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Business Policy and Strategic Management

April 27, 2022

TOM'S OF MAINE



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I. Introduction

Tom's of Maine is a brand and a company of personal care products characterized by safety, efficacy, high quality, innovative and above all natural, most of the company's products are vegan. In fact, they produce toothpastes, mouthwashes, deodorants, bubble baths, toothbrushes by combining natural and environmentally friendly products. In addition, Tom's of Maine donates 10% of profits to non-profit organizations that fight to find solutions to environmental pollution and that address problems that affect our health.

a. The Tom's of Maine mission

The main objective of Tom's of Maine is to create quality products using natural materials and create a relationship with customers who in turn can establish a dialogue by releasing feedback and advice in a direct and transparent way. By doing so, a real community is created that leads to the improvement of the product according to the needs of consumers. To work in a transparent and respectful way so as to gain their trust but also that of collaborators or suppliers.

In addition, another mission of theirs is to create a healthy and respectful environment for nature but also safe factories where workers can work peacefully by encouraging self-discipline, with always open and creative communication that leads to the improvement of the business itself. And therefore recognize the human value of each person by also giving importance to their working life by contributing to a community always having high standards of commitment and effectiveness, recognizing successes with prizes and promotions.

Summing up, Tom's Maine uses sustainability with a long-term perspective, creating quality products, developing communication with consumers and attentive to social and environmental needs.

b. The history of the company

Tom's Maine is mostly owned and managed by the founder Tom Chappell, adding to his company the attention to detail that has led to the high quality of the product and respect for the environment.

The company was founded in 1970 by Tom Chappell and his wife on their farm in Maine. They left their current jobs to live and raise their children close to the nature of a farm and from their desire to create totally natural detergents this idea was born and that became a small company, Tom's Natural Soaps. Everything starts with just a detergent and then adds other products such as a shampoo and later in 1975 also toothpaste. The latter was the only one on the market without chemical additives and is beginning to be sold in natural stores. In the following years they expanded into other personal care products: deodorant, mouthwash and shaving cream, obviously all natural products that respect the environment. In 1981 the company changed its name and became Tom's of Maine, Inc.

In 1983, annual revenues were nearly \$ 2 million and the company began to compete with big companies like Colgate. Around the early 90's the distribution of their products was quite limited so they decided to invest a significant amount of money in marketing, thus creating a national advertising campaign, this has brought even more success and the company has expanded.

As his company grew, Tom Chappell got into a lot of questioning and even earned a degree in theology. This focused him on values and on a different management of the business, based on a common good, both of the workers, both for the company, and for the customers. Even 10% of the profits were given to charity.

In 1995 it became the first toothpaste to gain American Dental Association approval which became crucial and the company had a turnover of 20 million at the end of the same year and still today, although sales in the 2000s have been somewhat scaled down, is continuing to make totally natural products.

II. The Business Model Canvas

1. Value Proposition

The values proposed by Tom's of Maine are well defined and the whole company is based on those values. First of all, respect for the environment and using only natural products, this is what makes the products unique. An example is that the products have never been tested on animals.

Furthermore, the quality of the product is high and even if it is priced higher than other brands, it has created competition precisely for its values.

2. Channels

The channels for the sale of products are both physical and online shops, especially for personal care in a totally natural way that resell the company's products, and an online store where the story of Tom's of Maine is described with its own principles, both for the sale of all their

products with detailed description. I can't decide which of the two works better, because they both captured the attention of customers on the naturalness of the product itself.

3. Customers Relationships

This is one of the most important topics when talking about Tom's of Maine, in fact, one of their values is communication with customers, creating a real community. Usually feedback is requested or in any case to have an open dialogue that also allows customers to present their personal problems and request problems to solve them. The company is always ready to question itself in order to improve its products on the advice or complaints of regular customers, making them personally involved for the good of the company.

4. Customer Segments

Surely the target customers for the products of this company are those who share their own ideas and values, people who try to avoid chemicals for the care of themselves. So we usually talk about a target that seeks quality, also willing to pay higher sums, I would say a target for the most part adult.

5. Revenue Streams

The price compared to competitors is certainly higher but this is due to the quality of the product. This is precisely what drives every customer to buy Tom's of Maine and to differentiate themselves from the competition. Payment is made directly online and through affiliated physical stores.

