



**Course #1 of 12:  
Be The Next Billionaire  
Entrepreneur**

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# Module 1: Course Overview

## Course Overview

Wouldn't it be nice to be your own boss, work on your own schedule, and make money doing something that you're passionate about?

Millions of people around the world are living that dream and running their own business.

This three-day course will teach you the basics of entrepreneurship.

You'll consider if entrepreneurship is right for you and learn the basic steps of creating your own business.

At the end of the course, you'll have a solid foundation to start your entrepreneurial journey.

## Learning Objectives

At the end of this workshop, you will be able to:

- Identify the traits of an entrepreneur and assess your own entrepreneurial capabilities
- Outline and evaluate a business idea
- Develop a product idea
- Identify your target market and customers
- Develop your value proposition
- Understand different types of business ownership and structures
- Evaluate franchising and business purchasing opportunities
- Create a pitch deck, executive summary, company presentation, technical white paper, and business plan
- Create financial projections for your business
- Identify where to find business funding
- Create a product development plan, marketing plan, and sales strategy
- Identify ways to protect your intellectual property
- Describe effective ways to brand your product
- Choose the right location for your business
- Launch and grow your business
- Demonstrate the behaviors of an entrepreneurial leader
- Find appropriate resources to help you on your journey

**Personal Objectives**

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## Module 2: What It Takes to Make It

### Pre-Assignment Review

**Did any of your answers surprise you?**

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**If so, why?**

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**Did you identify anything that you want to change from this assessment?**

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**If so, what?**

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**How do you think these questions tie into entrepreneurship?**

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## Traits of an Entrepreneur

All of the statements in the pre-assignment are important attitudes for an entrepreneur.

Let's look at each item.

### Risk Taker

Entrepreneurs need to be willing to take risks, such as:

- Financial risks (where they have invested their savings into a new business)
- Personal risks (where their family's survival depends on the success of the new business)
- Professional risks (where their reputation is riding on the new venture)
- And/or emotional risks (where they are putting themselves out there in a big way)

### Opportunity Seeker

Entrepreneurs look at problems as opportunities.

After all, a competitor's failure might just be the opportunity for your next big success.

### Action-Oriented

Entrepreneurs get things done.

They're focused on action plans and results.

Unfortunately, this means that some entrepreneurs don't look before they leap!

### Contagiously Enthusiastic

Entrepreneurs enjoy what they are doing, and their enthusiasm is often contagious.

A small business is often a lot of time and work.

If you don't enjoy it, it won't work.

### Open-Minded

Entrepreneurs consider new ways of getting things done.

They are also willing to ask for help and are able to learn from their mistakes.

## **Driven by Vision**

Entrepreneurs keep the big picture in mind.

They know where they want to end up and how they want to get there.

This is what keeps them motivated and moving.

## **Hard Worker**

Small businesses can require some long hours and intense work.

Entrepreneurs don't mind putting in extra time and making sacrifices to reach their goal.

## **Bus Driver**

Entrepreneurs like to be driving the bus.

They also like to choose who is on the bus and what seat they are in.

Successful entrepreneurs know how to surround themselves with smart people who can complement their own strengths and weaknesses.

## **Passionate About the Cause**

Most entrepreneurs start their business based on something that they are passionate about.

This passion and enthusiasm is necessary to keep motivation high and get people on board.

## **Social Animal**

Most entrepreneurs enjoy working with people.

A new business can require a lot of help from family, friends, employees, resources, mentors, and, of course, customers.



## Module 3: Resources to Consider

Your entrepreneurship journey probably won't be an easy one.

There are a lot of things to consider and a lot of things to learn.

Luckily, there are many resources out there that can help you get started.

What you will find will largely depend on your geographical area and industry, but here are some general ideas.

### Friends and Family

First, gather the support of your friends and family.

You will need their encouragement during your journey.

As well, you may find some unexpected hands-on help in your circle of friends.

Remember that word of mouth is one of the most effective tools for generating buzz about your new business.

### Books, Magazines, Industry Publications, and Social Media

There are many magazines and books dedicated to entrepreneurship, so check them out! You may also want to join appropriate groups on social media to get some more ideas.

Remember to take information that you read with a grain of salt.

If you're trying to find information on writing a business plan, for example, you'll hear that business plans are no good, a one-page business plan will do, and every business needs a full 100-page plan.

What's the truth? It all depends on what you're trying to do.

### Training

This course is an excellent start to your entrepreneurial journey, but don't let the learning stop here.

More courses may be a good idea (depending on your business).

As well, consider free webinars, lunch and learns, and networking events.

Information is power!

## **Mentors, Coaches, and Consultants**

Charlie “Tremendous” Jones once said, “Mentors tend not to show up unless you ask them.” Find someone who is experienced (preferably in your geographical area and industry) and has had both successes and failures.

Ask them to guide you and they will probably say yes.

After all, entrepreneurs like risks and challenges, and what is more exciting than a brand new business?

As well, there are many professional coaches and consultants out there for entrepreneurs.

If you’re struggling with your journey, you may want to seek professional help.

## **Government Organizations**

Most governments have agencies dedicated to helping small businesses succeed.

Contact each level of government in your area and see what they have to offer.

## **Chamber of Commerce**

Your local chamber of commerce can also be an excellent resource.

They may offer support programs, training, mentors, and financial assistance.

Even if your chamber of commerce does not have small business programs in place, it can be a great way to network and meet businesspeople in your area.

## **Business Groups**

Networking groups, public speaking associations, mastermind groups, and industry-specific associations can all be an excellent resource in getting your business established and spreading the word about what you’re doing.

Getting your foot in the door early is important.

## Special Programs

Large businesses sometimes offer assistance to startup companies, such as resources, information, or money.

Local entrepreneurs and entrepreneurial organizations may be able to help you identify these opportunities.

**What other resources can you think of?**

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## Module 4: Laying the Groundwork

### Finding Business Ideas

#### What Am I Good At?

If you're considering starting your own business, it makes sense to start with what you know.

Ask yourself:

- What do I enjoy doing?
- What am I good at?
- What feedback have I gotten from others? (For example, have your friends always said, "These cookies are so good, they should be in a bakery!"/?)

#### What Other Skills Do I Have?

When considering your skills, think outside the box.

For example, a carpenter may also be good at project management, design, communication, and math.

A salesperson may have skills in persuasion, sales, influence, and negotiation.

#### What Can I Make Money At?

Ken Blanchard once said, "If nobody will pay you to do what you love, you have a hobby, not a career."

How can you turn your skills into a marketable product? Consider these examples:

- If you love coin collecting, people may not pay to hear you speak about how exciting it is as a hobby, but they might pay you to assess the value of coins.
- If you're an experienced salesperson, you might be able to use those skills as a sales consultant.
- If you've recently lost a lot of weight, people might be interested in how you did it, so that they can lose weight too.

## What Problems Exist?

Next, consider how your useful skill (which is now a product) will help solve a problem in the marketplace, and therefore appeal to customers.

Here are some ways that you can get ideas:

- Look for inefficiencies in existing services.
- Maybe people love the local bakeries and markets in your area, but dislike the early hours, long lineups, and lack of parking.
- Perhaps there is an opportunity for a delivery service!
- Listen to what people are saying.
- If, for example, the lack of parking at the local market drives you crazy, but you've never heard anyone else complain about it, it might not be much of an opportunity.
- Look for new ways that you can tap into current markets.
- For example, there are plenty of handbag and luggage lines out there, but Lug designs particular bags for particular purposes.
- Keep your eye on new technologies and offerings.
- For example, when IKEA opens in a new city, assembly, delivery, and repair businesses also pop up.
- Consider spin-off opportunities and related products.
- For example, a piano sales company might want to start offering piano lessons.
- Or perhaps they'd like to partner with someone to offer the service.
- Put different things together in new ways.
- For example, people used to go to a separate butcher, fishmonger, and farmer to do their grocery shopping.
- Then, supermarkets started emerging, offering one-stop shopping.

## What If I Already Have a Business Idea?

If you have a business idea, or the beginnings of a small business (like a free newsletter), going through an exercise like this one is even more important.

Seriously considering what you want to do with your business and how it will make money will help ensure that you're on the right track.

You may find bigger, better ideas that will make your small business more successful than you ever imagined.

## Considering the Options, Part One

### What Am I Good At?

What do I enjoy doing?

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What am I good at?

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What feedback have I gotten from others?

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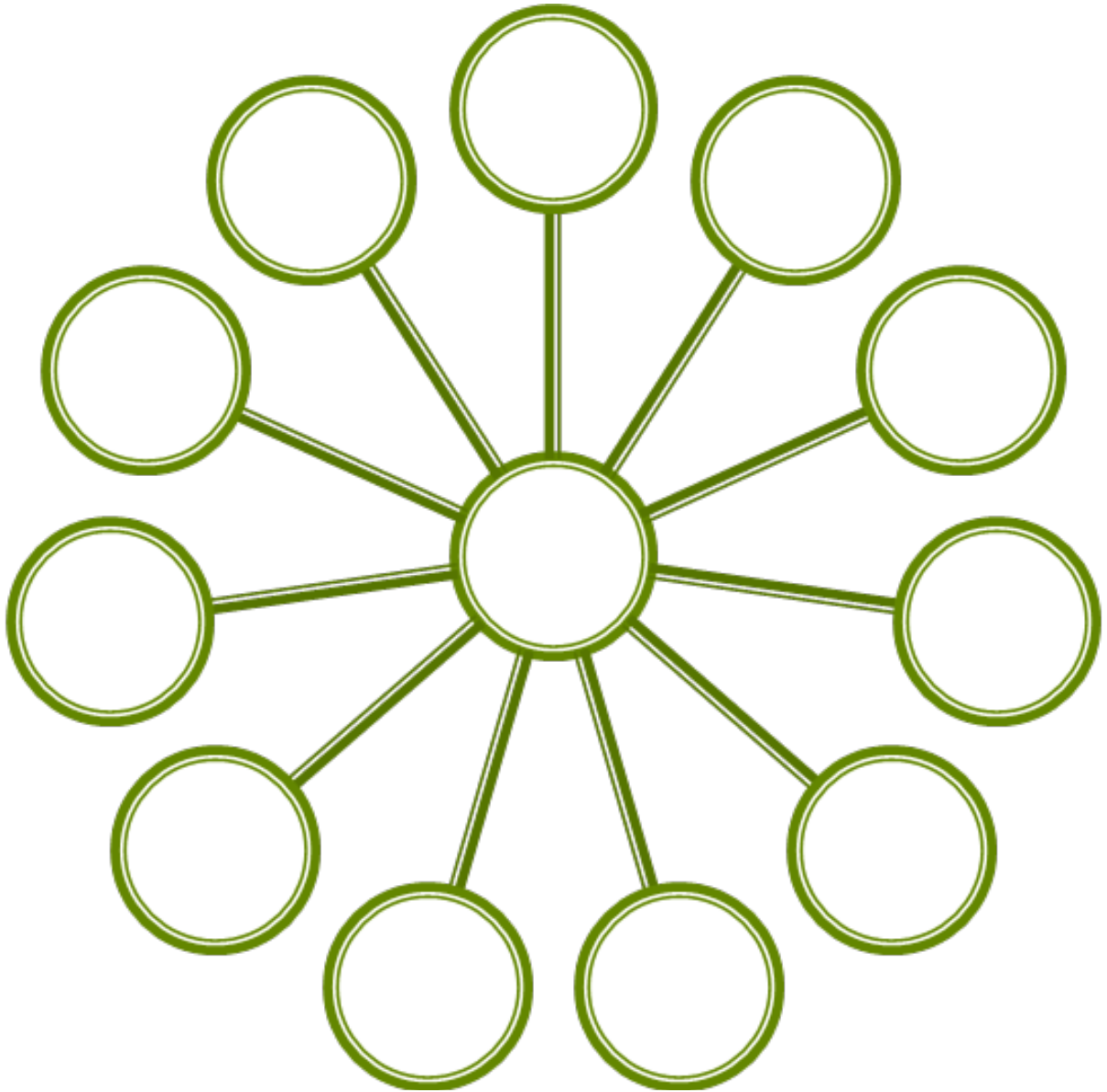
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### What Other Skills Do I Have?

Write your primary skill in the center of the diagram.

Write related skills in the outer circles.







### What Problems Exist?

Can you think of inefficiencies in existing services?

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What problems have you heard people talking about? How could you offer a product or service to solve those problems?

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In what new ways can you tap into current markets?

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**What new technologies and offerings have you seen lately?**

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**What spin-off opportunities exist?**

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**How can you assemble or offer current products in new ways?**

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### **What If I Already Have a Business Idea?**

**What business idea(s) do you already have?**

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**What business elements have you already established?**

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**What role do these ideas and elements play in your long-term business plan?**

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## Outlining Your Ideas

By now, you should have some solid business ideas.

Now it's time to outline each idea to help you evaluate what your best option is.

Some questions that you should ask yourself include:

- What does my product or service look like?
- What problem is this product or service solving?
- How do I know that others would be interested in this product or service?
- Who would my customers be?
- Is there an opportunity to turn the product or service into a customer-focused experience?
- Can I make a profit from this product or service?

The amount of research that you do for each question will depend on many factors, including the size and complexity of your small business.

If you're planning on building a giant IT company based around a brand-new technology, then you will want to spend quite a bit of time outlining each idea that you have.

You may even want to invest in research tools, like focus groups and consultants, to validate your ideas.

However, if you're planning a small, online business, then your research might be on a smaller scale.

You might want to focus on a few possible customers, mentors, and other entrepreneurs.

Make sure that you ask the right questions of the right people.

Asking your family and friends if they think your business might make a profit might not be appropriate, but asking them who would buy your product or service might be.

Finally, remember that opinions and advice are just that.

Evaluate each piece of information you receive, decide if it's valid, and then decide whether it belongs in your idea outline.

