit ratings assigned by the major ratings agencies (S&P, Moody's and Fitch). These agencies have analyzed the country's profile and determined very low political risks. However, 3 years ago, Azerbaijan had faced one of the worst breaches of ceasefire with Armenia which was maintained since 1992. The shootings started in April 2016. Armenian violators had disturbed the border villages. Azerbaijan's retaliation had resulted the liberation of considerable amount of lands after more than 25 years. Thus, Armenia had back down. Unfortunately, almost 20% of Azerbaijan's lands remain in the hands of violator Armenia. Today, the possibility of war with Armenia is very low, due to Azerbaijan had been leading the peace negotiations for over 25 years.

In this analysis, it is considered that possible breaches of the ceasefire, or the major changes in the government ranging from taxation policy to other reforms can have impact on the company in negative ways. Such risks will expose Azeri Walnut to political risks, and the company must be ready to cover those risks. In this scenario it has been assumed that sales of the company will 184 000 AZN, 221 000 AZN, 266 000 AZN and 319 000 AZN in 2025, 2026, 2027 and 2028 respectively. The sales have been reduced for assumption of prevailing political risks in the country. On the other hand, it has been assumed that direct costs (COGS) will be rising. They will be 46 k AZN in 2025, 51 k AZN in 2026, 57 k AZN in 2027 and 63 k AZN in 2028. Company's Gross Profits will be impaired as a result. It will go from 230 k AZN to 381 k AZN from 2025 to 2028. The other expenses of the company will also change. The rise in overall expenses such as marketing, payrolls, utilities, rent and bank expenses will be 170 k AZN and varying over the next years. Company total net cash flows will be 57 k AZN in 2025, 62 k AZN in 2026, 104 k AZN in 2027 and 303 k AZN in 2028. These will be discounted, and the cumulative discounted cash flows will be enough to cover the initial investment of 300 000 AZN. Overall NPV of the company will be 39 k AZN. Probabilities of the salvage value and the changes in other factors will make the expected NPV as 4.7 k AZN. In this case, project is acceptable, and it is slightly away from the rejection zone. Political risks will have impact on the company, but its discounted net cash flows will make company durable to such changes and able to cover the required initial investment. On stand – alone basis the project is acceptable in this scenario.

Scenario (AZN) - Political Instability (Rising costs as a result)					
Income Statement of AW					
	Base Year	2025	2026	2027	2028
AW Sales		184,680.00	221,616.00	265,939.20	319,127.04
COGS of the GP		45,668.20	51,376.72	57,085.25	62,793.77
AW GP		230,348.20	272,992.72	323,024.45	381,920.81
Payroll of the staff		47,040.00	84,672.00	94,080.00	103,488.00
Marketing Expenses		29,568.00	30,912.00	32,256.00	33,600.00
Rent Expense (Warehouse)		16,128.00	16,128.00	16,128.00	16,128.00
Utility, Misc Exp.		6,720.00	8,064.00	9,408.00	10,752.00
Depreciation (PPT)		2,936.01	2,348.81	1,879.05	1,503.24
Depreciation (Stationary, Current)		146.80	117.44	93.95	75.16
Depreciation (Farming Equipmt)		3,306.74	2,976.07	2,678.46	2,410.62
Banking interest expenses		67,200.00	64,960.00	62,720.00	60,480.00
Operational Activity Expenditure		57,302.64	62,814.40	103,780.98	153,483.79
Taxing expense		-	-	-	-
Salvaging Value					150,000.00

Business Plan (Azeri Walnut)

Net Cash Flows (AZN)		57,302.64	62,814.40	103,780.98	303,483.79
Initial Investing	300,000.00				
	Year - 0	2017	2018	2019	2020
Discounting Factors		(1+15%)¹	(1+15%)²	(1+15%)³	(1+15%)⁴
Discount Cash Flows		49,828.38	47,496.71	68,237.68	173,517.84
NPV (in 000s AZN)					39,080.62
Expected NPV					4,689.67

Figure 25

Azeri Walnut have considered three various scenarios. The various factors have been stressed (market and political) and other a status quo has been kept under one scenario. Combining all these scenarios and assigning probabilities to salvage values and changes of other factors not listed in above scenarios have been used throughout the paper and the overall expected value has been calculated. Company's total expected NPV has been measured. In general, total NPV will be 6.5 k AZN. In this care the project is acceptable. This has been done after considering all factors. Thus, Azeri Walnut can embark on this agricultural activity.