6. Key Resources

First of all, to create a quality product, quality natural raw materials are indispensable, but also motivated personnel, who believe in these values and who work in the right environment, who are able to question themselves and always improve. In terms of logistics, machinery within the company that respects the environment and transport that take the product from the manufacturer to the retailer are obviously fundamental. The loan to open the business was also fundamental.

7. Key Activities

The first fundamental activity for Tom's of Maine is to respect the environment throughout the product creation process, obtaining a totally natural product because this is precisely its main feature. Another activity that made him famous was advertising nationwide, making the product and the company's values known. And finally, another fundamental activity is communication with the community of regular customers which allows for feedback and advice.

8. Key Partners

The main partners of Tom's of Maine are those who supply natural raw materials and therefore certainly have an important task but they are also partners of associations for the protection of the environment. They are also suppliers of natural stores that resell Tom's of Maine products.

9. Cost Structure

The costs for developing Tom's of Maine products are more expensive than the competition because they are looking for natural materials and machinery that respect the environment. For this they are high quality products but also more expensive. Obviously they have costs like all other companies such as for qualified personnel or the expenses that a company has to work every day.

III. Financial Analysis

In 2006, Tom's of Maine was purchased by Colgate-Palmolive Company as an important part of its project, since it was the #1 Oral Care Brand in the Natural category. At this moment, the U.S. Market for natural oral and personal care products was valued at \$3 billion and growing. Tom's of Maine gave Colgate the opportunity to enter the fast growing health and specialty trade channel where Tom's toothpaste was the clear market leader commanding 60% share of that channel.

Colgate bought an 84 percent stake in privately held Tom's of Maine for \$100 million, subject to adjustment at closing. The expectations with this purchase were to be neutral to profit through that 2006 year and progressively increase it afterwards. Net sales in North America

increased 7.5% in the first quarter of 2007 to \$662.4 driven by volume growth of 7.5%. The acquisition of Tom's of Maine, effective May 1, 2006, contributed 1.5% to North America sales and unit volume growth in the first quarter of 2007.

Deutsche Bank analyst William Schmitz, who rated Colgate "hold," estimated that Tom's of Maine had annual sales of \$40 million to \$50 million. He said the deal was "not cheap" based on that estimate, with Colgate paying 2.4 to 3 times sales.

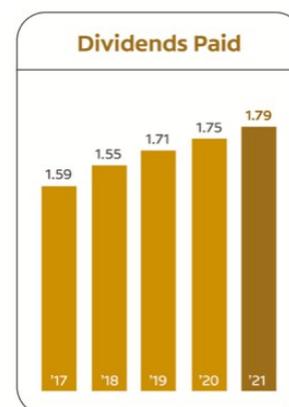
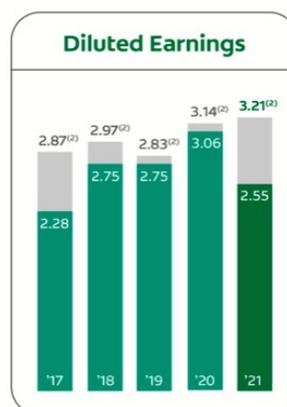
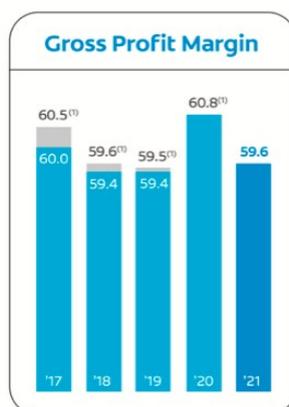
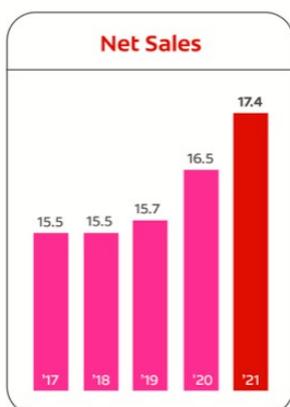
Colgate President and Chief Operating Officer Ian Cook said in a statement, "With gross profit margins a full 10 percentage points higher than Colgate's margin, Tom's of Maine is a logical acquisition as we continue to prioritize our global oral and personal care categories."

- How did it go from a financial perspective after this ?

For this project, we are going to go through the major company, Colgate-Palmolive due to the lack of public information inside the inside brands, like in this scenario Tom's of Maine would be.

In this case, we are going to focus on the last year(s). First, let's start with an overview and financial analysis of how numbers have changed during the last year, and how the four main points of analysis have changed in the last five.