**What additional questions might you want to ask about your prospective business?**

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## Considering the Options, Part Two

### Getting Started

**Write down your top two or three ideas from the “Considering the Options, Part One” activity.**

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**Now, complete a worksheet for each idea.**

**Idea One:** \_\_\_\_\_

**What does my product or service look like?**

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**What problem is this product or service solving?**

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**How do I know that others would be interested in this product or service?**

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**Who would my customers be?**

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**Is there an opportunity to turn the product or service into a customer-focused experience?**

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**Can I make a profit from this product or service?**

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**Idea Two:** \_\_\_\_\_

**What does my product or service look like?**

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**What problem is this product or service solving?**

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**How do I know that others would be interested in this product or service?**

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**Who would my customers be?**

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**Is there an opportunity to turn the product or service into a customer-focused experience?**

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**Can I make a profit from this product or service?**

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**Idea Three:** \_\_\_\_\_

**What does my product or service look like?**

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**What problem is this product or service solving?**

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**How do I know that others would be interested in this product or service?**

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**Who would my customers be?**

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**Is there an opportunity to turn the product or service into a customer-focused experience?**

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**Can I make a profit from this product or service?**

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## Assessing Your Ideas

### Using a SWOT Analysis

Your next step should be to assess each idea that you have outlined.

One of the best ways to do this is a SWOT analysis.

SWOT stands for the strengths, weaknesses, opportunities, and threats (in this case, of your potential company).

The strengths and weaknesses are usually considered to be internal, while the opportunities and threats are generally external to the company.

This analysis helps you ask yourself, “Where are you now?”

This gives you an opportunity to take stock of the overall situation before committing to a particular idea.

Make sure that you are ready to spend a bit of time when you undertake a SWOT analysis so that you are producing an accurate description of your business idea.

Be sure to gather accurate data, do research, and consult experts in your field.

Once you’ve done a first draft of your SWOT analysis, have a trusted mentor, coach, or consultant review and analyze it.

### SWOT Matrix

A SWOT analysis is often organized using this type of matrix:

	<i>INTERNAL</i>	<i>EXTERNAL</i>
<i>P O S I T I V E</i>	<b>Strengths</b>	<b>Opportunities</b>
<i>N E G A T I V E</i>	<b>Weaknesses</b>	<b>Threats</b>

### Advanced Types of SWOT Analyses

After you've chosen a business idea, you can analyze specific segments of it using the SWOT process.

Here are some ideas:

- Your company within your geographic marketplace
- Your company within your industry
- Your products and/or services
- The community and what is currently going on that may affect future planning
- Your primary and secondary target markets and what they want/need
- The competition and what they are doing
- External forces that will affect your business
- Environmental factors
- Human resources (including the availability of employees, safety issues, etc.)

## Considering the Options, Part Three

Complete a SWOT analysis of your favorite idea from the “Considering the Options, Part Two” exercise.

	<i>INTERNAL</i>	<i>EXTERNAL</i>
<i>P O S I T I V E</i>	<b>Strengths</b>	<b>Opportunities</b>
<i>N E G A T I V E</i>	<b>Weaknesses</b>	<b>Threats</b>

## Evaluating Your Capacity for Risk

### How Much Risk Can You Tolerate?

A final element to consider before committing to a business idea is how much risk you can tolerate.

After all, it could be several years before your business becomes profitable.

Consider this story.

Bob and Anna Jones opened Jones' Pub in 2015.

For the first few years, Bob tended bar and Anna waited tables.

Although their business barely broke even, they managed to survive on their tips.

After all, it was just the two of them and their lifestyle was pretty frugal.

However, eight years later Bob and Anna decided to open a second location.

By now, their first location was doing well enough to support themselves, their two young children, two new cars, and a home in a nice neighborhood.

However, this also meant that they needed success from the second location faster: living off of tips is no longer an option.

As a result, their business plan and sales targets for the second location looked much different than the first location.

### There Are Options!

This doesn't mean that you have to commit to living in a box for five years and give up your lifestyle in order to be an entrepreneur.

It just means that you have to be realistic! Consider these scenarios:

- In his spare time, Steve writes a blog about healthy living. When he gets laid off, he decides to focus on it full time and try to make money from it. After all, he has nothing to lose!
- Amanda's full-time position as a sales executive helps feed her family of four. She has decided to start her small business slowly, by offering consulting on nights and weekends.

- Tina and Sam travel frequently and work shiftwork. They've decided to start a travel consulting service that they can both contribute to in their off hours. Their goal is for one, and then both, of them to quit their full-time jobs and make their small business their primary source of income.
- David wants to buy a house in the next year. He enjoys photography, so he decides to do some freelance work to help with the down payment.

### Caution!

If you decide to start your entrepreneurial journey while working full-time, there are a few things to consider.

The first is burnout.

Juggling a full-time job, family responsibilities, a social life, and your personal needs can be difficult to begin with.

Adding a new business on top of that can be quite overwhelming.

Be clear about what you are taking on and what it will mean to your friends and family.

As well, make sure that your new business will not cause problems with your current employer.

Non-compete contracts, professional regulations, union policies, and non-disclosure agreements can all affect what you do in your spare time.

Check with a labor lawyer to be sure.

## Module 5: Building On Your Business Idea

### Developing Your Product Idea

#### Getting Started

Once you have a business idea in place, it's time to put some serious thought into the product or service that you will be offering.

(For simplicity, we will use the word “product” throughout this module, but the same concepts apply to service-based businesses.) For now, focus on two things: your minimum viable product (MVP) and your core product.

The **MVP** is your entry-level product (although other entry-level products may be developed later).

It can be developed quickly, with minimum time and resources, and sold quickly.

The **core product** will embody what your business is all about.

Once you have these two elements developed and tested, you can start thinking about new product lines.

#### Problem Statement

The most important part of each product is identifying what problem it solves for the customer.

Does it...

- Create a fast, personalized coffee experience at home?
- Make bedtime for children under five easier and faster?
- Help working adults between 30 and 50 maintain a healthy lifestyle through diet and exercise?
- Create a safer home environment for seniors?

Outlining your product's purpose as a solution to a problem will help you evaluate whether or not you're meeting your goals, particularly when identifying the target market and testing the product (which we will discuss in the next module).

#### Functional and Non-Functional Requirements

It's also important to describe what the product will actually do.

These requirements can be broken down into functional and non-functional requirements.

**Functional requirements** describe characteristics that solve particular problems for users.

**Non-functional requirements** describe the background operation of the product or service.

Requirements for a coffee maker might look like this:

Functional	Non-Functional
<ul style="list-style-type: none"> <li>○ Starts up in eight seconds</li> </ul>	<ul style="list-style-type: none"> <li>○ Supports 120 and 240 volt plugs</li> </ul>
<ul style="list-style-type: none"> <li>○ Makes individual cups of coffee in 14 seconds</li> </ul>	<ul style="list-style-type: none"> <li>○ Heats water to 212°F</li> </ul>
<ul style="list-style-type: none"> <li>○ Sanitizes itself after each brewing cycle</li> </ul>	<ul style="list-style-type: none"> <li>○ Made out of carbon alloy</li> </ul>

## Features and Benefits

Next, let's look at features and benefits.

A feature describes what a product does; a benefit describes the emotional impact of the product.

Let's look at some features and benefits of our coffee maker example.

Features	Benefits
<ul style="list-style-type: none"> <li>○ Makes individual cups of coffee</li> </ul>	<ul style="list-style-type: none"> <li>○ Create a personalized coffee experience every time</li> </ul>
<ul style="list-style-type: none"> <li>○ Starts up in eight seconds</li> </ul>	<ul style="list-style-type: none"> <li>○ Start your day right: by relaxing and enjoying a cup of coffee</li> </ul>
<ul style="list-style-type: none"> <li>○ Keeps itself clean with self-sanitizing mode</li> </ul>	<ul style="list-style-type: none"> <li>○ Let your coffee maker do the work for you</li> </ul>
<ul style="list-style-type: none"> <li>○ 256 gluten-free, organic flavors currently available</li> </ul>	<ul style="list-style-type: none"> <li>○ Feel good about your coffee choices</li> </ul>



## User Stories

The final element in developing your product idea is user stories.

This allows you to outline possible scenarios where users will use the product.

User stories can help you clarify the product vision; identify features, benefits, and functional requirements; and recognize possible issues.

The basic formula for a user story is, “As a [user role], I want to [desired outcome] because [reason].”

For example, Tom is a daily coffee drinker who wants to be able to make a good cup of coffee at home easily and cheaply.

If we dig deeper, we’ll see that Tom is a single dad with three children.

A good cup of coffee is a necessity for him in the morning! However, his local café is pretty expensive.

If he makes coffee at home, filling the coffee maker, grinding the beans, finding a filter, and setting up his coffee machine can be a real challenge while he’s trying to get his children ready.

A one-touch coffee machine, with pre-filled, top-quality coffee pods, would make things a lot easier for him.

To develop good user stories, it’s important to consult with a wide variety of people, including your potential customers.

The more user stories you create, the more likely it is that the product will actually help the customer solve their problem.

# Making Connections

Choose a common product, like a hamburger, industrial toilet, or laptop computer.

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Describe the product's functional and non-functional requirements.

Functional Requirements	Non-Functional Requirements



## Identifying Your Target Market and Customers

### Three Key Questions

Your next step is identifying who your target market and ideal customer are.

This will help you narrow down your business' focus and ensure you are putting your efforts in the right place.

The goal of this stage is to help you identify three things:

- Who are my customers?
- Where are they located?
- How do they think and behave?

### Step One: Theories

You should have some idea of who your customers will be based on your groundwork so far.

(If not, it might be a good idea to return to that phase and do more outlining and analysis of your idea.) So, start by writing out your assumptions and theories:

- What is the basic product concept?
- Who will be my customers?
- What problem will the product help them solve? (Your problem statement can be used here.)
- What geographical area will we be targeting?
- What demographic will we be targeting? (Think beyond age, gender, and ethnicity.)
- 
- Consider value sets, passions, and skills.)
- Who will our competition be?
- What type of market will we be operating in: an existing market, a new market, or a niche market?

Get as much help as you can with this stage.

Involve people who will be part of your business, experts in your industry, your mentor, and any other stakeholders.

### Step Two: Testing

Next, create a list of at least 50 potential customers.

With these people in mind, prepare your product test.

Here are some ideas for product testing:

- A presentation of the proposed product or service and how it will solve their problems
- A hands-on demonstration of a prototype
- A preview of a television episode in front of a focus group

Be sure to have specific questions for participants to answer after the test, such as:

- What was your favorite thing about the product/service?
- What was your least favorite thing about the product/service?
- Here are three approaches we could take for this product/service.
- 
- Please tell me what you think about each of them.
- What problem would this product or service help you solve?
- How would you use this product?
- Who would you recommend this product to?

You will also want to prepare a customer insight survey, with questions like:

- How much of your typical day is spent on...?
- How much money do you spend on...?
- What processes do you have for...?
- What is your biggest problem with...?

Keep this survey short and to the point to ensure maximum participation.

Now, ask your potential customers to participate in the product test and insight survey.

Be very clear that this is not a sales pitch; you're looking for their feedback so that you can help them solve a particular problem.

Be open-minded during this stage.

Encourage criticism, what-ifs, and new ideas.

You will probably hear new information that you had not yet considered.

It can be hard to incorporate that into your vision, but it is essential for your business' success.

Remember what Sam Walton (founder of Wal-Mart) once said: "There is only one boss: the customer.

And he can fire everybody in the company from the chairman on down, simply by spending his money somewhere else."

### **Step Three: Take It All In**

After the product test and customer insight surveys have been completed, it's time to evaluate what you have learned and see if your theories were right or wrong.

Be open-minded and objective when evaluating the data.

In most cases, you will find that you were right about some things and wrong about others.

This means that you will want to adjust your theories, tweak your product test and insight surveys, and conduct another round of testing.

(The amount of re-testing and re-evaluation required will depend on the complexity of your business idea.) In the end, you will have a solid description of what you will be selling, who you will be selling it to, where those people are, and what their mindset is.

## Developing Your Value Proposition

Now that you have a solid business idea in mind and you know who you will be marketing it to, it's time to outline your business' value proposition.

Your value proposition tells customers why they should buy from you by describing:

- Your product or service's features and benefits
- The value of the product or service (including its experience)
- What it will cost (in generic terms)
- Why it is unique
- Who the customer is
- How it will help the customer

Ask yourself: "What are we promising our customers? Why is it valuable to them?"

**Think back to our QuikBrew example.**

**Develop a value proposition for it.**

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## Creating Financial Projections

### Choosing the Right Approach

The final piece of your business idea is the financial projections.

You need to have a fairly solid idea of what your business is going to cost to run and how much revenue it's likely to generate.

We recommend using a basic bottom-up method, where you generate estimates for each part of the business and then combine them to get the big picture.

### Finding Data

As an entrepreneur starting a new business, you have a major disadvantage when forecasting revenue and expenses: you have no historical data to base your facts on.

This means that you will have to obtain data for similar companies in your industry and geographic area.

Your expertise, and the expertise of your team, will also be invaluable.



## Part One: The Sales Process

The first part of financial projections is looking at your sales process.

How long will it take for your company to see payment after someone becomes a potential customer? Typically, customers move through the following stages:



If you're a hot dog vendor with walk-in customers, then your sales process is quite short.

If you're selling luxury vehicles, then your sales process could be quite long.

To help you get an accurate picture of how long your sales process is, you can use this template.

We have included some example activities for a small business selling custom bicycles.

