ENTREPRENEURSHIP THAT PROSPERS



Finding the Gap

THIS COACHING BOOKLET IS <u>NUMBER THREE</u> OF SEVEN IN AN EXPANDING SERIES OF DELIVERING ENTREPRENEURSHIP THAT PROSPERS

Module objectives: Finding the Gap

In this module you will:

- 1. Describe what your want to do as a new business
- 2. Explain and discuss the purpose of your plan and gaps what you see
- 3. Describe the way you will distribute your products or services
- 4. Identify your target market and market opportunity
- 5. Identify the size and potential of your target market
- 6. Differentiate yourself from your competition
- 7. Demonstrate the ability to start and run a small to medium enterprise and to adapt to a changing business environment

Doing the Pre assessment on finding the gap

Definition: Business planning is the game plan for your positioning the organisation into the market segment and is roadmap for decisions and daily operating of your organisation

Explaining the assessment

Rate yourself on a scale of 1 to 10, with a grading of 1 where you are completely lacking in the area and a rating of 10 if each of the examples is relevant and are in place. A rating of 5 would indicate that you lack in some of the examples given, but that you have already implement more or less half of the examples

Lacking	Successful		
1. You have no clear idea where you	1. Your business planning is based on		
want to position your small business in	you your competencies and your unique		
the market or who your customers or	gifts and calling		
competition are			
2. Too many different ideas exist about	2. You know your target segments and		
the business planning for the future	your competition		
3. The different about your small	3. You know who the clients are and		
business ideas are not aligned with the	what they want		
business planning and the danger exist			
that all the ideas will move into each own			
direction			
4. Your business plans is formed in	4. You have a clearly defined mission		
reaction to fear	statement		

5. Nobody else knows about your	5. You have shared your vision with an		
business planning	accountable advisor and your employees		
	and they know how they fit in		
6. You are unable to place yourself if you	6. You have measurable short term		
want to start business with emphasis on	objectives with deadlines to support your		
being different in cost, in product, in	business planning execution		
focus			
7. You don't know what service or	7. You know exactly what service or		
product you are going to provide or sell	product you are going to provide or sell		
8. You have not find a gap in the market	8. You have find a gap in the market		

1	2	3	4	5	6	7	8	9	10

Now let's start with the module and work on your score and make sure what to do as a similar post assessment will be done at the end of this module

Business planning

Business planning is often neglected by small organisations because owners think that it is something that only benefits larger organisations. But good business planning and good business planning execution are the trustworthiest signs of good management

Many people are tempted to skip a business plan. In their excitement they prefer to just jump in and begin without doing the proper research and taking the time to determine if their dream is an actual possibility. Jesus said, "For which one of you, when he wants to build a tower, does not first sit down and count the cost, to see if he has enough to complete it?" (Luke 14:28 NASB) Solomon added, "Commit to the Lord whatever you do, and your plans will succeed" (Proverbs 16:3 NIV).

Think of your plan as a roadmap designed to get you from where you are now to the business you imagine for the future. Aren't maps supposed to save you time and energy? Aren't maps designed to make things easier? Absolutely! Effective planning will save you time, energy and money.

In the old days, when a new business usually required a factory and equipment, every new business had a business plan. It didn't always guarantee success, but it was a great start and the investors always required it. Today, most new businesses are started with nothing more than a business card, a phone number, and maybe a website. That freedom is wonderful, but it means that lots of talented people are struggling with no clue about how to achieve profitability. "Without a plan, you are planning to fail."

A minimal business plan needs only four parts. Answer these questions and you are on your way; don't answer them and you will inevitably waste time, effort, and probably, money.

- **1. What, exactly, do you sell?** As Mary Kay Ashe observed, "Nothing happens until someone sells something." What are the benefits of your product or service? What does it do FOR the consumer?
- **2. Who is your audience?** Who needs this and can they afford it? How many of them are there? Will they understand and appreciate the benefits you provide? Will they buy from you?
- **3. How will you reach them?** How will you advertise so customers can find you? What strategies and channels will you use? If your potential customers don't know you and trust you, they will not buy from you!
- **4. Can you sell enough** at a high enough price to make a profit? In the end, can you produce your service, market it, deliver it and still make a profit. If the answer is yes, you're on your way!

Without a clearly defined business plan, no business has a sustainable basis for creating and maintaining a competitive edge in the market. Business planning forces one to realistically access the organisation's potential. As such, business planning has shifted from a focus on long term planning towards a focus on competitive advantage. A business plan is an overall plan of action, which defines the competitive position of a firm.