(Dollars in MM Except Per Share Amounts)	2021	2020	Change
Worldwide Net Sales	\$17,421	\$16,471	+6.0%
Organic Sales Growth			+4.5%
Gross Profit Margin	59.6%	60.8%	-120 basis points
Operating Profit*	\$3,332	\$3,885	-14%
Operating Profit Margin*	19.1%	23.6%	-450 basis points
Net Income Attributable to Colgate-Palmolive Company**	\$2,166	\$2,695	-20%
Diluted Earnings Per Share**	\$2.55	\$3.14	-19%
Dividends Paid Per Share	\$1.79	\$1.75	+2%
Operating Cash Flow	\$3,325	\$3,719	-11%
Year-end Stock Price	\$85.34	\$85.51	0%



Income Statement

It presents information on the financial results of a company's business activities over a period of time. The income statement communicates how much revenue the company generated during a period and what cost it incurred in connection with generating that revenue.

COLGATE-PALMOLIVE COMPANY

Consolidated Statements of Income

For the years ended December 31,

(Dollars in Millions Except Per Share Amounts)

	2021	2020	2019
Net sales	\$ 17,421	\$ 16,471	\$ 15,693
Cost of sales	7,046	6,454	6,368
Gross profit	10,375	10,017	9,325
Selling, general and administrative expenses	6,407	6,019	5,575
Other (income) expense, net	65	113	196
Goodwill and indefinite-lived intangible impairment charges	571	—	—
Operating profit	3,332	3,885	3,554
Non-service related postretirement costs	70	74	108
Interest (income) expense, net	175	164	145
Income before income taxes	3,087	3,647	3,301
Provision for income taxes	749	787	774
Net income including noncontrolling interests	2,338	2,860	2,527
Less: Net income attributable to noncontrolling interests	172	165	160
Net income attributable to Colgate-Palmolive Company	\$ 2,166	\$ 2,695	\$ 2,367
Earnings per common share, basic	\$ 2.56	\$ 3.15	\$ 2.76
Earnings per common share, diluted	\$ 2.55	\$ 3.14	\$ 2.75

- Net Sales: Increased from 2019 to 2020 and from 2020 to 2021.
- Operating profit: increased from 2019 to 2020 but then decreased significantly from 2020 to 2021.
- Income before income taxes: increased from 2019 to 2020 but then decreased significantly from 2020 to 2021.
- Net income attributable to Colgate-Palmolive Company increased from 2019 to 2020 but then decreased significantly from 2020 to 2021.

Balance sheet

The balance sheet provides creditors, investors, and analysts with information on company resources (assets) and its sources of capital (its equity and liabilities). It normally also provides information about the future earnings capacity of a company assets as well as an indication of cash flows that may come from receivables and inventories.

COLGATE-PALMOLIVE COMPANY
Consolidated Balance Sheets
As of December 31,
(Dollars in Millions Except Share and Per Share Amounts)

	2021	2020
Assets		
Current Assets		
Cash and cash equivalents	\$ 832	\$ 888
Receivables (net of allowances of \$78 and \$89, respectively)	1,297	1,264
Inventories	1,692	1,673
Other current assets	576	513
Total current assets	4,397	4,338
Property, plant and equipment, net	3,730	3,716
Goodwill	3,284	3,824
Other intangible assets, net	2,462	2,894
Deferred income taxes	193	291
Other assets	974	857
Total assets	<u>\$ 15,040</u>	<u>\$ 15,920</u>
Liabilities and Shareholders' Equity		
Current Liabilities		
Notes and loans payable	\$ 39	\$ 258
Current portion of long-term debt	12	9
Accounts payable	1,479	1,393
Accrued income taxes	436	403
Other accruals	2,085	2,341
Total current liabilities	4,051	4,404
Long-term debt	7,194	7,334
Deferred income taxes	395	426
Other liabilities	2,429	2,655
Total liabilities	14,069	14,819
Commitments and contingent liabilities	—	—
Shareholders' Equity		
Common stock, \$1 par value (2,000,000,000 shares authorized, 1,465,706,360 shares issued)	1,466	1,466
Additional paid-in capital	3,269	2,969
Retained earnings	24,350	23,699
Accumulated other comprehensive income (loss)	(4,386)	(4,345)
Unearned compensation	(1)	(1)
Treasury stock, at cost	(24,089)	(23,045)
Total Colgate-Palmolive Company shareholders' equity	609	743
Noncontrolling interests	362	358
Total equity	971	1,101
Total liabilities and equity	<u>\$ 15,040</u>	<u>\$ 15,920</u>

ASSETS

- Current assets increased from 2020 to 2021.
- Property, plant and equipment, net slightly increased from 2020 to 2021.
- Non-current assets decreased significantly from 2020 to 2021.
- Total assets slightly decreased from 2020 to 2021 not reaching 2019 level.