<b>Sales Stage</b>	<b>Activities in Our Process</b>	<b>Average Length of Stage</b>
Lead	Customer visits our website and fills out contact form	0-48 hours after first website visit
Prospect	Customer service representative contacts customer, confirms information, and obtains additional details in order to provide a custom quote.	Within 24 hours of form being submitted
Qualified Lead	Customer service representative re-contacts customer to provide custom quote.  Credit check is also performed.	Within 72 hours of last contact
Committed Lead	Customer signs agreement for custom bicycle.	0-72 hours of custom quote
Customer	Company ships bicycle.	Four weeks after agreement is signed
	Customer sends payment.	0-48 hours of shipping confirmation
<b>Total Average Length of Sales Process</b>		Four and a half to six weeks

You should also consider these factors when you are estimating the length of your sales process:

- What experience does the market have with this product? New products and technologies can take a while to catch on.
- What does the customer have to do in order to buy the product? Are credit terms, payment plans, proposals, tenders, or other lengthy processes required?
- Who will be involved in making the decision? For example, company employees may be allowed to purchase small amounts of office supplies, but will need approval for bigger items.
- How urgent is the purchase? A higher urgency level usually results in a shorter sales time.

## Part Two: Sales Metrics

The next part of your financial projections is sales metrics.

You will need to determine:

- How much money each product will sell for (separated into one-time and recurring revenue)
- If applicable, how many sales each salesperson can make (account for ramp-up time)
- If applicable, how many salespeople you will have
- Daily, weekly, monthly, and yearly sales estimates

So, let's say that you have these figures for your new bicycle company:

- You estimate that each product will sell for \$100.
- You will have five salespeople.
- 
- For the first two months, you estimate that each salesperson will make five sales per working day.
- 
- After that, their sales will double.
- 
- 
- 25 sales per day, times approximately 25 working days in the month, equals 625 sales per month for the first two months.
- 
- This equals \$62,500 in revenue for months one and two.
- After that, if all factors stay the same, revenue will be \$125,000 per month.

Let's look at an e-commerce company:

- You estimate that each product will sell for \$100.
- You will not have salespeople; all sales will be done through your website.
- You estimate that five people will purchase from the website on launch week, with the number doubling each week after that until it plateaus at 1,000 customers purchasing each week.
- Since the first month is a four-week month, this means 75 sales and \$7,500 in revenue in the first month.
- The second month, which is also four weeks, will have 1200 sales and \$120,000 in revenue.

It can be very difficult to predict sales estimates.

Always err on the conservative side. As well, be sure to allow for seasonal variances.

As your business grows, you will be able to update and refine your forecasts with actual data.

## Part Three: Expenses

The final piece of the financial projection puzzle is your expenses.

Luckily, your major expenses should be fairly easy to estimate.

Here is a list of things to consider.

### One-Time Costs

- Lease deposits
- Assets
- Initial office setup (chairs, computers, desks, etc.)

### General Overhead Costs

- Rent
- Heat, lights, and water
- Communication costs (landlines, cell phones, Internet, etc.)
- Office supplies

### Staff Costs

- Salaries
- Commissions
- Benefits
- Owner payouts

### Advertising and Marketing Costs

- Advertising expenses (break down into appropriate channels)
- Trade shows and conferences
- Client expenses

### Product Costs

- Labor costs
- Material costs
- Packaging

### Special Costs

- Licensing and registration fees
- Professional service fees (accountants, lawyers, etc.)
- Insurance
- Outsourcing fees
- Emergency fund

Double and triple-check your expense forecasting to ensure you've accounted for everything.

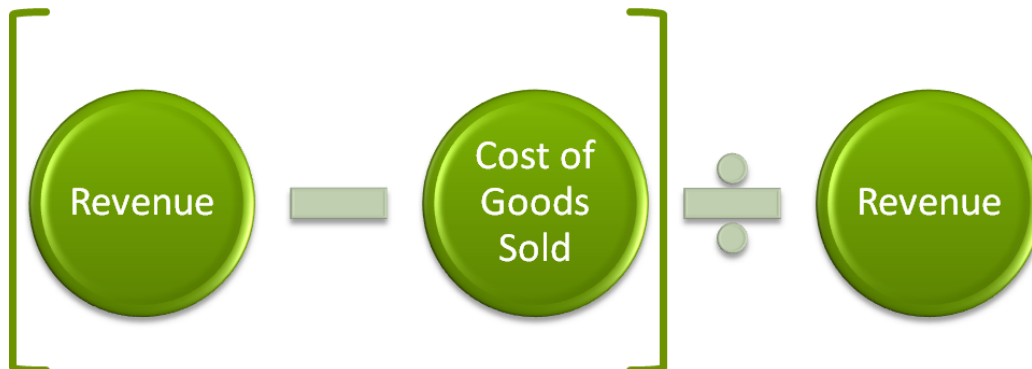
## Part Four: Calculating Ratios

You now have all the information you need to calculate the key ratios that will tell you if your business, as you have forecasted it, will be a success.

### Gross Profit Margin

Gross margin shows you what the company has made in profit.

It is calculated with the following formula:



The results are then multiplied by 100 to obtain a percentage.

For example, let's say that Acme Widgets made \$100,000 in revenue last year.

It cost them \$50,000 to make the widgets.

This means that their gross margin was 50%.

### Operating (Net) Margin

The operating margin shows what proportion of the company's revenue will be left over after all expenses are paid.

Its formula is simple:



The results are then multiplied by 100 to obtain a percentage.

### **Head Count per Client**

The final ratio that you should calculate is how many staff you need to support each client.

If you know that a team of 10 people (including sales, support, and manufacturing) can make 500 widgets, and that each client buys five widgets at a time, your head count per client is one person per ten clients.

This ratio will help you plan operations and resources to match your company's growth.

## Module 6: Business Ownership Options

### Types of Business Ownership

#### Common Terms

There are many different configurations that a business can take. The jurisdiction where you do business might use different terms than the ones we have below, but they will have similar terms and meanings.

#### Sole Proprietorship

An individual establishes and runs a business where they make all business decisions, and are responsible for providing a product or service(s).

#### Partnership

Two or more people decide to work together and share the profits (as well as the risks) associated with running their company.

#### Corporation

The owner of a business decides to create an entity that is separate from their own self.

That business has the status of an entity.

It can enter into contracts, pays tax, and files taxes separate from the people who own the business.

#### Joint Venture

Two or more people contribute goods, services, or monetary resources to a shared business enterprise. This is usually founded with a contract that all parties will sign.

That contract will describe things like profit distribution, the management structure, and who is responsible to contribute what.

#### Franchise

An individual or a business may wish to establish and operate within parameters set by another company where the products, services, procedures, and more are all prescribed by the company.

#### Subsidiary

A company in one country can establish a presence in another country, provided they are following all the laws and rules in the new country.

## Speaking About the Entrepreneur

You may also hear some less formal terms that define different types of entrepreneurial ventures.

Here are some popular terms that we're hearing right now.

### **Solopreneur**

An entrepreneur who works completely on their own.

They may hire temporary employees or contract out parts of their business, but they maintain control and autonomy.

### **Microbusiness**

A typical microbusiness makes less than \$2 million a year, requires less than \$50,000 in startup capital, has less than five employees, and has sustained this profile for five to ten years (or since the business' inception).

However, legal definitions vary by jurisdiction.

### **E-preneur**

An entrepreneur who runs an online business.



## Purchasing a Franchise

### What is a Franchise?

So far, we've talked about building your own business from the ground up.

However, franchising allows you to leverage the experience and hard work that someone else has already done.

With a franchise, the main corporation sells the rights for a subsidiary business to a third party, with terms laid out in a franchise agreement.

The main corporation typically has a well-defined business system, with operation manuals, advertising protocols, reward programs, training, support systems, and more.

### What are some advantages and disadvantages to franchising?

Advantages	Disadvantages

### Where to Find Franchises and Resources?

Franchise opportunities can be found in trade publications, online directories, newspapers, and local franchise organizations.

If you are interested in a particular franchise, contact their head office for information.

Most countries have franchise organizations that provide resources, support, and franchising opportunities.

Here is a list of some popular groups.

- American Association of Franchisees and Dealers: <http://www.aafd.org>
- British Franchise Association: <http://www.thebfa.org>
- Canadian Franchise Association: <http://www.cfa.ca>
- China Chain Store and Franchise Association: <http://www.chinaretail.org/>
- Franchise Association of New Zealand: <http://www.franchiseassociation.org.nz/>
- Franchise Association of South Africa: <http://www.fasa.co.za/>
- Franchise Council of Australia: <http://www.franchise.org.au/>
- International Franchise Association (United States): <http://www.franchise.org/>
- Japan Franchise Association: <http://www.jfa-fc.or.jp/>
- World Franchise Council: <http://www.worldfranchisecouncil.net/>

Note: These organizations and links were accurate at the time of publication.

## Words of Warning

When exploring franchise opportunities, remember:

- Most franchisors do not allow someone to buy out an existing franchisee.
- Always make sure you're working with the franchisor themselves.
- That in-depth research is still important, particularly when forecasting revenues and expenses.
- Some entrepreneurs make their money from selling franchise rights, not from the business itself.
- Always have a lawyer review all contracts and agreements.
- If it sounds too good to be true, it probably is!

## Purchasing an Existing Business

Another option is taking over an existing business.

You should determine what kind of business you are looking for; establish your budget; outline your expectations in terms of revenue, growth potential, and stability; and then seek businesses that meet your needs.

You can usually find purchasing opportunities through word of mouth, professional organizations, or real estate brokers.

Buying an existing business has advantages similar to franchising: you can take advantage of someone else's hard work and experience to get your business off the ground quickly.

However, by being the sole business owner, you have much more control over the product and processes.

You also avoid royalty and franchise fees, which can be quite high.

Just as with franchising, however, there are some significant risks.

The obvious question is: why is the business up for sale? Maybe old Joe Smith just wants to retire and see his diner go into good hands... or maybe he has credible information that a big discount restaurant is going into the vacant lot next door.

Take your time and have a good look at the business' performance in the past, changes in the community, and its liabilities (such as insurance payments, lease agreements, and back taxes).

Businesses typically take a while to sell, so don't rush into the first opportunity you see.

Having your wish list and budget clearly established can help you keep a cool head, too.

Always have a professional (such as an accountant, lawyer, or insurance underwriter) review documents as appropriate.

Once you've signed on the dotted line, there's no going back, so make sure you have a full understanding of what you're getting yourself into.

## Module 7: Key Documents to Prepare

### Business Plan

Yesterday, we focused on finding a solid business idea and developing the groundwork for the tasks that will need to be done.

Now, it's time to communicate that work to others.

#### Why a Business Plan?

The first part of your communication toolkit will be your business plan.

We firmly believe that every business needs a business plan, although the size, complexity, and components of the plan will depend on your business.

Even if you are financing the business yourself, the business plan requires you to take a close look at many aspects of your plan and commit to them.

This, in turn, will clarify the business for you and expose any issues that will need to be resolved before the business is launched.

Some people procrastinate about committing their plan to paper, but having a framework and acknowledging that the plan is going to help you out makes creating the business plan an easier task.

In fact, the business plan should not be an intimidating exercise at all.

#### The One-Page Plan

If the business that you are starting is very small, you may want to begin with a simple, one-page business plan.

This type of plan usually includes the following elements:

- Company description
- List of products and services
- Marketing and sales strategy
- Financial projections

This type of plan can also be expanded into the longer, more formal structure presented below.

## The Formal Plan

A formal business plan typically includes the following elements:

- Executive summary (written last but presented first in the plan)
- Table of contents
- Company description
- List of products and services
- Market analysis
- Organizational structure
- Operations plan
- Marketing and sales strategy
- Financial projections

Other optional and helpful elements can include:

- SWOT analysis (strengths, weaknesses, opportunities and threats about several aspects of the plan)
- Glossary (helpful if your audience is not familiar with industry jargon)
- Supporting details (such as logos, graphic representations, and charts)

## Executive Summary

If you've developed a full business plan, you should be able to pull out the executive summary to offer readers a high-level overview of your product, sales plan, and financial projections.

This will give someone a more detailed look at your plan without requiring them to review all the data.

It also means you don't have to share the full business plan with anyone who requests more information.

To create the first draft of the executive summary, simply read through your business plan and pull out the first and/or last sentences from each section.

You should capture key words and phrases as well.

If you have written the rest of your business plan using correct paragraph structure, those selected pieces will contain the main ideas of your entire business plan.

If you are missing something, locate it within the business plan, summarize it briefly, and add it to your executive summary.

Once you have the elements you need, simply shape and re-write them so that the text flows well together, and then do a second draft.

From there, create it as a separate document and do a final read through.

Adjust it so that it stands on its own, and you're done!

If you have created a one-page business plan, you can write the executive summary separately.

Simply write a few paragraphs on each of the topics mentioned above (your product, sales plan, and financial projections), as well as a brief introduction about the company.

In both cases, you should have someone you trust review your executive summary.

As well, make sure that the formatting reflects your business: if it doesn't look good, you won't look good either.

As your business evolves and work progresses, you will want to update the executive summary to keep it current.

## Pitch Deck

### What is a Pitch Deck?

The pitch deck is a shortened, visual version of your business plan.

It usually contains 10 to 15 slides that outline the key parts of your plan.

It should present a visual story that investors can relate to.