Implementation of the Project

Azeri Walnut will manage the establishment of the company in the following manner:

- Understanding the current status
- Formulation of the implementation team
- Assigning responsibilities
- Communication strategy
- Business Continuity plan
- Post-project follow – up plan

The above – mentioned are the stages which a company must follow for the successful implementation of the project and establishment of the business.

Implementation of the business is ensuring that the company will use the resources in an optimal fashion and the desired outcomes are derived.

The company's founder will have a better understanding of the market and the current level of competition and the level of demand. It will help to achieve company growth and expansion.

The company will also have a proper team and staff or carrying out the project successfully. The strong team will be consisting of planting, growing, harvesting (the working), industry specialists (marketeers, salespersons) and financial personnel. This team is necessary for the development of the product, its sales and costs optimization and profit maximization.

Communication strategy is very important because clients should be conveyed with the right image of the company. Consumers should be informed about the available products of the company. It will increase the sales of the company.

Azeri Walnut will also conduct a follow – up plan. This will assist in the prevention of any future breakdown and possible shocks halting the company's operations.

Conclusion

This business plan was prepared to understand whether the walnut business is the feasible entrepreneurial activity for Azeri Walnut or not. In this regard, various internal and external models were applied. Internal models have revealed key facts on the company's capacity and availability of the resources to perform the daily business operations smoothly. Azeri Walnut's financial resources and managerial competencies are enough for running a lucrative walnut company and attaining its market share.

Azeri Walnut has also conducted a proper marketing plan for understanding how its products will be marketed and they will be positioned. This is important from the perspective of the consumer, because creating a positive image is necessary.

Azeri Walnut has also used market research and conducted a survey. It has applied the statistical tools of regression analysis for understanding market behavior. Certain key points such as relations with sports activities, incomes, weights of consumer and the prices of the walnuts were measured and explained.

Another important analysis was financial projections and risk analysis. This section has dealt with forecasted income sources and expenses for the company. These key points of the projected financial statements were stressed for understanding the company's durability to possible shocks. It has been revealed that Azeri Walnut is eligible to withstand shocks in the economy and maintain a competitive advantage. This will also help to attain the profitability of the company in the long – run. The company will be smoothly operating and will also become self-sufficient rather than seeking support (e.g. subsidies) from the government for being an agricultural company. Azeri Walnut will become a dominant market player in the agricultural sector of Azerbaijan given that the company allocates its resources in an efficient manner.

References

- Abbasov, Rovshan (2017). A Personal Story of Pollution in Azerbaijan, And A Childhood Caught Between Polluted and Clean
- Agrarian Credit and Development Agency, (2015). Subsidies and leases
- Ahmadov, I (2015). Diversification problems of Azerbaijan economy: obstacles and solutions.
- Aksoy, U and Boz, I (2018). Organic Agriculture in Azerbaijan.
- Aybar, Sedat (2011). Economic Diversification and Policy in Azerbaijan
- Bajor, P (2016) - Contemporary Azerbaijan in Social and Political Dimension. 10.12797/9788376387659.02
- Bajor, P (2016). Contemporary Azerbaijan in Social and Political Dimension
- Berkum, S.van (2017). Market and competitiveness analysis of the Azerbaijan agricultural sector: an overview. Wageningen Economic Research.
- Biggeman, S (2013) - Development and implementation of customer solutions: A study of process dynamics and market shaping. *Industrial Marketing Management*. Volume 42, Issue 7, October 2013, Pages 1083-1092
- Bodirsky, L et al. (2015) - Global Food Demand Scenarios for the 21st Century. 10.1371
- Breban, Dan (2017). Higher Oil Price: Sustainable or Temporary Economic Growth? Center for Economic and Social Development.