LIABILITIES & EQUITY

- Current liabilities slightly decreased from 2020 to 2021 not reaching 2019 level.
- Non-current liabilities decreased from 2020 to 2021.
- Total liabilities decreased significantly from 2020 to 2021.
- Total shareholders' equity slightly decreased from 2020 to 2021.

Statement of Cash flows

COLGATE-PALMOLIVE COMPANY

Consolidated Statements of Cash Flows

For the years ended December 31,

(Dollars in Millions)

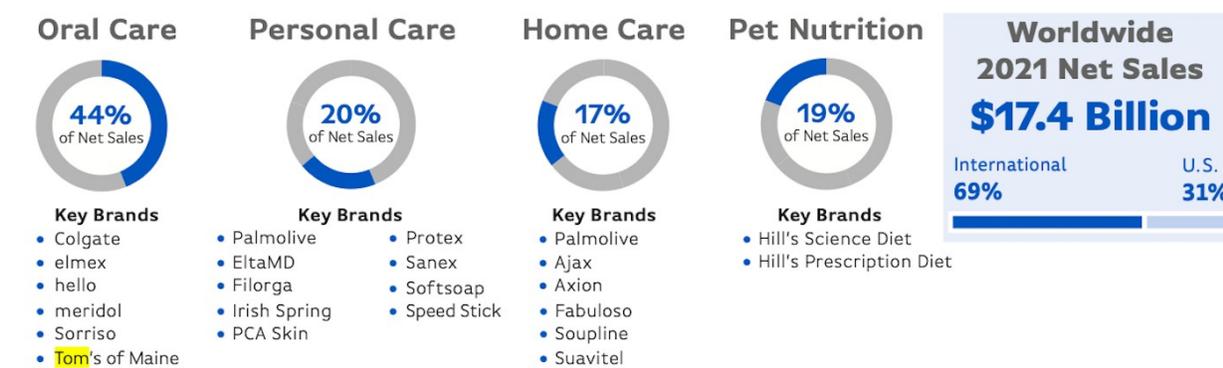
	2021	2020	2019
Operating Activities			
Net income including noncontrolling interests	\$ 2,338	\$ 2,860	\$ 2,527
Adjustments to reconcile net income including noncontrolling interests to net cash provided by operations:			
Depreciation and amortization	556	539	519
Restructuring and termination benefits, net of cash	(21)	(71)	18
Stock-based compensation expense	135	107	100
Goodwill and indefinite-lived intangible impairment charges	571	—	—
Loss on early extinguishment of debt	75	23	—
Deferred income taxes	(132)	(120)	17
Voluntary benefit plan contributions	—	—	(113)
Cash effects of changes in:			
Receivables	(84)	138	19
Inventories	(72)	(251)	(77)
Accounts payable and other accruals	14	520	36
Other non-current assets and liabilities	(55)	(26)	87
Net cash provided by operations	3,325	3,719	3,133
Investing Activities			
Capital expenditures	(567)	(410)	(335)
Purchases of marketable securities and investments	(141)	(143)	(184)
Proceeds from sale of marketable securities and investments	141	124	131
Payment for acquisitions, net of cash acquired	—	(353)	(1,711)
Other investing activities	(25)	3	—
Net cash used in investing activities	(592)	(779)	(2,099)
Financing Activities			
Short-term borrowing (repayment) less than 90 days, net	(171)	488	296
Principal payments on debt ⁽¹⁾	(703)	(1,085)	(1,441)
Proceeds from issuance of debt	699	—	2,578
Dividends paid	(1,679)	(1,654)	(1,614)
Purchases of treasury shares	(1,320)	(1,476)	(1,202)
Proceeds from exercise of stock options	424	874	498
Purchases of non-controlling interests in subsidiaries	—	(99)	—
Other financing activities	(24)	33	15
Net cash used in financing activities	(2,774)	(2,919)	(870)
Effect of exchange rate changes on Cash and cash equivalents	(15)	(16)	(7)
Net (decrease) increase in Cash and cash equivalents	(56)	5	157
Cash and cash equivalents at beginning of year	888	883	726
Cash and cash equivalents at end of year	\$ 832	\$ 888	\$ 883
Supplemental Cash Flow Information			
Income taxes paid	\$ 890	\$ 845	\$ 803
Interest paid	\$ 194	\$ 188	\$ 185

The cash flow statement provides information about a company cash receipts and cash payments during an accounting period, showing how these cash flows link the ending cash balance to the beginning balance shown on the company balance sheet.