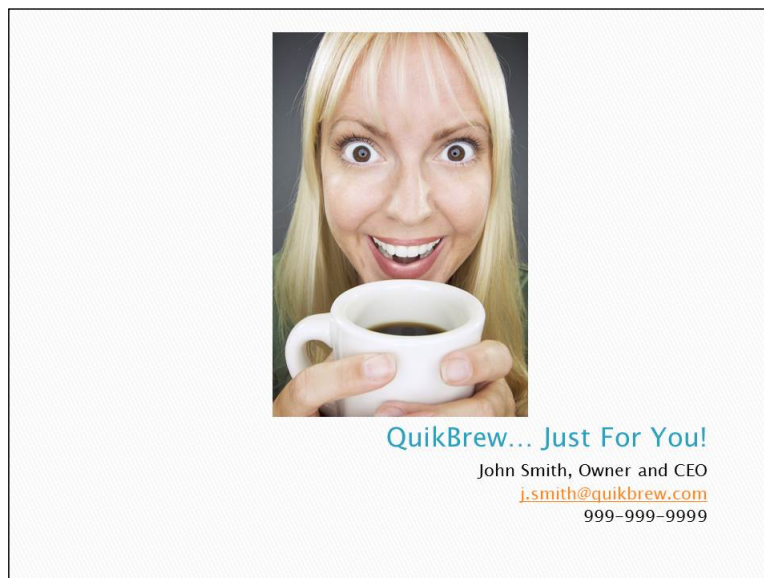
### Sample Pitch Deck

Here is a sample pitch deck for our QuikBrew idea.

#### Slide 1

The first slide should contain your company logo or a related image.

You should also include the company name, tagline or motto (if you have one), and your contact information.



**Slide 2**

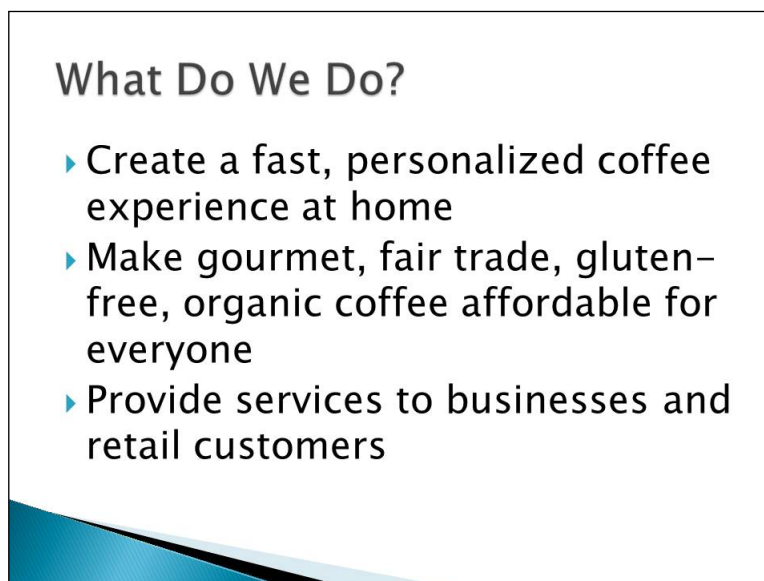
Describe your team.

If you are on your own right now, you can omit this slide.

**Slide 3**

Describe what you do.

Your problem statement can be useful here.



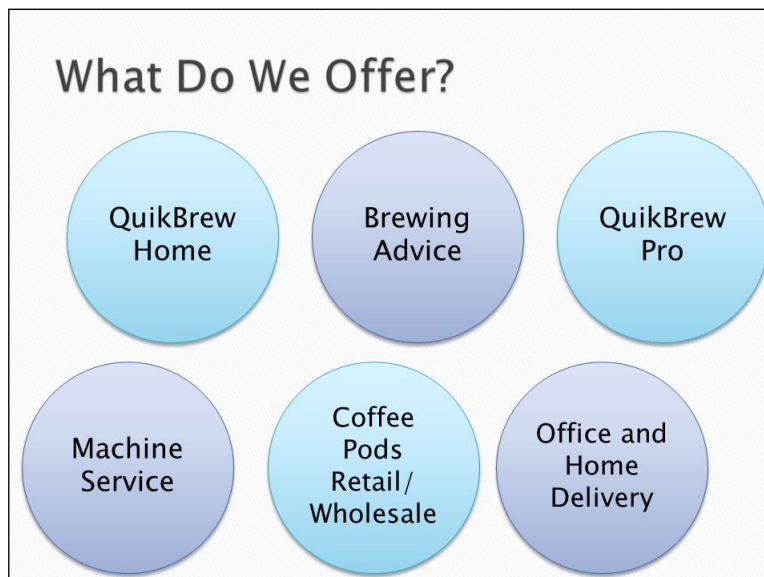


**Slides 4 and 5**

Describe your products and services.

Here, we have a slide with a video of the coffee machine.

Then, we have graphics outlining key points.



(Please note that the video in this template is for demonstration purposes only, and is not a working video.)

**Slide 6**

Describe your distribution strategy and market segments.



**Slides 7 and 8**

Describe your key markets and how you will reach them.

Our sample business will market to other businesses and home users.

**Slide 9**

Describe the competition and how your company measures up.

Focus on the positive things about your company rather than negative things about the competition.

Include statistics whenever possible.

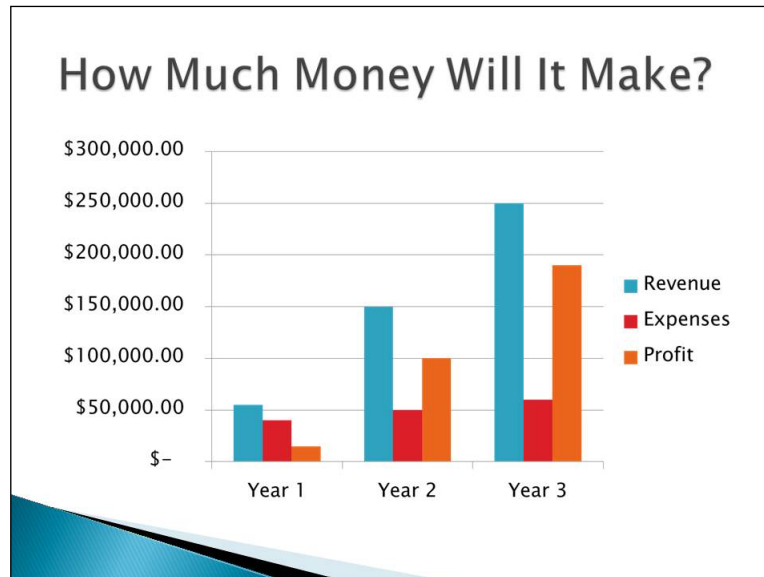
### Who Is Our Competition?

Feature	QuikBrew	Easy Café	Home Style
Fair trade coffee	√	X	X
Starts up in under 10 seconds	√ (8 sec.)	X (15 sec.)	X (35 sec.)
One-touch operation	√	X	X
Self-cleaning	√	X	X
Compostable pods	√	X	√

**Slide 10**

Show a three- to five-year projection of revenue, expenses, and profit.

Be as accurate as possible and be prepared to explain how you calculated these numbers.

**Slide 11**

Share the metrics that you calculated as part of your financial projection.

Just as with the previous slide, be as accurate as possible and be prepared to explain how you calculated these numbers.



**Slides 12 and 13**

Explain where you are, where you are going, and how extra funds would help the business.

### Where Are We?

- ▶ Production of first brewing units is expected to begin within 3 weeks
- ▶ Production of first coffee pods is expected to begin within 2 weeks
- ▶ Additional funds will allow us to increase production and quickly grow sales

### Where Are We?

- ▶ Two salespeople are generating leads for businesses
- ▶ Penetration into home user market will begin in the next six weeks
- ▶ Product design is complete and being tested by users

**Slide 14**

Ask for feedback and questions.

Include contact information for yourself as well as the business' website and social media pages.

Questions? Thoughts? Comments?


- ▶ Website: [www.quikbrew.com](http://www.quikbrew.com)
- ▶ MyFace: \*quikbrew
- ▶ Chirrup: @quikbrew
- ▶ Video Feed: quikbrew.myvid.com
- ▶ If you have any additional questions, comments, or concerns, please contact John Smith at 999-999-9999.



**Slide 15**

Thank your audience for their time and end the presentation on a positive note.

Thank You!



## How It Works

Typically, you will give an interested investor the executive summary first.

Then, if they are interested in more information, you can present your pitch deck.

If they are then committed to supporting you, you can share your business plan.

You do not want to share the entire business plan with everyone who asks for information.

If it is leaked to the wrong people, you may see someone else launch your great idea first.

## 30-Second Pitch

The next piece in your communication toolkit is your 30-second pitch.

It allows you to describe your business in 30 seconds or less.

It can be used whenever someone asks about your business, whether you're out having lunch, in an investor's meeting, or at a networking event.

It can also be shared with your team to ensure that everyone is sending a consistent message.

You want your pitch to come out naturally, so your script should be fairly loose.

It should also evolve as you gather feedback from others and as the business evolves.

You can use this template as a starting point for your pitch.

Step	Description	Example(s)
<b>Introduce yourself</b>	Be genuinely sincere about meeting new people.  Look them in the eye, stand confidently, and be engaged in the conversation.	"Nice to meet you, my name is..."
<b>State your business name</b>	Don't wait for a compliment.  Just make a statement.	"My company is..."
<b>If relevant, include where you operate</b>	This part of the pitch depends on the situation.  If you are at an international meeting or conference or work globally, it may not be relevant.	"We are based in Dubai," or "We offer e-commerce solutions to small businesses around the world."



<b>Make it meaningful and memorable</b>	Talk about what you offer in terms of positive outcomes.  Your problem statement can be useful here.	“Our products give you an in-home, affordable, top-quality coffee experience.”
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## Practicing the Pitch

### Choose a business from the list below:

- Indivay: We create personal hovercraft to help people get around quickly with a smaller carbon footprint.
- Green City: We offer recycling sorting, pickup, and refunds in the Greater Anytown area.
- Learning for Leaders: We provide hands-on leadership training for leaders at all levels.
- 
- You can learn in the classroom, online, or on the job.

### Create a 30-second pitch for that business.

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## White Papers

When preparing your pitch deck, business plan, executive summary, and 30-second pitch, you do not want to go into too much detail about the technology behind your product.

Not only will it bore most of your audience, it may share your product's secrets with too many people.

You should, however, create a technical white paper summarizing your product, the technology behind it, and why that technology is unique.

This paper should be in layman's terms to help your audience understand how the product works.

The white paper should be made widely available to ensure that people can easily access technical information about your product.

Do not include trade secrets!

Your white paper should include:

- The words "white paper" in its title
- The problem that this product solves and how it does so
- Background and details on the problem
- A summary, frequently asked questions, and/or review points

## Module 8: Gathering Funding

### The Basics of Financial Statements

Many entrepreneurs find the financial aspects of their new business the most overwhelming part to deal with.

It's often wise to have the help of a professional accountant.

However, you also need to understand the basic reports that you will be working with.

Here is a quick overview.

#### The Income Statement

The **income statement** can also be called a profit and loss statement or operating statement.

This is a summary of the income and expenses of a business during a certain period: monthly, quarterly, or annually.

If the company has more income than expenses for a certain period it has net income (a profit).

If the expenses exceed income, the company has a net loss.

Income can be broken into two broad categories: **service income** and **sales income**.

The difference between the two lies in the need to consider inventory costs.

Service income is derived from performing a service while sales income is derived from selling a product.

In general, service companies have staff that perform a service for a customer, while sales companies have product that they sell.

With service income, the profit can be determined simply by deducting expenses associated with performing the service.

With sales income, however, you must consider the cost of creating the product (raw materials, labor, overhead, etc.).

This inventory cost is referred to as the **cost of goods sold**.

## Income Statement Equation

The income statement equation typically looks like this:

$$\textit{Revenue} - \textit{Expenses} = \textit{Net Income or Loss}$$

- Revenue is what the business earned from the sale of goods and services during this period.
- Expenses are bills (phone and Internet bill, insurance, payroll, advertising, etc.) incurred during this period.
- Net income or loss is the net financial result of the business efforts during that period.
- It must be added to the Equity portion of the balance sheet, which we will discuss in a moment.

Some examples of the types of accounts that influence net income and are reported on the income statement include:

- Revenue
- Advertising expenses
- Repair expenses
- Utilities expenses
- Wage expenses

## Sample Income Statement

<b>Acme Widgets Inc. Income Statement For the Month Ended February 28, 20xx</b>		
<b>REVENUE</b>		
Widget Sales		\$20,000
Widget Installation		\$1,500
Interest Income		\$500
<b>Total Revenue</b>		<b>\$22,000</b>
<b>EXPENSES</b>		
Rent	\$4,500	
Utilities	\$1,200	
Advertising	\$8,000	
Wages	\$5,000	
<b>Total Expenses</b>		<b>\$18,700</b>
<b>NET INCOME (LOSS)</b>		<b>\$3,300</b>

## The Balance Sheet

The purpose of a balance sheet is to show what a company owns and owes as of a specific date.

Income statements are prepared “for the period ending” and balance sheets are prepared “as at” a certain date.

The balance sheet summarizes what the business owns and compares it to what the business owes.

It does so in a standard format to make it easy to see what kind of financial shape the business is in.

If a business has more assets than liabilities, that’s a good sign.

On the other hand, if a company has more liabilities than assets, it might be a sign of trouble.

## Balance Sheet Equation

$$\text{Assets} - \text{Liabilities} = \text{Equity}$$

- **Assets** are anything that the business owns.  
Some examples: cash, office equipment, vehicles, tools, real estate, buildings, and land.
- **Bills that are prepaid** (such as monthly insurance premiums) are also considered an asset, as are **accounts receivable** (money that others owe to you).
- **Liabilities** are anything the business owes to others, including banks and suppliers.
- Money which a company owes as a result of its ongoing trading are generally called **accounts payable**.
- **Equity** is often a measure of what the business is worth.  
It is the combination of profits and money invested in or withdrawn from the company by its owners.

This is what people refer to as balancing the books: ensuring that this equation is always in balance.

Accounts typically reported on the balance sheet include:

- Accounts receivable (money owed to the company but not collected)
- Cash
- Equipment
- Accounts and notes payable
- Prepaid items
- Unearned revenue

- Vehicles, land, and buildings, and their accumulated, individual depreciation (decrease in value)

The term **consolidated balance sheet** refers to the “consolidation,” or adding together, of individual balance sheets of various related companies into one balance sheet which shows the financial position of the entire group of companies.