Business Plan (Azeri Walnut)

Broers, L (2016). The Nagorny Karabakh Conflict Defaulting to War

Ciarreta, A (2011) - Analysis of Azerbaijan Oil and Gas Sector.

Ciarreta, A and Nasirov, S (2011). Analysis of Azerbaijan Oil and Gas Sector

DW (2018) - Azerbaijan's economic miracle hits snags after oil boom

Farid, Guliyev (2013). Oil and Political Stability in Azerbaijan: The Role of Policy Learning. Caucasus Analytical Digest No. 47.

Helgi Library (2018): Walnut Production in Azerbaijan

Ibadoglu, Gubad (2018). Financial Inclusion, Financial Literacy, and Financial Education in Azerbaijan. ADBI Working Paper. Pg 842.

Ibrahimov, Z.A (2008). Persian Walnut Germplasm Collecting in Azerbaijan

Kaasa, Anneli (2013). Culture as a Possible Factor of Innovation: Evidence from the European Union and Neighboring Countries. WP05/02.

Karimov, Rovshan (2015). Development of Non-Oil Sector in Azerbaijan: Tendencies and Opportunities Vol. 2, No. 2

Kilcher, L (2007). How organic agriculture contributes to sustainable development. 31-49

Lianlei, Bai (2016). Azerbaijan in the Silk Road Economic Belt: A Chinese Perspective. Vol.6, No.1

Mammadov, Gharib (2017). About eco-ethical problems of Azerbaijan. Vol. 15. Pages 88-85.

Mascarelli, A (2012) - Environment: Toxic effects. Nature 483, 363–365

Mehrangiz, Najafzadeh (2015). Poetry, Azeri IDP/refugee Women, and the Nagorno-Karabakh War. Journal of Third World Studies

Migiro, G (2018): Migiro, Geoffrey . "Top Walnut Consuming Countries." WorldAtlas, Jun. 26, 2018, worldatlas.com/articles/top-walnut-consuming-countries.html.

Mordor Intelligence (2018): WALNUT MARKET - GROWTH, TRENDS, AND FORECAST (2019 - 2024)

Nasirov, S (2010) - Impact of Azerbaijan's Energy Policy on the Development of the Oil Sector.

Radnitz, S (2014) - The Lobby Hobby: How Small Countries Buy Respect Abroad. 308. 02-2014.

Republic of Azerbaijan Ministry of Foreign Affairs, MFA (2013): Refugees and IDPs

Richardson, J (2019) - A Brief Intellectual History of the STEPE Model or Framework (i.e., the Social, Technical, Economic, Political, and Ecological

Statista (2019): Walnut production worldwide in 2018/19, by country (in 1,000 metric tons).

Suleymanov, E (2015) - Macroeconomic Analysis and Graphical Interpretation of Azerbaijan's Economy In 1991-2012. No. 65306. 26.

Sutherland, Will (2018) - The sharing economy and digital platforms: A review and research agenda. Volume 43, December 2018, Pages 328-341

Tashilova, A (2019): Analysis of Climate Change in the Caucasus Region: End of the 20th–Beginning of the 21st Century. 7(1), 11

Business Plan (Azeri Walnut)

UNDP (2018): Human Development Indices and Indicators: 2018 Statistical Update. Briefing note for countries on the 2018 Statistical Update. Azerbaijan

UNDP (2019). Development Concept Azerbaijan – 2020. The Vision of the Future

UNICEF (2018): UNICEF for every child Azerbaijan, 2018.

UNPO (2016) - On Multiculturalism in Azerbaijan.