We can observe that:

- Net cash provided by operations increased from 2019 to 2020 but then slightly decreased from 2020 to 2021 not reaching 2019 level.
- Net cash used in investing activities increased from 2019 to 2020 and from 2020 to 2021.
- Net cash used in financing activities decreased from 2019 to 2020 but then slightly increased from 2020 to 2021.

➤ **Sales % of each sector**



This graph shows the % of net sales of each sector, being oral care the one who influences more Colgate Palmolive net sales with a 44% and where is located Tom's of Maine, the company that we are trying to analyze. This, next to the data seen before and besides the policy and work the company follows, can give us an idea or estimation about Tom's of Maine, following a similar tendency but with smaller numbers (percentage).

- Some of Colgate's **main objectives** from a financial perspective are, as stating in his policy and framework, are the following for the company in general and all of his brands:

Driving Organic Sales Growth

- Accelerating growth through premium innovation in our core businesses
- Pursuing adjacent categories
- Expanding in faster-growing channels and markets
- Maximizing growth online
- Investing to drive penetration in growing populations, including through our Bright Smiles, Bright Futures oral health education program

Maximizing Efficiency in Our Income Statement

- Generating savings as part of our ongoing funding-the-growth cost-saving initiatives and our 2022 Global Productivity Initiative
 - Using advanced data analytics to identify opportunities that drive growth and efficiencies
 - Investing in technology to drive simplification, efficiency and standardization
 - Driving our digital transformation and operating with a digital-first mindset in all aspects of our business
-

Deploying Cash Flow Effectively

- Capital spending to drive growth and productivity
- Making smart acquisitions that expand our categories, improve our market positions and/or add capabilities
- Paying cash dividends every year since 1895 and increasing dividends for 59 consecutive years
- Returning value to stockholders through ongoing share repurchases

➤ Some of his main and direct **competitors** include:

- Radius Networks
- Levlad
- Burt's Bees
- Twincraft Skincare

Lastly, it is important to mention that Tom's of Maine's, as a proper policy they implemented many years ago, donates 10 percent of its profit to charitable organizations and encourages its employees to use 5 percent of their paid time for volunteer work.

IV. Marketing Analysis

When we talk about marketing, Toms of Maine is definitely an example of how to do it based on storytelling. Through its commitment to the environment and the loyalty of its people, it has managed to insert itself in the personal care market just like big brands such as "Colgate" or "Oral B". This brand, which does not use artificial products and does not test them on animals, has been significantly strengthened in toothpaste in recent times.

The key to this brand's product sales is defined in one word, "trust". They expect their customers, mostly families, to look for simple and healthy products that do not have any components that could have negative consequences in the long term. This company, which has been in the market for more than 40 years, has changed its formats, appearances, etc., but has never stopped transmitting the same message. Through the media, the company has always indicated that history, promise and consistency are key factors in its relationship with consumers. They think that they should make much more than just profit, they believe in environmental and social causes.

It is for this previously mentioned reason that their website has an eye-catching format that combines blog with E-commerce. Through this platform they are committed to get the best of nature for their products and constantly contribute to different social or environmental causes. On Tomsomaine.com you can find different types of advertising that also has a marketing objective. An example of this is that they encourage all their full-time employees to use 12 days of their paid time per year for different volunteer work that they are passionate about. They believe that more than just a place to work, Tom's of Maine is a place to build. Also, the American brand through its blogs explains that they made the decision to donate 10% of the annual profit to Charity, as it is a constant all these donations have been and will be focused on social and environmental causes. In addition to this, the American brand is super important that people lead a healthy life, and as a result believe that it is necessary to strive to keep the body in

good condition, because of this the use of natural ingredients which pass through a model of gestions which has high quality standards to ensure good quality.