## Current vs. Fixed Assets

On a balance sheet, the assets of a business are generally broken down into two groups: current assets and fixed assets.

**Current assets** are generally considered to be anything that will be converted into cash within one year, such as cash, accounts receivable, and inventory.

Current assets continually turn over through the company.

**Fixed assets** are more permanent in nature.

This includes vehicles, equipment, machinery, land, and buildings.

They represent an investment in items that are necessary to carry on its normal operations.

Fixed assets can also revolve (to purchase new equipment or update technology, for example) but usually they revolve very slowly.

**Liquidity** measures how quickly a company can convert its assets into cash.

An ample cash balance provides security that the company can meet its obligations.

The easier the conversion is, the more liquid the asset.

Here is a list of current assets in order from most to least liquid:

- Accounts receivable
- Inventory
- Fixed assets

## Cash Flow Statement

This shows the flow of cash for an accounting period.

This statement is a bridge between the cash accounting method and the accrual accounting method in that it analyzes what transactions impacted cash and what were accruals.

The cash flow statement is usually divided into three sections.

### Operating

- Cash flow for day-to-day operations
- Examples: Customer revenue, tax payments, interest, supplies purchased



**Investing**

- Cash flow generated from or consumed by assets
- Examples: Sale of a vehicle or purchase of a building

**Financing**

- Cash flow in from selling stocks or bonds or borrowing
- Cash flow out from purchasing stock back, paying out dividends, and repaying borrowed money

**Statement of Retained Earnings**

This statement shows how much of the company's profits were kept inside the company and not paid out in dividends.

**Sample Statement of Retained Earnings**

<b>Statement of Retained Earnings for Acme Widgets Inc. As At February 28, 20xx</b>	
Opening retained earnings	0
Add net income for the period	\$3,300
<b>Total Retained Earnings</b>	<b>\$3,300</b>
Minus dividends paid	(300)
<b>Retained earnings</b>	<b>\$3,000</b>



## Funding Options

### Friends and Family

You'll often hear this group referred to as the 3 F's: friends, family, and fools.

Generally, this group is not a good source of funding for your business.

Keep your personal and professional lives separate to ensure that your business gets off on the right foot.

### Banks

Many entrepreneurs get a small business loan from their bank.

Often, the bank will require some sort of security in case you are unable to repay the loan.

Be sure to review loan terms very carefully.

### Government Programs

Most governments offer resources to help new businesses.

This can come in the form of payroll rebates, low-interest loans, or grants.

Check with all levels of government to see how they can help you.

### Private Programs

Large businesses and non-profit organizations may also offer resources to help entrepreneurs.

Check with industry organizations, your mentor, and the Internet to see what is available in your area.

### Venture Capitalists

Venture capitalists provide funding to startup companies (usually high-tech) in exchange for shares or equity.

This usually means that they will profit if the startup company goes public or gets sold.

Keep this in mind if you are seeking money from venture capitalists.

## Angel Investors

Angel investors are typically wealthy individuals with money to invest in companies that appeal to them.

They often enjoy the challenge of starting up a new business and may look for opportunities where they can be hands-on.

## Bootstrapping

Bootstrapping means building a company from your own money and assets.

Profits are then reinvested in the business.

Typically, bootstrapping works best for very small companies with low startup costs, short sales cycles, and simple products.

This is the route that many part-time, home-based businesses use.

Although it can decrease your debt and increase profits, if you don't generate enough revenue to invest back in the business it can also stunt the business' growth.

## Crowdfunding, Sponsorship, and Co-Op Programs

Asking your customers to help you start your business is another way to generate revenue without going into debt.

In exchange for their support, your business will provide them with a product, service, membership benefits, and/or co-op ownership rights.

As of this writing, [Kickstarter](#) and [Indiegogo](#) are some of the most successful crowdfunding platforms.

## Bartering

You can also consider bartering to help start your new business.

For example, let's say you sell single-serve coffee machines and you need design help for your website.

Perhaps you could find a local web design firm and offer them a machine and a service contract in exchange for their help.

This also helps you get your product out in the marketplace and establish friendly relations in your community.

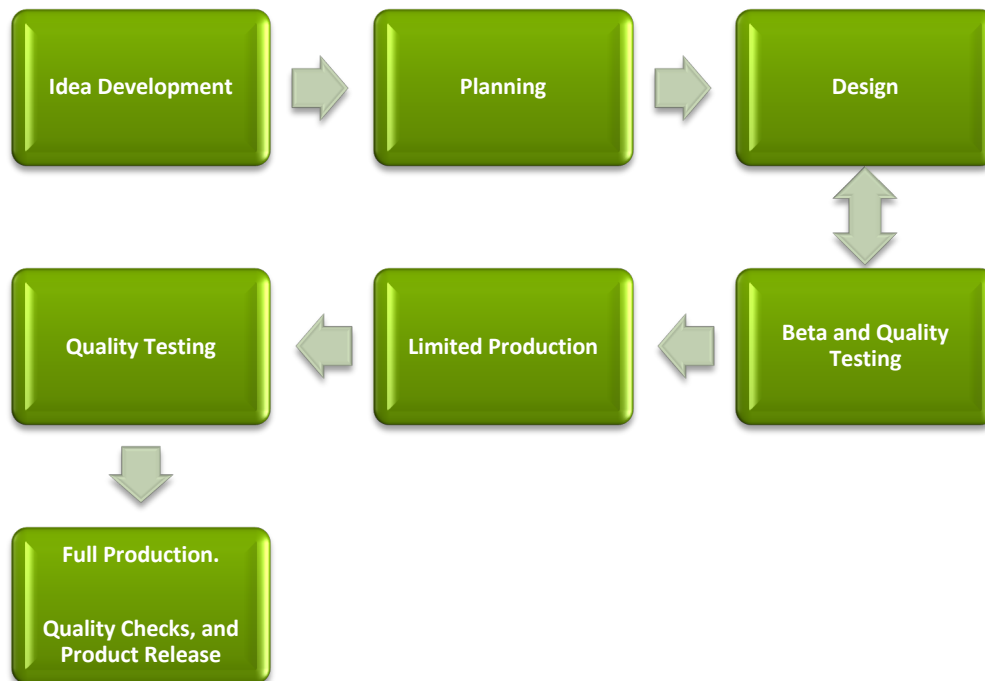
Just be sure that you're getting back what you give.

## Module 9: Developing Your Product

### The Steps of Product Development

#### Process Overview

There are many models for product development, but most models have the following phases:



Notice the dual arrow between steps three and four: the results of beta testing will often necessitate a return to the design phase to make minor adjustments and fix issues.

The model that you use will depend on the type of product that you are creating, but your processes should be documented before you begin product development.

Let's take a closer look at each phase of the model.

#### Idea Development

This is where you describe:

- What the product is and what problem it solves
- What the general aim of the product is
- Who is buying the product and who is using the product

## Planning

Next, it's time to plan out the details of the product by creating four requirement documents.

### Market and Customer Requirements

- What problem exists in the market?
- What does the problem look like to customers?
- What do customers want in a solution?
- What do customers need in a solution?
- What are our competitors doing?

### Functional and Non-Functional Requirements

- **Functional requirements** describe items that solve particular problems for users. (Example: Coffee machine sanitizes itself after each brewing cycle with water temperature of 212°F.)
- **Non-functional requirements** involve the background operation of the product or service. (Example: Coffee machine will weigh less than two pounds.)  
It can be helpful to prioritize requirements, particularly for early product designs.

### Engineering Requirements

- Describe the technical specifications of the design.
- Define terms that will be used in the design of the product, particularly jargon or ambiguous terms.
- Describe what materials will be used in the product.
- Include patents and technologies that will be used or developed.

### Testing Requirements

- Describe how testing will be performed and documented.
- Create use cases if appropriate.
- Outline performance targets. (Example: Coffee maker must start up within 15 seconds.)
- Allow for variation where appropriate. (Example: Coffee machine will weigh between 1.8 and 2.2 pounds.)
- Include any external inspections, approvals, etc. that will be required.
- Create procedures for re-testing, rejection, and production changes.

## Design

Now it's time to design the product.

The output of this stage will be your product's prototype.

Be sure to set and enforce design timelines so that this stage does not drag on forever while the team tries to create the perfect product.

Emphasize that this is a starting point.

Encourage the team to add to the requirements documents as new issues are raised.

## Beta and Quality Testing

Once the prototype is complete, it can be tested.

Testing procedures will vary depending on the product, but can include:

- Checking the product against the requirements documents
- Use cases conducted in a lab
- Usability testing with real people (in focus groups or within the company, for example)
- Safety inspections

Once this round of testing is complete, the product either proceeds to limited production or (more often) goes back to the design phase for minor tweaks and adjustments.

## Limited Production and Quality Testing

After the prototype has passed beta testing, it goes into limited production for a trial run of your production and quality testing procedures.

If this trial run goes well, then you can proceed to the final stage.

## Full Production, Quality Checks, and Product Release

At the final stage, your full production and quality assurance procedures are put into action.

Minor revisions and adjustments will probably need to be made, but the general process should remain the same.



## Protecting Your Intellectual Property

Intellectual property can be a very tricky subject, particularly in our digital age.

It is always best to consult an expert to make sure that your business' assets are protected.

This module will give you a quick introduction to intellectual property so that you have a basic idea of what steps you will need to take.

### What is Intellectual Property?

The term intellectual property (IP for short) refers to any creative product (such as a product design, logo, screenplay, etc.) that can be copyrighted, trademarked, or patented.

When a product is copyrighted, trademarked, or patented, the owner then has control over how their product is reproduced and used by others.

The legal rules for copyright vary by jurisdiction, so do your research and know what applies to you.

### Following the Rules

Before you establish your business name, domain name, product name, etc., ensure that it is not registered to anyone else or copyrighted.

There are a variety of copyright organizations and Internet resources that can help with this.

If you need help, contact a copyright lawyer to help you with the process.

### What Should Be Copyrighted?

If the law allows, you should consider copyrighting, trademarking, or patenting the following elements of your business:

- Company name, logo, and motto
- Domain name
- Product designs
- Underlying technologies

Depending on your jurisdiction, you may also be able to protect confidential information, like trade secrets, processes, and procedures.

In general, the following items cannot be copyrighted:

- Individual names
- Ideas that have not been implemented
- Generic designs and items (for example, a plain T-shirt)

### **Is It Worth It?**

Establishing copyright, trademarks, and patents can be an expensive undertaking.

Decide what is worth protecting and what is not.

A copyright expert, industry expert, or mentor can help you with this.

### **Employee and Contractor Agreements**

Ensure that all employee and contractor agreements explicitly state that your business retains copyright for any work that they do for you.

Non-disclosure agreements may also be appropriate (depending on your business).

## Module 10: Creating a Sales and Marketing Strategy

### Introduction to Marketing

#### The Purpose of the Plan

Now that your product development process is in place, it's time to consider how you will market your product.

Marketing processes may vary in terminology or process depending on the material you read.

They may include more or fewer steps than this module will cover.

What is common, however, is that marketing is a cyclical process, and it uses very particular terms.

We will also use those terms here so that you can plan, speak to, and perform these functions within your business.

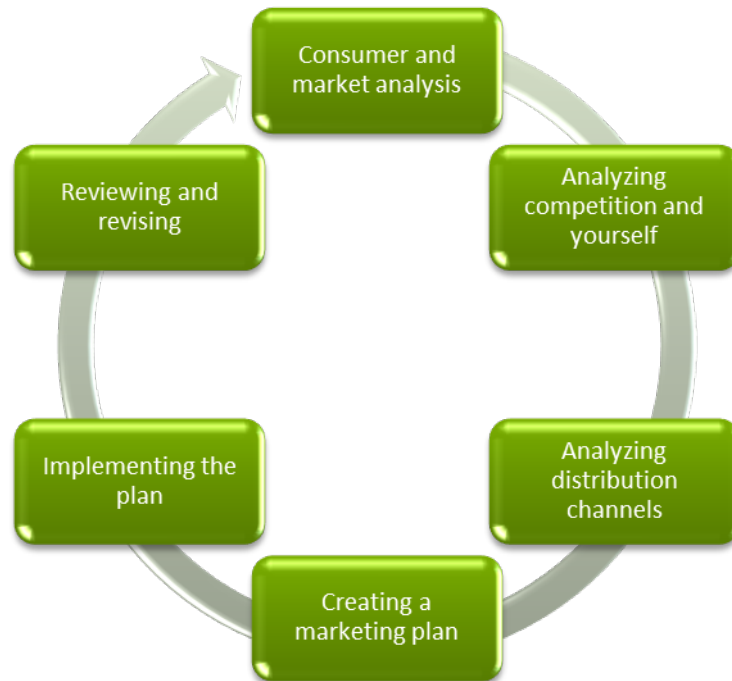
Your marketing plan may undergo many revisions until all stages work effectively.

This frustrates people who do not like working in a fluid state, or have trouble dealing with change.

As a result, you may need to recruit marketing professionals who love their work and have a strong track record.

## Cycle Overview

Marketing uses the following steps:



## Stage One: Consumer and Market Analysis

### Considering Your Customer

This is the research segment of the process as you carefully consider your customer and what they need.

You have to be honest with yourself and look at their needs in direct contrast to what you may think of as your ideal customer.

People don't all have the same needs and wants.

Your goal is to identify groups of people (called **segments**) who have related or similar needs so your marketing dollars can be directly pointed at them.

There are several questions to ask yourself:

- What do they need?
- Who is buying our product? Who is using our product?
- What is the buying process?
- How can I leverage segmentation?

You should have the answers to most of these questions by now, but a bit more research will help you ensure that you really are targeting the right market in the right way.