US Department of Agriculture (2016): The rise and fall of almond prices: Asia, drought, and consumer preference.

World Bank (2018): Gross Domestic Product of Republic of Azerbaijan.

Appendices

Respondents used in survey and their particular data are as following:

S/N	Price of Walnut	Income of Individuals	Body Kg	Age	Sports Hour
1	15	1000	60	50	20
2	15	1000	60	50	20
3	15	999	60	50	20
4	15	999	60	50	20
5	15	997	60	50	20
6	15	995	60	50	20
7	15	993	60	50	20
8	15	990	60	50	20
9	15	987	61	50	20
10	15	982	61	50	20
11	15	982	61	50	20
12	15	979	61	50	20
13	15	978	61	50	20
14	15	978	61	49	20
15	15	973	61	49	20
16	15	970	61	49	20
17	15	968	61	49	20
18	15	967	61	49	20
19	15	964	61	49	20
20	15	963	61	49	20
21	15	962	62	49	20
22	15	960	62	49	20
23	15	958	62	49	20
24	15	956	62	49	20
25	15	952	63	48	20
26	15	950	63	48	20
27	15	948	63	48	20
28	15	948	63	48	20

Business Plan (Azeri Walnut)

29	15	947	63	48	20
30	15	947	63	48	20
31	15	946	63	48	20
32	15	946	63	48	20
33	15	946	63	48	20
34	15	945	63	48	20
35	15	941	63	48	20
36	15	938	63	48	20
37	15	938	64	47	20
38	15	937	64	47	20
39	15	937	64	47	20
40	15	936	64	47	20
41	15	935	64	47	20
42	15	934	64	47	20
43	15	934	64	47	20
44	15	929	64	47	20
45	15	928	64	47	20
46	15	927	64	47	20
47	15	927	65	47	19
48	15	926	65	47	19
49	15	924	65	47	19
50	15	924	65	47	19
51	15	919	65	46	19
52	15	913	65	46	19
53	15	913	65	46	19
54	15	905	66	46	19
55	15	900	66	46	19
56	15	898	66	46	19
57	15	893	66	46	19
58	15	892	66	46	19
59	15	890	66	46	19
60	15	887	67	46	19
61	15	886	67	46	19
62	15	881	67	46	19
63	15	879	67	46	19
64	15	879	67	46	19
65	15	875	67	45	19
66	15	873	67	45	19
67	15	872	67	45	19
68	15	872	68	45	19
69	15	870	68	45	19
70	15	870	68	45	19
71	15	866	68	45	19
72	15	864	68	45	19
73	15	864	68	45	19
74	15	854	68	45	19

Business Plan (Azeri Walnut)

75	15	853	68	45	19
76	15	852	68	45	19
77	15	851	68	45	19
78	15	850	69	45	19
79	15	849	69	45	19
80	15	847	69	45	19
81	15	846	69	45	19
82	15	843	69	45	18
83	15	842	69	45	18
84	15	842	69	45	18
85	15	841	69	45	18
86	15	839	69	45	18
87	15	835	69	45	18
88	15	833	69	45	18
89	15	831	69	44	18
90	15	831	69	44	18
91	15	831	69	44	18
92	15	822	70	44	18
93	15	821	70	44	18
94	15	819	70	44	18
95	16	819	70	44	18
96	16	818	70	44	18
97	16	817	70	44	18
98	16	815	70	44	18
99	16	813	70	44	18
100	16	808	70	44	18
101	16	808	70	44	18
102	16	798	71	44	18
103	16	797	71	44	18
104	16	796	71	44	18
105	16	796	72	44	18
106	16	793	72	44	18
107	16	783	72	44	18
108	16	782	72	43	18
109	16	780	72	43	18
110	16	779	72	43	18
111	16	778	72	43	18
112	16	777	72	43	17
113	16	777	73	43	17
114	16	772	73	43	17
115	16	771	73	43	17
116	16	764	73	43	17
117	16	763	73	43	17
118	16	763	73	43	17
119	16	760	73	43	17
120	16	760	73	43	17