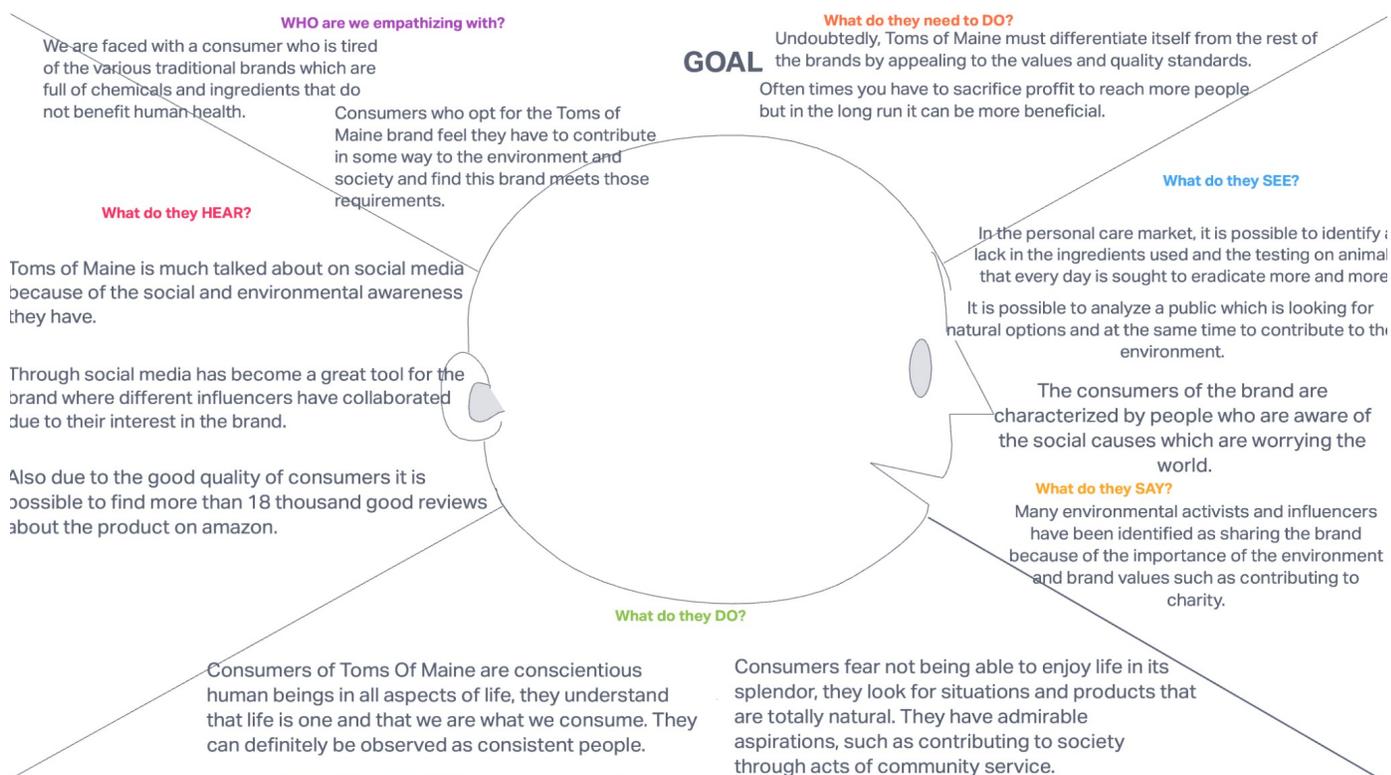
The website has very varied and expeditious communication channels to facilitate the interaction between people and the company. In addition to this it has accurate and clear information regarding where to buy, how to buy, donations and ingredients of the products. In simple words, it is a website/Blog very open to public opinion in order to create a community of trust between the brand and the people.

However, not everything is good for Tom 's of Maine. One of the biggest problems it has had over time is the frequency with which people buy personal hygiene products and how many do it online. That is why, through marketing campaigns, they have focused on analyzing the intention of consumers when they buy their products and ensure that once a customer buys a product, he/she remains loyal to the brand. Through analysts, they learned to measure people's interest based on readership, subscriptions or if their publications are shared. In this way, strategies are key to ensure that they can have an impact on the person and generate a consumer over time.