### What do they need?

The answer to this question may seem simple to you, but we want you to take a deep look so that you get the real answer.

When answering this question, you can potentially uncover a segment of the marketplace that has been overlooked or underserved until you arrived.

IKEA has a tremendous market presence for furniture and home furnishings, which has led to businesses who now concentrate on recovering and upholstering IKEA's old furniture.

How did the aftermarket business get started? They knew that people don't like to get rid of their IKEA furniture and were able to capitalize on their consumers' energy for repurposing.

### Who is buying our product? Who is using our product?

Babies don't buy diapers; their parents do.

Dogs don't really care what their food looks or tastes like, but their owners do.

Who does most of the purchasing in the market segment you will serve? There is no point marketing an item in a men's magazine if the item is normally purchased by women and given to men; you need to market to the women in their own spaces.

### What is the buying process?

Grocery and corner stores place candy and chocolate bars at the cash register because so many people purchase those items on impulse.

Staple items, such as bread and milk, are often located at the back of the store to force shoppers to walk past and view all of the other items on display.

Large items like a car or truck take more time to consider.

They are a significant investment of money, and are an item that the buyer wants to have for a long period of time.

As a result, people may do some research on the Internet and they will visit a car lot to see the features of the vehicle for themselves.

Then, they will take it for a test drive (or two or three test drives) before they make the decision to purchase.

The buying process generally follows the steps below:



**Write out the buying process for a common product.**

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### **How can I leverage segmentation?**

Once you know which segment of the marketplace is interested in your products, how will you make the most of their interest in buying from you?

Will you offer supplementary services or products?

If you own a training business and teach people how to use computers, can you also offer them soft skills training?

In considering market segments, you need to evaluate the following:

- **Measure:** Can you gauge the size of your segment?
- **Access:** Can you reach the segment through advertising and then distribution?
- **Growth:** Is the group growing, shrinking, or maturing? Are they sizeable enough to bother with?
- **Profit:** Is the profit potential enough to make it worth going after?
- **Retention:** Are you capable of servicing and retaining these customers?
- **Defend:** Can you defend yourself and stand out from the competition?

The segment of the market that wants your product can be identified through research, so that you know exactly who you are targeting.

For example, if you are selling a new organic dog food, your sample demographic could look like this:

- 35 to 60 years old
- College educated
- Full-time employment
- Childless households
- Household income is more than \$65,000 per year

There are plenty of dog food companies out there, so you've got to make sure that there enough people in the demographic to support your company and to meet your goals for profit and growth.

You will have to review the idea of your market segment several times to determine the number of people within the group who have dogs, who prefer to purchase organic foods for themselves, and for those who have the disposable income to apply to your products.



## Stage Two: Analyzing the Competition and Yourself

You must have a plan that sees you exceed the competition, and you will need to take an honest look at your operation in order to do this.

We can hide all kinds of things in an analysis to make things look better than they are.

Be honest with yourself to protect the integrity of your business.

Some of the questions you will want to ask include:

- What are your advantages?
- What are your core competencies (the things you do well)?
- What are your weaknesses?
- Where are your shortcomings?
- What can you do to capitalize on your strengths?
- What can you do to exploit the competition's weaknesses and shortcomings?

### SWOT Analysis

We recommend that you use a SWOT analysis to address each question in the list above.

SWOT stands for strengths, weaknesses, opportunities, and threats.

It is a method of analyzing external factors (opportunities and threats) and internal factors (strengths and weaknesses) in a methodical way.

(See Module Four for more information.) In addition to using SWOT analysis to answer the questions about your company, you will repeat the process to consider your competition.

### Next Steps

Once you have gathered your information, there are several ideas that you can use to help lessen the impact of the competition.

For example, perhaps you have eliminated barriers that the competition has not been able to minimize for themselves.

If you have partnered with a great distributor and the competition is struggling to get their product out to stores, you have eliminated a barrier.

As you decide what makes your product stand out from the competition (your unique selling proposition, image, or brand), you can decide how to position your product.

You also need to create a name for what you have, because names stick in people's minds.

For example, when Apple Computers was ready to evolve, their product was called a Macintosh.

They have moved from fruit branding to making their items personal through their "i" branding and products like the iPod, iPhone, and iPad.

We'll discuss branding in more detail in Module Eleven.

## Stage Three: Analyzing Distribution Channels

There are plenty of options for getting your product to your customer.

Deciding which ones to use will have an impact on pricing, profit margins, servicing, and timing.

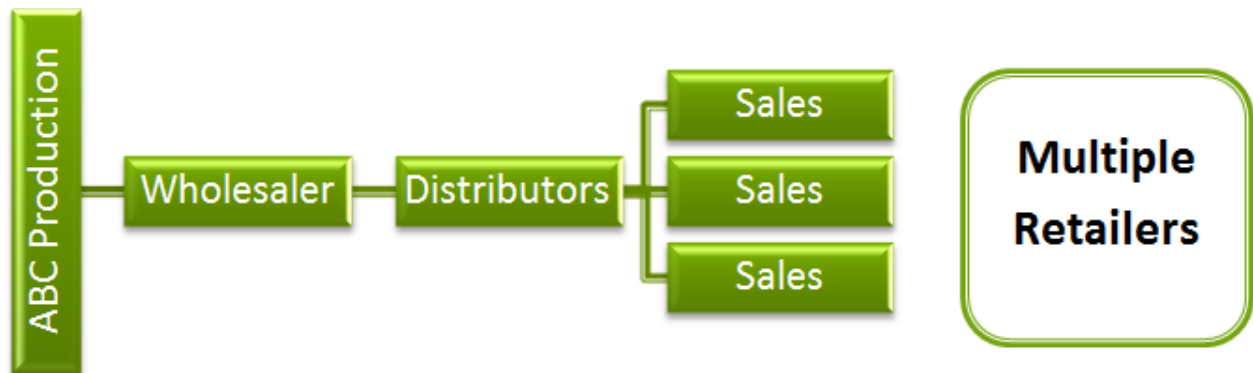
There are plenty of options available, and in choosing yours you may need to consider what your goals are and how many layers of people are involved.

In a product that is typically used by an individual purchasing in a retail store, the product can go from your production facility to a wholesaler, and then to smaller distributors to be sold to a retailer.

Each step in the process has to produce a profit, just as it does when you sell a service.

In a complex system, you may be surprised at how many people are involved.

The flow below is common:



At each stop on the chain, the participant does something that adds value to the product (packages, labels, or advertises, for example) and earns a profit.

## Stage Four: Creating a Marketing Plan

Your marketing research gets applied in a marketing plan based on the P's of marketing: product, price, place, promotion, and packaging.

All of these P's influence the sixth P: the **positioning** of your product (how your product compares to similar products from other companies).

### Product

Marketing your product includes differentiating it from other products in the marketplace.

There are lots of ways to do this, and you will want to pick a few that make sense.

Some ideas:

- Capabilities
- Style
- Warranties/guarantees
- Service
- Labeling
- Size

For example, when Lululemon was first established, they were looking for a name that was attention-grabbing and that people would remember.

They also wanted something that had appeal around the globe.

Their made-up word, with three l's, helped them to stand out.

### Price

Even a non-profit or not-for-profit company has to make a certain amount of money in order to continue.

If you own a for-profit company, you've got to be making money.

This means that no matter who you are, you need to understand every aspect of your business when establishing price.

If you forget to allow for certain costs and sell the product at a loss, your stakeholders won't stand for it.

On the other hand, some products are deliberately priced at a “deal” price (also known as a **loss leader**) to draw people in to the store where they will be sold other products.

A car can be priced below cost, but by the time the extended warranty, roadside service, fabric protection, and chrome package are added, there is no loss for the company any longer.

**Psychological pricing** is what has stores using prices that end in 95 or 99 cents.

The idea is that people will pay \$39.99 for a product they won't pay \$40.00 for.

In a competitive market, you will see marketing strategies that will meet or beat a competitor's price in order to gain (or regain) market share.

If you pick up a flyer and see the phrase, “We will match any competitor's advertised price and beat it by 5% on all our products,” you are witnessing **meet or beat competition** in action.

**Price** and **quality** are things that must always be considered in pricing services and non-tangible products.

If you have a service and price it very cheaply, people may not value what you offer in terms of the knowledge and expertise that is required to develop that service.

**Penetration** refers to introductory pricing that is deliberately low in order to gain market share.

The idea is to price products at a low per unit amount and then sell a high number of units with the objective of gaining recognition in the market.

## Place

This is all about how you will distribute and provide your product.

Your analysis of distribution channels will help you flesh out this part of your plan.

Will you be a wholesaler, distribute products through a franchise, have brick and mortar retail outlets, or be an online-only store? You can also choose several methods to create a big presence.

## Promotion

Promotion refers to the way that the market sees your product.

It is very difficult to get shelf space in a retail store, so you have to decide how you will draw your potential purchasers' attention.

Pizza shops might send staff members to stand on the corner with a sandwich board describing this week's deal.

Cupcake stores might have someone dressed in a giant cupcake costume waving to passersby.

Coupons, flyers, newsletters, and special deals are also part of a promotion strategy.

**Public relations campaigns** are another form of promotion.

**Internet marketing** is another form of promotion that can use programming and keyword techniques to ensure that a search for products like yours will lead to your company's website.

## Packaging

The esthetic value of your packaging can draw a customer's eye or can turn them away.

Designers and marketing firms aim to create the best packaging possible to attract consumers or at least create some kind of reaction.

In addition, items must also be packaged in a way that protects the contents.

Cardboard boxes, protective materials (like Styrofoam), labeling, color, and appeal must all be considered to present your product appropriately and protect it from damage.

## Making Connections

**Create a simple marketing plan for any product of your choice.**

**Product: How will you differentiate your product?**

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**Price: How will your product be priced? What strategies (such as loss leaders or psychological pricing) will you use?**

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**Place: How will you distribute and provide your product?**

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**Promotion: How will you promote your product?**

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**Packaging: What design and functional elements will your packaging contain?**

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**Positioning: How does your product compare to similar products from other companies?**

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## Stages Five and Six: Implement, Evaluate, Review, and Revise

You may recall that earlier we said that marketing is a cyclical process.

At any time in the cycle, the marketer can be forced to return to an earlier stage to remedy some kind of problem.

If you are in the midst of pricing and determine that the product as it exists is not going to be affordable to your market segment, then you've got to step back and see what can be done.

In other instances, the product will be launched and will sell in greater volume than you could have imagined.

Then, you will need to consult with production to make sure they can keep up with the demand.

Then the competition may launch a generic version of your own masterfully created and marketed product, underpricing you and even taking a loss in order to gain part of your hard-won marketplace.

It's back to the marketing drawing board, and possibly even a review of the company's strategic plan.

## Leveraging Social Media

Lots of companies will say that they have a social media strategy.

Will you be one of them? Will your business need one to be successful and widen your exposure?

There is plenty of debate about the value of social media in order to widen the exposure of your products and services.

People around the world have embraced social media, and it has become a very popular and even a normal way of doing business.

However, we don't want you to be fooled into thinking that spending all your time on social media is the best way to market your product.

Social media is simply another way to get your message out.

It's not the only way, or the best way, nor the worst.

You probably need to include social media as a part of your marketing strategy (although it depends on where you live and what products and services you sell), but we have a few guidelines for you so that it works for you and your message gets heard.

Here are seven strategies for using social media in your business.

### Stretch

Work with people who have a deep digital reach.

Traditional marketers focus on what they know in order to help you establish a niche in the marketplace.

They rely on tried and true methods for marketing campaigns.

(Think about flyers, brochures, contest entries, or contact forms on a website.) If your usual marketing is not getting you the results that you need, bring in expertise that gets you what you need.

### Build a Community

What you really need is to get people talking about you in a way that they promote your brand independently of you.

Seth Godin has written about this as **tribes**.

The Grateful Dead, a wildly successful band for more than 40 years, focused on providing their fans with experiences at their concerts rather than selling albums.

Fans (called Deadheads) went to the concerts because they knew that each one was different from the last.

Think of the things that you can do for your customers that are different than what everyone else is doing.

### Watch Out for Social Media Experts

Social media is constantly evolving, and it is one aspect of marketing, but it is not all there is to marketing.

Marketing consultants who are also specialists in social media understand its fluidity.

They can help you navigate and establish your brand in the social stream as one aspect of your marketing plan.

However, make sure that they can do what they say they can do.

Ask for references and look at what they've done in the past.

### Be There

Whichever social channels that you use (and there are more coming out all the time), make sure that you participate **with** your community.

Don't ask a question on Twitter, for example, and then not be around or available to reply to people's answers, or you will turn them off.

Better still, give them something they have not even thought to ask for yet.

## Find Your Customers

When you conduct your market analysis, be very clear about where your customers are.

Make sure you reach them and their friends so that they are able to talk about you.

This doesn't mean that you need to sign up on every social platform out there, because you won't have time.

Focus on methods of reach that work for your customers.

## Be a Person

There is a lot of artificiality in social media.

While systematizing and pre-planning updates makes sense, you look like a robot if customers can tell that something has been automated.

Make sure that some of your personality and character shines through the things that you say.

## Follow Others

It's not appropriate to be a one-way machine in social media.

For example, if you are on Twitter and have 2500 followers, and you only follow 20 people, you will not be able to reply to people who are speaking with and about you.

We know you cannot read comments from 2500 people a day, but we also know that you can organize people into categories and lists and that you can participate in that community you are trying hard to build, instead of being a sandwich board on the street corner that simply makes an announcement.

If you are blogging, make sure that you reply to people's comments on your blog posts and that those posts provide people with information they can use, rather than just writing them as a billboard for your products.