Business Plan (Azeri Walnut)

121	16	757	73	43	17
122	16	754	74	43	17
123	16	753	74	42	17
124	16	749	74	42	17
125	16	748	74	42	17
126	16	747	74	42	17
127	16	747	74	42	17
128	16	745	74	42	17
129	16	744	74	42	17
130	16	741	75	42	17
131	16	741	75	42	17
132	16	739	75	42	17
133	16	738	75	42	17
134	16	737	75	42	17
135	16	736	75	42	17
136	16	735	75	42	17
137	16	734	75	42	17
138	16	730	75	42	17
139	16	729	75	42	17
140	16	721	75	42	17
141	16	720	76	42	17
142	16	719	76	42	17
143	16	718	76	42	17
144	16	717	76	42	17
145	16	713	76	41	17
146	16	713	76	41	17
147	16	708	76	41	16
148	16	705	76	41	16
149	16	701	76	41	16
150	16	696	77	41	16
151	16	696	77	41	16
152	16	695	77	41	16
153	16	695	77	41	16
154	16	690	77	41	16
155	16	689	77	41	16
156	16	684	77	41	16
157	16	682	77	41	16
158	16	677	77	41	16
159	16	675	77	41	16
160	16	673	78	41	16
161	16	672	78	40	16
162	16	667	78	40	16
163	16	667	78	40	16
164	16	662	78	40	16
165	16	661	78	40	16
166	16	660	78	40	16

Business Plan (Azeri Walnut)

167	16	658	78	40	16
168	16	657	78	40	16
169	16	653	79	40	16
170	16	653	79	40	16
171	16	651	79	40	16
172	16	649	79	40	16
173	16	643	79	40	16
174	16	641	79	40	16
175	16	640	79	40	16
176	16	636	79	39	16
177	16	636	79	39	16
178	16	632	79	39	15
179	16	630	79	39	15
180	16	624	79	39	15
181	16	624	80	39	15
182	16	619	80	39	15
183	16	617	80	39	15
184	16	617	80	39	15
185	16	614	80	39	15
186	16	610	80	39	15
187	16	608	80	39	15
188	16	608	80	39	15
189	16	605	80	39	15
190	16	605	80	38	15
191	16	605	80	38	15
192	16	603	81	38	15
193	16	594	81	38	15
194	16	588	81	38	15
195	17	582	81	38	15
196	17	580	81	38	15
197	17	572	81	37	15
198	17	570	81	37	15
199	17	570	81	37	15
200	17	568	81	37	15
201	17	567	81	37	15
202	17	564	82	37	15
203	17	561	82	37	15
204	17	560	82	37	15
205	17	554	82	36	15
206	17	554	82	36	15
207	17	552	82	36	15
208	17	550	82	36	15
209	17	547	82	36	15
210	17	543	82	36	15
211	17	542	82	36	15
212	17	539	82	36	14

Business Plan (Azeri Walnut)

213	17	535	83	36	14
214	17	533	83	36	14
215	17	533	83	35	14
216	17	532	83	35	14
217	17	531	83	35	14
218	17	530	83	35	14
219	17	529	83	35	14
220	17	528	83	35	14
221	17	523	83	35	14
222	17	521	83	35	14
223	17	517	83	35	14
224	17	517	83	35	14
225	17	515	83	35	14
226	17	508	83	34	14
227	17	507	83	34	14
228	17	506	83	34	14
229	17	506	84	34	14
230	17	505	84	34	14
231	17	505	84	34	14
232	17	505	84	34	14
233	17	505	84	34	14
234	17	504	84	34	14
235	17	503	84	34	14
236	17	500	84	34	14
237	17	499	84	34	14
238	17	497	84	34	14
239	17	496	85	34	14
240	17	494	85	34	14
241	17	490	85	34	14
242	17	489	85	34	14
243	17	488	85	34	14
244	17	487	85	34	14
245	17	486	85	34	14
246	17	486	85	34	14
247	17	483	85	34	13
248	17	483	85	34	13
249	17	482	85	34	13
250	17	481	86	34	13
251	17	477	86	33	13
252	17	476	86	33	13
253	17	476	86	33	13
254	17	472	86	33	13
255	17	470	86	33	13
256	17	468	86	33	13
257	17	468	86	33	13
258	17	465	86	33	13