Thirdly, it is worth highlighting the good use they have of social networks. The brand has a management and control of networks such as Instagram, Facebook and lately on TikTok. It can be clearly identified that the brand seeks to define its profile as a company, in the case of its instagram has as statement "We make natural products that really work by combining naturally derived ingredients and scientific know-how. We also Do Good. For Real." All this shows that the company beyond generating sales is looking for customers who share its values.

Also through its publications it has interactions with its public in such a way that they consume the content that is uploaded to the networks and in turn feel considered in the brand's decision making.

Finally, we would like to present the "Empathy Map", which is very well executed by the brand, thinking at all times about the customer and what he/she says, thinks, does, and feels.



In the case of the brand's aspirations and concerns, it highlights that they encounter a certain number of people who are looking for quality beyond price or brand. They are looking for quality of ingredients and quality at the company level. In addition to that, the target of the brand is quite different from the rest, they are people who are conscious of the environment and their body. To achieve all of the above, it is necessary to stand out from the rest of the big brands, which is why Tom's of Maine dedicates a large part of its profits to digital marketing in order to attract more consumers every year.

Secondly, on how to diversify Tom's of Maine's communications, the use of social networks is fundamental. Most of the consumers are obtained through some publication or influencers who share this product. It is also important to mention how important is the good review of people on

sales platforms. In the case of this brand it has very good ratings and is considered a "best seller" on Amazon.com.

Third, the target of the brand are people who are looking for something beyond the ordinary. People who consume these products are environmentally and nature conscious. They have higher aspirations than the rest, which is why they look to the brand to contribute, as simply as in the choice of personal hygiene products.

Finally, in the market it is possible to identify a problem in the manufacture of the products. Toothpastes are generally made with artificial or poor quality ingredients. In addition, to this day there are many large companies that continue to test their products on animals, the term "free cruelty" has become an important movement, and it is remarkable how the brand has been able to take advantage of this situation. In addition to this, it is important to mention how the brand has also managed to generate a positive marketing reception through donations and awareness of the different social and environmental causes that trouble the world.

V. Strategic Plan

A business's strategy is the plan or assumed set of decisions that will enable it to not only compete but also succeed in its industry. This set of options should be designed in such a manner that the company can provide higher value and a long-term competitive advantage.

The firm must be able to answer the five cascading questions in order to establish a strategy. The first step for a firm is to determine its purpose, or winning goal. In addition to satisfying its customers with high-quality personal care products, Tom's of Maine's business is to go even further, and not just sell for profit. The company seeks positive change by doing good, not only individually, but globally. They choose to solve some of the biggest challenges that a company can face, those of being responsible with the social and environmental environment that surrounds them. Taking more concrete steps to make a difference in the future or as they like to call it, "doing good, for real" where all that effort can be seen in the final result of their products, their policies, and their partnerships. In other words, Tom's of Maine's winning aspiration is to get involved and be as present as possible to cause the greatest possible positive impact on its employees and customers.

The following two questions of where to play and how to win are more detailed in the strategy formulation now that the corporation has defined what success means for the company. In order to explain its strategy, it is necessary to situate the scenario where it operates. The U.S. market for Natural oral and personal care products is valued at \$3 billion and is growing at 15 percent per year. Tom's of Maine, founded in 1970 pioneered natural toothpaste, mouthwash, and deodorant, and is the #1 Oral Care Brand in the Natural category. In other words, they have been able to see what many others were not capable of, a still emerging market where what is natural and healthy form the basis of good economic conduct. Different classes of customers make their buying decisions more and more based on their personal values as well as their personal needs for a product or service.

This leads to the next of the five cascading questions, how to win. Tom's of Maine has tapped into this new wave of consumer choice based on values and has made a success of simple products like toothpaste, mouthwash and deodorant to become extremely successful. The evolving needs and satisfactions of buyers in this market segment are concerned with the safety of their products as well as the quality. They are suspicious of past corporate corruption that often marketed unsafe products as no threat to humans, animals or the environment. Tom's of Maine has made profits without selling their soul because they have tapped into this buying mentality with their line of natural products. As the owner himself says, "I strongly believe that any businessperson who gives himself or herself over to the concept of goodness-makes it an integral part of his or her way of doing business and planning strategy-will not only create good products and a good relationship with customers but will also run into goodness around every corner,"

The following pillars that outline a company's strategy are the key competences that, when combined with the required management systems, complete the five cascading questions of How to Win. As of these capabilities is Tom's Maine stewardship model. A naturally healthy life does not happen by chance. It comes from making thoughtful decisions about what to do and what not to do. This is how Tom's of Maine approaches its ingredient selection in creating safe and effective products for customers; working hard to find and combine the best sourced and naturally derived ingredients, guided by a process they call "our stewardship model." Good is being done all across the United States, and just as they do with their products, every activity has a purpose and a greater meaning not only for the organization itself, but for the common good.