## Module 11: Branding 101

### What Branding Is All About

#### What is a Brand?

There are many definitions of a brand, but our favorite comes from Simon Middleton, a British brand expert. In his book *Build a Brand in 30 Days*, he says, “**Brand is about meaning.**”

Your brand is everything that your customers and prospective customers think, feel, say, hear, read, watch, imagine, suspect, and even hope about your product, service, or organization.”

(Here, the word “**customers:** refers to both the external clients who bring business and the internal clients, such as the employees, stakeholders, and suppliers that support your business.)

#### Why a Brand?

People use brands to help them navigate today’s marketplace of overflowing choices.

If you’re in a hurry and you just want a hamburger, will you choose the familiar golden arches or the no-name burger stand?

If you want a certain style of shoes, will Nike’s trademark swoosh help to make the decision a little easier?

#### What’s in a Brand?

Your brand can include:

- A catchy name
- A logo (an image) or logotype (words associated with an image)
- Trademark colors
- Characters
- A particular style, look, and feel
- An attitude
- A set of feelings and values
- Anything you want!

#### What is Branding, Then?

The word **branding** encompasses the entire process of creating, managing, and evaluating that brand.

It's how you build relationships with people through the image that the brand gives out.

Your brand should therefore always be integrated into all facets of your organization.

### **Why Branding is the Most Important Investment a Company Can Make**

Branding can be a costly project and a big investment.

Many business owners are reluctant to invest their time and money in a full branding project, particularly since branding and graphic design experts can come with a hefty price tag.

However, branding doesn't have to cost a lot of money.

If you know what questions to ask, you can work through the process yourself.

Then, you can work with a graphic designer to bring your vision to life.

Your brand is what customers will see and remember.

Make it count.

## Developing Your Brand Name

A great brand name has huge value by itself.

You will want to develop a great name for your business and for each product or service that you offer.

Here is what you don't want in a name:

- Something that is boring and not distinctive
- Something that is hard to pronounce or remember
- Something that might have negative connotations for a particular segment of the population
- Acronyms and inside jokes

You do want a name that is:

- Memorable and noticeable
- Speaks about your product or service
- Engages customers
- Unique
- Appropriate and inoffensive



## Developing a Slogan

We like the word “slogan” because of its origins: it comes from the Gaelic word **sluagh-ghairm**, which means “battle cry.” You might also know a slogan as a motto, tagline, mantra, or strapline.

Whatever you call it, it had best be good.

### **Can you identify the companies or products associated with these taglines?**

- Just do it.
- Expect more.
- Pay less.
- All the news that’s fit to print.
- Drivers wanted.
- Save money.
- Live better.

Not all products have a slogan, but a good one can significantly add to your brand’s value and give your brand bigger exposure.

A good slogan is short, punchy, appropriate, and true to the product.

To create it, we suggest brainstorming words and short phrases that describe your product’s purpose.

Then, narrow the focus down, test a few phrases out, and choose the best result.

## Types of Logos

There are four common types of logos.




As you are reviewing these examples, consider what might work for your company.

Please note that we have included these logos for demonstration purposes only.

### Pictorial Mark




This is often what people think of when they think of a logo.

It's a simple image or symbol that is chosen to represent the brand.

Apple	Greyhound	Target
		



### Letterform

This approach takes one or more letters from the company name and turns it into art, essentially combining the brand name and the logo.

Dell	Sun Microsystems	Atari
		




## Wordmark

Similar to the Letterform design, this approach makes art out of the entire company name.

Ikea	Sobeys	Levi's Jeans
		

## Emblems

The final major category is emblems, which combines a wordmark and symbol to create a unique visual identity.

Thomas Cook Travel	Visa	TiVo
		

## Getting Creative

**Choose a product.**

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**Create a brand name.**

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**Create a slogan.**

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**Create a logo.**

## Module 12: Setting Up Your Office

### Choosing a Location

#### Narrowing Down the Search

If your business is going to have a physical building, choosing the right location is crucial for your success.

A good location should meet the following criteria:

- Close to where your customers live, work, and/or play
- Close to your competition
- Easily accessible by car, foot, and/or public transportation, depending on your market
- Appropriate demographics for your target market (for example, a skateboard shop in an area primarily composed of seniors may not be a good idea)
- Appropriate growth projected for the future
- No projected impediments (for example, a big box store that would undercut your business opening in the next year)
- Minimal seasonal variances

#### Finding Resources

A local real estate broker who is familiar with the area and business locations can be a great asset in your search.

Be sure to find out what fees and commissions they require.

You can also hire research firms to provide information such as demographics, traffic, projected growth, etc.

This can be very valuable in locations that are very competitive or quickly growing.

With a bit of research, and perhaps some outside help from these resources, you should be able to create a short list of three or four locations that look promising.

## Asking the Right Questions

Once you have a short list of prospective locations, you can do some more in-depth research to make sure that:

- The area and building are zoned for your type of business
- The area and building meets licensing requirements (if applicable)
- The building has all the facilities you need (such as separate entrances for staff and customers, adequate washrooms, working areas, storage, etc.)
- The building meets workload and safety requirements for your type of business
- You can find qualified employees in that area
- The location is convenient for you to get to
- The neighborhood is safe and matches your image
- The location is well-maintained
- There is adequate transportation and parking for staff and customers
- There is room for delivery vehicles to safely pick up and drop off merchandise (if applicable)
- Your insurance will cover that location
- There is room for growth (either now or in the future)
- You know how long the lease rate is locked in for and how long lease terms are
- You know what expenses are included and not included in the lease

Then, you can interview the landlord, examine the space, and perhaps even talk to other tenants.

Once you have made a decision, have an attorney review the lease contract before you sign it.

## The Pros and Cons of Home-Based Businesses

### Advantages and Disadvantages

If you're just starting your business (especially if it's Internet-based), working from home might be the most convenient choice.

Advantages of home-based businesses can include:

- No commute time
- Minimal startup costs
- Tax benefits
- Better work-life balance

**What are some other advantages?**

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However, there can be some disadvantages as well, such as:

- If you're not used to working from home, it can be hard to establish the right balance and focus on the business
- Depending on the type of business, there may be additional license, insurance, and/or zoning considerations
- Quick growth can mean you're suddenly looking for office space

**What are some other disadvantages?**

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### The Roaming Entrepreneur

Many entrepreneurs choose to work and play at the same time.

If you're a travel consultant and blogger, for example, you might do most of your work while flying from one exotic location to the next.

If you're a consultant for a specialized type of technology, being flexible about the area that you work in can greatly expand your business opportunities.

If you're thinking about being a roaming entrepreneur, make sure that:

- You have your business firmly established first
- You have the tools to support it (such as cloud-based document backup)
- You meet licensing and visa requirements for the area(s) you are travelling to



## Module 13: Launching the Business

### Getting Off the Ground

#### Just Like the Movies!

Your business' launch should start well before your website goes live or you turn on the "Open" sign for the first time.

Chris Guillebeau, author of *The \$100 Startup*, puts it like this: "A good launch is like a Hollywood movie.

You first hear about it far in advance, then you hear more about it before the debut, then you watch as crowds of people anxiously queue up for the opening."

#### Pre-Launch

In the days, months, and weeks before you start your business, let people know what is coming.

Use your 30-second pitch to share what your product is and how it will help the customer.

If you've got the budget, this is the time for big events, like mock commercials, flash mobs, public stunts, and teaser websites.

Increase your presence and your efforts as launch day gets closer.

If you have a team of employees, keep them informed of the launch progress.

Make sure that your plans for launch day are clear.

If possible, do a trial run with mock customers.

If you have an e-commerce website, test, test, and test some more.

Make sure that your system can handle at least ten times the projected customer volume.

As well, make sure that support systems are in place, so that employees (and customers) know where to turn for help.

## **The Launch**

Typically, a product launch lasts about a week.

During this time, marketing efforts are at their highest point to generate maximum interest.

You need to be on hand to handle issues, resolve glitches, and make sure that everything is going according to plan.

## **Post-Launch**

After the launch, take a breather and step back.

Ask yourself, your employees, your customers, and your stakeholders (if applicable): What went well? What could we do better? Then, plan your improvements, execute them, and continue to work on building the business.

Keep everyone informed about what's coming next, too.

## Setting Up Your Organizational Chart

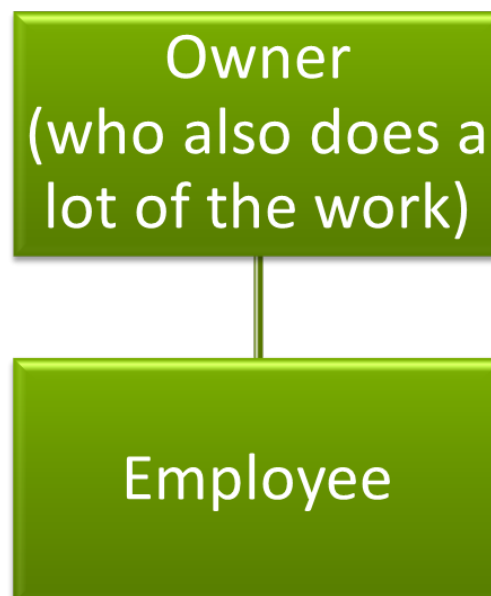
Establishing the right organizational structure will help you focus efforts in the right places and adapt to changes in the business environment.

In addition, although we speak of structure, we have to keep in mind that the work is performed by, and relationships are developed with, people.

If you forget the human part of your business, you aren't going to find much support for it.

When you start out, it may just be you.

As time grows, it might be just you and one other person:



As the company grows, you will run out of hours to get all the work done as well as doing the management tasks that are needed.

Let's say that you secure a big contract and need to hire eight people to do the work, including an accountant and someone to do the hiring and people management.

The new organization chart might look like this:

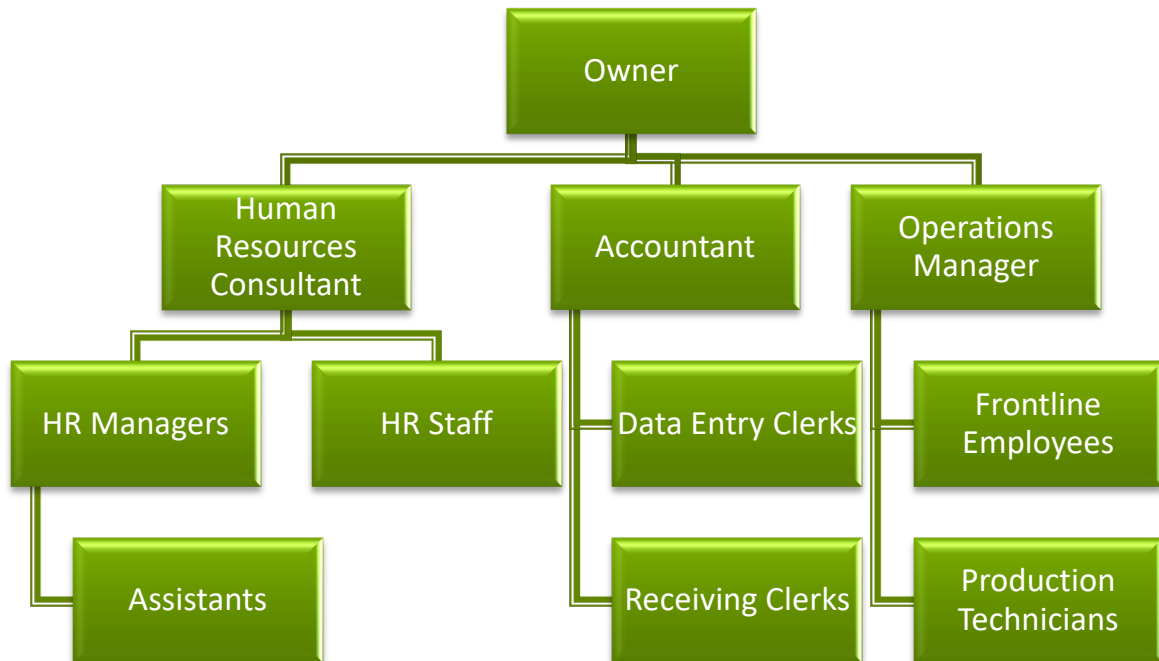


Again, as the organization grows, we tend to add layers of management and workers to meet the business' needs.

Some companies will try to stay flat in order to provide those workers with the authority they need to carry on the work.

At other times, they look like large, layered pyramids, like the one below.

As the organization grows, people at the front line get farther away from the decision maker at the top of the pyramid, and the decision maker also gets farther away from the customer or client.



It's essential to make sure that you have the right people on board and that your business grows in the right way.

In the next module, we'll share some tips for building a great team.

## Recruiting and Engaging the Right People

When you know you are stretching beyond your capacity, or you need some additional expertise, it could be time to grow your team! Here we will present a step-by-step process, from thinking you may need someone to bringing that person on board.

### **Step One: Determining That You Have a Position to Fill**

Look at your organization with a long-range view and review your goals for growth and development.

This will help you to create and fill the right position, rather than creating a position that is perhaps serving you in the short term but doesn't give you the results that you intended.

### **Step Two: Doing Your Homework**

Once you decide on the position to fill, you'll need to create a position profile or job description so that you know the type of expertise you will need to recruit.

This will put you through an exercise of determining what tasks can be completed by this person, and whether you will hire the person full time, part time, on contract, or as a consultant.

### **Step Three: Recruiting**

This is the process of finding and attracting the people that you want.

Whether you do this yourself or use the expertise of a recruiter, it's important that you find the right people.

In many cases, the people that you want to hire are already working, so you'll need to find a way to reach them specifically.

The way that we recruit and hire has changed dramatically in the last several years; we don't always advertise in the classified section of a newspaper anymore.

Companies almost exclusively want e-mail and electronic submissions, but there are plenty of people who do not search the Internet looking for work if they are happy in their job.

You have to find them, rather than expect them to be looking for you.

In a tight labor market, or when highly specialized skills are required, your ability to network, research, attract, and retain people becomes an essential skill.