Business Plan (Azeri Walnut)

259	17	464	86	33	13
260	17	463	86	33	13
261	17	462	87	33	13
262	17	460	87	33	13
263	17	459	87	33	13
264	17	455	87	33	13
265	17	453	87	33	13
266	17	452	87	33	13
267	17	451	87	32	13
268	17	449	87	32	13
269	17	448	87	32	13
270	17	448	88	32	13
271	17	447	88	32	13
272	17	446	88	32	13
273	17	445	88	32	13
274	17	443	88	32	13
275	17	440	88	32	12
276	17	439	88	32	12
277	17	438	88	32	12
278	17	437	88	32	12
279	17	436	88	32	12
280	17	435	88	31	12
281	17	435	88	31	12
282	17	433	89	31	12
283	17	429	89	31	12
284	17	428	89	31	12
285	17	427	89	31	12
286	17	421	89	31	12
287	17	420	89	31	12
288	17	420	89	31	12
289	17	420	89	30	12
290	17	419	89	30	12
291	17	419	89	30	12
292	17	416	89	30	12
293	17	413	89	30	12
294	17	407	90	30	12
295	17	406	90	30	12
296	17	406	90	30	12
297	17	405	90	30	12
298	17	403	90	30	12
299	17	401	90	30	12
300	17	400	90	30	12

Questions of the survey

Business Plan (Azeri Walnut)

The following questions were formulated for generating the data on modelling the walnut consumers behavior and their impact on the price of walnut which company would charge. Several factors related to consumers incomes, weights (i.e. diets), sporting activities, ages are chosen due to their possible impact on the walnut prices in the market. The survey is conducted to find out about the consumers in the market and their purchasing behavior.

1. How much do you pay for the walnut?
2. What is your monthly income?
3. What is your body weight?
4. What is your age?
5. How many hours do you spend weekly on exercising?
6. How much walnut do you consumer monthly?
7. What types of walnut do you consume mostly?
8. Do you consumer any sub walnut products such as jam, sweets etc.?

Pivot table used for Income of Individuals

Row Labels	Count of Income of Individuals
400-499	21.33%
500-599	14.67%
600-699	14.33%
700-799	16.00%
800-899	15.33%
900-1000	18.33%
Grand Total	100.00%

Pivot table used for age of respondents

Row Labels	Count of Age
30-34	25.00%
35-39	16.67%
40-44	29.00%
45-50	29.33%
Grand Total	100.00%

Pivot table used for price of walnut

Row Labels	Count of Price of Walnut
15	94
16	100
17	106
Grand Total	300

Pivot table used for weights of individuals

Business Plan (Azeri Walnut)

Row Labels	Count of Body Kg
60-64	15.33%
65-69	15.00%
70-74	12.67%
75-79	17.00%
80-84	19.33%
85-90	20.67%
Grand Total	100.00%

Pivot table used for sports activities of individuals

Row Labels	Count of Sports Hour
12-13	18.00%
14-15	23.00%
16-17	22.00%
18-20	37.00%
Grand Total	100.00%

BP – Completion Dates

Planned Date of Completion	Activity Goal	Supervisor Report	Progress
01-08-2019	Company Description		
10-08-2019	Market Analysis		
17-09-2019	Marketing Plan		
03-08-2019	Organization and Management		
06-08-2019	Financial Projection		