As one of the biggest breakthroughs in go-to-market strategies, we can highlight the acquisition of Tom's of Maine where it gave Colgate the opportunity to enter the fast growing health and specialty trade channel where Tom's toothpaste is the clear market leader commanding 60% share of that channel. As Colgate's Chairman and CEO said, "We have great admiration for Tom

and Kate Chappell and the values-based business they have created. It's an exciting partnership with growth opportunities for both companies." This is without doubt a crucial strategy in the future of the company and as Tom's of Maine co-founders said, "We chose Colgate as our partner because they have the global expertise to help take Tom's of Maine to the next level. Just as importantly, we see Colgate as an excellent fit with our own cultural values. It has a commitment to product excellence, to global efforts to promote oral health and has a 200-year history of caring for consumers and for giving back to the community. We are excited by Colgate's desire to continue Tom's of Maine leadership and heritage in natural care."

The last of the five cascading questions focuses on the necessary Management Systems that drive, support and measure the company's strategy. Some of these key points include determining whether the company is succeeding in its business dealings and how this could be assessed, determining which consumer needs Tom's of Maine is not achieving so far and how it can be turned into potentials, as well as what techniques and innovations can continue improving the company's operations, defining threats and risks and assessing core competencies as well as determining lacking functionality and analyzing its most dangerous competitors.

The Strategy Logic Flow Framework

A corporation must examine four various aspects to answer the five cascading issues, namely where to play and how to win. These dimensions are the industry, customers, relative position, and competition. This four-dimensional architecture is also known as strategy logic flow. The industry to which the company's activity is directed has gained great popularity in recent years, where the taste for what is natural and healthy is being preferred by more and more consumers. These types of products are already a reality of consumption by many consumers who want to avoid synthetic and toxic ingredients. But also, this set of users increasingly opt for natural cosmetics for ethical reasons, such as the protection of animals, fair trade conditions and

transparent values by brands. With this set, Porter's five forces are highly effective for analyzing the attractiveness of an industry.

The first of the Porter forces is the bargaining power of the suppliers, which in this case is of a medium-low level. Given that their products come mostly from natural ingredients, they have a wide enough range of suppliers so that the disproportionate rise in prices of one does not affect the company, being able to change suppliers in a simple way.

In second place is the business power of customers, which in this case is also of a medium-low level. Given the company's great influence in the market, in addition to having teamed up with a giant in the sector such as Colgate, a change in the behavior of an individual buyer would not pose a great threat to the capitalization of Tom's of Maine within the sector.

Third is the threat of new competitors. As we have previously mentioned, it operates in a market with great potential due to the cultural change towards a healthier life, as well as greater social responsibility. This is why, despite having its market niche quite established, the door to new competitors is quite tempting, so we would rate it at a moderate level.

In fourth place we have the threat of substitute products, which we would categorize at a medium-low level. Personal hygiene products such as deodorant or toothpaste are essential for any consumer. That is why, with the position in the market in which they already find themselves and the type of products they offer, the entry of new substitute products would not be a great threat. Although, it should be noted that within this range of products they can evolve to better versions, so innovation must continue to be an essential factor within the company.

Finally, we find high rivalry among existing competitors, since it is a mature market in which product differentiation is not very significant. The point in favor of Tom's of Maine is that it has managed to enter a more specific branch such as natural products, establishing itself as one of the most recognized brands as well as being able to compete with other big names while staying profitable and low in cost at the same time.

The customer value analysis is another important dimension. We can say that Tom's of Maine takes into consideration the needs of consumers as it has been able to adapt to the demands of this type of new socially responsible markets that we have been creating in recent years. The prospects and customers rate quite highly Tom's of Maine when it comes to reputation, product quality, service, sales force and price. Such a reputation is not surprising when a brand seeks, even not for profit, the prosperity of a better world between humans and nature.

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I. Introduction & II. The business model Canvas

Manuel Ramos

III. Financial Analysis

Juan Verdugo

IV. Marketing Analysis

Alejandro Ceresuela

V. Strategic Plan