### Step Four: Selecting

The next step is to sort through your candidates and select the best candidate.

**Interviewing** is the standard for determining if the person might be a good fit for your company.

**Formal testing** helps to assert whether their claims of certain abilities and skills are valid, although there are legal issues that can arise if you use invalid tests.

The other challenge to testing is that some people are really bad at writing tests, and you might pass on a candidate who could be a great fit for the company and has the ability to learn what is needed just because they do not test well.

**Reference checking**, which is becoming more and more difficult due to privacy concerns, is still relied upon and necessary to validate a person's work experience and their formal education.

### Step Five: Offering

You know who you want, and in this stage you offer them the job.

During this conversation, you need to know the salary you are willing to offer and terms of employment (such as contracts the candidate will have to sign, benefits, vacation, hours of work, expectations of the job, etc.).

You also need to know to what extent you are willing to negotiate the contract, since your candidate may have some ideas about what they are willing to agree to.

### Step Six: Orientation and Onboarding

This is both the final step in the recruiting process and the first steps that the individual takes as a part of your organization.

When employers do this badly, good people (whom they spent a lot of time and resources to find) leave the organization.

Or worse, they wish they had left but continue to collect a paycheck from you while they keep their eyes open for new opportunities.

Be prepared for the new person **before** they start their new job, and then be ready to provide them with a welcome so that they start off on the right foot.

This means that their workstations are ready (whether this is a cubicle, a position at a cash register, or the cab of a truck), people know they are coming, and that orientation forms are ready for them to sign.

People take from two to six weeks to decide whether they have made a good decision in starting a new job.

Your job is to engage their interest and commitment during the recruiting process, which might be well before they actually start work with you.

If they arrive on the first day and cannot enter the building because they do not have an access pass, things are already off to a rocky start.

The **orientation** period includes that critical first week or two that the person is on the job, while they adapt to their new surroundings, and get familiar with their position and the team.

**Onboarding** is something we look at with a slightly longer lens than orientation.

Onboarding is about the development of the individual's career within the new environment.

Depending on the job itself, it can take from six months to a year or more for someone to feel fully competent, which may include experiencing a full cycle of the business.

Your responsibility in the onboarding process includes providing the newcomer with appropriate feedback, ensuring that they are developing the skills and expertise to succeed (which benefits your organization), and that they are engaged in the work they are doing.



## Module 14: Keeping the Business Moving

### Keeping Track of Your Business

You should document every aspect of your business from the day it starts.

Having solid numbers will tell you what you are doing well and where you need to improve.

It can also help you plan for the future.

Here are a few benchmarks that every business should keep track of:

- Customer satisfaction ratings (typically broken down into satisfactory, neutral, and unsatisfactory)
- Downtime for production, sales, and/or service departments (as applicable)
- Website conversion rate and/or store traffic rates
- Response rates at each step of the sales process
- Length of each step of the sales process
- Statistics for all advertising and promotional campaigns
- Market reach
- Net and gross product profit margins
- Key financial ratios (see Module Eight for more information), including summaries of revenue and expenses
- Total staff cost

If you are a product-based company, you should also know:

- Number of units produced in a particular period of time (depending on the business)
- Amount and cost of waste produced (including rejects)
- Cost of current inventory

**What other benchmarks might you want to track?**

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## Growing Your Business

Once your business is launched and running smoothly, you might be asking yourself, “What’s next?” There are lots of answers to that question! Here are a few ways that you can grow your business.

### Improve Existing Products and Services

There is always room for improvement! Evaluate your existing products and services and see what you can do better.

Remember to check in with customers to see what they want, do market research, and fully test the product.

### Develop New Products

You can also develop new products to expand your business’ offering.

Each product should go through the design, development, and testing steps that we discussed in Module Nine.

As well, make sure that your product fits the vision of the company and fits in with the products and services that you are already offering.

### Increase Your Average Sale

One of the most effective ways to increase sales is to increase the average sale per customer.

Let’s say that you have 100 customers a day who each spend \$50 on average.

If you develop a product that adds \$10 to that average sale, you’ve just increased your sales by 20%.

There are three basic ways to increase your average sale:

- Upsell: Offer a bigger, better version of the product, or add-on items
- Cross-sell: Offer related items
- Post-sell: Offer special products after the sale

## **Be Social**

Once you have a customer base, use them to spread the word about your business.

Customer stories shared on your website or through social media, giveaways, contests, referral programs, and loyalty rewards can help retain existing customers and gain new ones.

Like any other aspect of your business, these programs should be carefully planned, monitored, and evaluated to ensure that you're getting results.

## Don't Give Up!

### Staying Positive

There might be days when you don't make a single sale, get a single new prospect, or make any progress on your business at all.

Sometimes, building a new business feels like an uphill battle.

If you're having a bad day, take a moment to review your business plan.

Why did you start this journey? How far have you come? What have you accomplished? Focusing on the positive can give you a boost to keep going.

Talking to supportive family and friends can also be helpful.

If your bad day extends into weeks and months, take a serious look at what you are doing.

Are you passionate about your product and service? Are your ideas solid? Is your business plan solid? You may want to consult with an expert, such as your mentor or a local small business agency.

### Coming Out on the Other Side

Even the biggest businesses have rough patches from time to time.

Successful businesses take that time to reflect, evolve, and grow to meet new requirements.

Businesses that fail don't grow, and try to continue offering something that is no longer valuable or relevant.

Consider these case studies:

- Star Trek was cancelled after its first three seasons ... and then went on to become one of the biggest television and movie franchises in history.
- Sales at Apple dropped by 18% for three years in the 1990's, until Steve Jobs' return in 1997.
- Since then, they have changed the way people live, work, and play with products like the iPod, iPhone, and iPad.
- In 2004, sales of LEGO™ dropped by 35%.
- After successful licensing deals with major movie and video game franchises, the company is back on track.
- Marvel's comic book business was in trouble, until the late 1990's when they formed Marvel Enterprises and began making movies featuring comic book characters.

## Module 15: Being an Entrepreneurial Leader

### Michael Gerber's Three Perspectives

#### The Three Perspectives

Michael Gerber, author of *The E-Myth* series, says, "Most entrepreneurs fail because you are working in your business rather than on your business."

He describes entrepreneurs as having three distinct perspectives.

Although these perspectives often clash, they are all necessary for a successful business.

#### The Entrepreneur

This is the part of you that wanted to start the business.

The entrepreneur is always asking, "What if?" They are focused on innovation, invention, and big dreams.

Their goal is to make money and make a difference.

They thrive on change and like to be able to lead others into their vision of the future.

Without the entrepreneur, the business would not exist.

#### The Manager

This is the systematic, organized part of the entrepreneur.

They thrive on making plans, cleaning up, and maintaining order.

The manager is practical, pragmatic, and systematic.

Without the manager, the business would not function day to day.

#### The Technician

This is the part of the entrepreneur who has the passion for the task at hand.

This is the dedicated baker, the talented carpenter, or the brilliant scientist.

They like to focus on the work at hand and hate being interrupted by the manager's planning or the entrepreneur's crazy dreams.

Without the technician, the business would have nothing to sell.

## Identifying the Activities

Gerber suggests writing down the activities of your business and classifying them by each of the perspectives:

- **E** stands for entrepreneurial activities.  
These are the things that you should be doing to move your business forward.
- **M** stands for managerial activities.  
These are the things that keep your business moving on a daily basis, like paying the bills, hiring and mentoring staff, and making sure that work gets done.
- **T** stands for technician activities.  
These are the things that create the business' products and services, like making cookies, writing computer programs, or designing dresses.

## Working It Out

When you begin your business, you will probably be wearing all three hats.

However, your goal should be to eventually focus on the entrepreneurial activities.

By delegating the day-to-day responsibilities, you will have more time and energy to invent, create, and do the things that will transform your small business into a money-making enterprise.

**Think of some people who have excelled at focusing on entrepreneurial activities and growing their business to tremendous levels.**

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## Case Study

### Case Study

Six months ago, June Jones started a catering business.

It's been successful beyond her most optimistic predictions! However, she is putting in a lot of hours and knows she needs to hire some staff.

(She has some contracted wait staff, but that's all.)

Right now, most days look like this:

- Morning: Pay bills, answer customer inquiries, and arrange for deliveries and supplies
- Afternoon: Preparation and cooking for evening bookings
- Evening: Oversee service and check in with clients

June would really like to find some time to develop some new offerings and enhance the menu, but there just isn't enough time in the day.

### Activity

List all of June's activities and categorize them as belonging to the entrepreneur, manager, or technician.

Activity	Entrepreneur, Manager, or Technician?

## Module 16: Bringing It All Together

### Checklist for Success

Review the checklist below and customize it to reflect your business idea.

You can answer the questions if you like, although the checklist will require additional work after the course.

### Entrepreneurial Traits

Let's look back at the pre-assignment. Which qualities do you want to develop?

	I have this quality and it does not need work.	I don't have this quality and want to work on it.	I am not interested in developing this quality.
I like to take risks.			
I focus on opportunities instead of problems.			
I like to get things done.			
I am enthusiastic.			
I don't mind asking for help when I need it.			
I always have big ideas.			
I don't mind putting in hard work and long days.			
I like being in control.			
I know what I am passionate about.			
I enjoy working with others.			



**Resources to Consider**

**What resources do you already have at your disposal?**

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**What resources might you want to seek out?**

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## Business Groundwork

**What am I good at?**

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**What other skills do I have?**

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**What can I make money at?**

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**What problems exist?**

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**Based on the answers to the above questions, what products and/or services do I plan to offer?**

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**What are the strengths and weaknesses of these products and/or services?**

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## Developing Your Product Idea

**What will my minimum viable product (MVP) be?**

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**What will my core product be?**

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**What will be the problem statement for each product?**

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**What will each product's functional and non-functional requirements be?**

Product	Functional Requirements	Non-Functional Requirements

**What user stories can I create?**

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What will the features and benefits of each product be?

Product	Features	Benefits

## Identifying Your Target Market and Customers

**Who are my customers?**

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**Where are they located?**

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**How do they think and behave?**

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**How will I determine these things?**

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## Creating Financial Projections

What will my sales process look like? Include the length of each stage.

Sales Stage	Activities in Our Process	Average Length of Stage
Lead		
Prospect		
Qualified Lead		
Committed Lead		
Customer		
<b>Total Average Length of Sales Process</b>		

What sales metrics will I need to gather?

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**Develop daily, weekly, monthly, and yearly sales estimates.**

*Daily*

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*Monthly*

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*Yearly*

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**Develop weekly, monthly, and yearly expense estimates.**

*Weekly*

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*Monthly*

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*Yearly*

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**Calculate your gross profit and operating margins.**

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**Calculate head count per client.**

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## **Business Ownership Options**

**I will have a:**

- Sole proprietorship
- Partnership
- Corporation
- Joint venture
- Franchise
- Subsidiary
- Other: \_\_\_\_\_

## **Key Documents**

**I have prepared a:**

- Business plan
- Executive summary
- Pitch deck
- 30 second pitch
- White paper(s)
- Other: \_\_\_\_\_

**Business Funding**

**How much money will I need to start my business?**

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**What financing sources will I use?**

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**What government agencies can I contact for help?**

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## Product Development

What will each step of the product development process look like for each product?

### *Idea Development*

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### *Planning*

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### *Design*

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### *Beta and Quality Testing*

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*Limited Production and Quality Testing*

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*Full Production, Quality Checks, and Product Release*

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## Intellectual Property

Verify that your business name, domain name, product name, etc., are not registered to anyone else or copyrighted.

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What elements of my business might I want to copyright, trademark, or patent?

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Am I protected in employee and contractor agreements?

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## Sales and Marketing

**What will each phase of the marketing cycle include?**

*Consumer and Market Analysis*

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*Analyzing the Competition and Yourself*

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*Analyzing Distribution Channels*

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*Creating a Marketing Plan*

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*Implementing the Plan*

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*Reviewing and Revising*

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**Outline each aspect of your marketing plan for each product.**

Product	Price	Place	Promotion	Packaging

**How will your marketing plan position your product?**

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**What social media strategies will you use?**

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**Will you hire product or sales specialists for your sales team?**

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## Branding

**What will your company name be?**

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**What will your product/service name(s) be?**

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**Describe the slogan for your company and each product/service.**

*Company*

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*Product/Service One*

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*Product/Service Two*

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**Sketch out the logo for your company and each product/service.**

*Company*

*Product/Service One*

*Product/Service Two*

### Choosing a Location

**Will you need office, production, delivery, and/or storage space?**

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**What locations are you considering?**

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**Will a home-based business work for you?**

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**What research do you need to do?**

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**What help, if any, will you need?**

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**Will your business allow you to be a roaming entrepreneur?**

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### Getting Off the Ground

**What activities will you perform before your business opens?**

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**What activities will you perform during your launch period?**

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**What activities will you perform after the launch?**

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## **Setting Up Your Organizational Chart**

**Sketch out your organizational chart as it will look right now.**

**Sketch out your organizational chart as it will look in six months (if everything goes according to plan).**

## Keeping Track of Your Business

What metrics will you need to keep track of?

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What red flags will indicate that the business is in trouble?

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What are your options for growing the business?

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Where can you turn for help and support?

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### Entrepreneurial Leadership Characteristics

**What entrepreneurial leadership characteristics do you currently have?**

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**What entrepreneurial leadership characteristics do you want to develop?**

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**What activities will you be performing when the business opens?**

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Categorize each activity as belonging to the entrepreneur, manager, or technician.

Activity	Entrepreneur, Manager, or Technician?

## Personal Action Plan

I am already doing these things well:

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I want to improve these areas:

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I have these resources to help me:

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As a result of what I have learned in this workshop, I am going to...	My target date is...	I will know I have succeeded when...	I will follow up with myself on...