The first step in the business planning process is an assessment of the market. Businesses depend on consumers for their existence. The small organisation with a

rapidly growing consumer base will plan differently than the organisation whose clientele is stable or shrinking. The outcome of this self-assessment process is known as the mission statement. The primary concern of a mission statement is the question: "What business are we in?"

A small organisation does not function on its own, but forms part of an external environment which influences it. Therefore, to start to determine a strategic plan, even a small organisation must first place itself in the context of its external environment through looking at the nature of the industry in which it operates and at the competitive forces surrounding the organisation. This includes questions about the industry's life cycle, what the drivers of change are in the industry, what impact these drivers will have on the industry and what the key success factors in the industry are.

1. Describe what your business will do

Use the space at the end of this module to make a list of the products or services you will offer and how. A pizza place may offer the following: varieties of pizza, pasta side dishes, delivery service and soft drinks. Every product or service will need to be included in your business plan. Be comprehensive.

2. Write your mission statement

Your mission statement should explain in one or two sentences your purpose, what niche you will fill in the market, and what you will do as well or better than your competition. Your vision is what you do; your mission statement is how you will accomplish that vision. Your mission statement will guide you throughout the life of your business by keeping you focused and preventing you from going in too many directions, which is one of the common causes of failure. You need to be able to communicate your mission clearly to customers to gain future business.

Your mission statement should include:

- What your organisation does.
- Why it exists.
- Your competitive advantage.
- Who will be your customers?
- What your business does well and why others should do business with you.

Hammering out your business plan isn't always as easy as filling in the blanks. You have to ask yourself hard questions and sometimes you just don't know the answer. You need an outside perspective to help narrow your focus and hone in on your specific vision.

Scripture states, 'Present your case, the Lord says. Bring forward your strong arguments' (Isaiah 41:21 NASB). You must connect with customers quickly or opportunities are lost.

You've got three sentences— maybe 30 seconds—to connect with perspective customers and explain what you do and why they should do business with you. Get to the key point and stay there.

"Where there is no vision, the people perish..." - (Proverbs 29:18 KJV).

Using the information in your mission statement, write a one or two-sentence statement directed to a customer stating why they should use your product or service.

A business model is a picture of how you will deliver to customers. You need to establish a pattern of service and document that pattern. Then you can evaluate what works well and what does not work, adjusting as you go. But if you don't first establish an effective pattern then you'll have no plumb line to make changes. We then tend to deliver inconsistent service and quality.

"See that you make them after the pattern for them, which was shown to you on the mountain" - (Exodus 25:40 NASB).

3. Describe the way you will distribute your products or services

Outline how you will deliver services or products. For example, a pet grooming business may require 60 clients each week. Appointments will be set Monday through Saturday. The model needs to identify the capacity needed for profitability: i.e. a bed and breakfast may need a 65% occupancy rate, or the pet grooming business 45 weekly appointments. Consider using different hours of operation. A pet grooming business may be more successful offering hours of operation of 12:00 noon through 9:00 p.m. Monday - Friday, and all-day Saturday. The later hours will

accommodate customers that cannot make daytime hours due to work commitments. The more detail you can write out, the easier you can focus your efforts.

4. Profile your target market to identify your market opportunity

Profile and identify your expected customers. You won't be able to sell everything to everyone. Based on your product or service, and what you have determined you will do best based on your mission, who are the most likely customers?

1. EAGER: Will buy when offered

2. INTERESTED: Will buy, but will shop for best

3. ATTRACTED: Needs persuasion

4. NEUTRAL: Requires clear presentation and effort

5. NEGATIVE: May buy on impulse

6. Not a customer for my product

Any businessperson will have limited time and money to attract customers. By identifying the best customers, you can focus your efforts toward the best prospects. While you may want to sell to everybody, logic dictates some folks are better customers then others. Using your limited time and money targeting the best prospects generates the greatest return.

Sales and advertising efforts must be aimed at the center of the target. Take time to describe in as much detail as possible the kind of person in each ring of the target.

- · How many people live in your service area?
- How many of these people are possible customers for your product?
- How many have the finances to be customers?
- How many people "need" my product? (i.e., a babysitting business needs to know the number of families with children requiring sitting)
- How many possible customers already buy your product?
- How will you be able to take business from competitors?

- How far will people travel to buy your product?
- What price will customers pay?
- What service and quality level will be needed?
- Write out the profile of the customer that just can't wait to buy.
- Do the perspective customers have the education needed for your product?
- Are customers at the appropriate stage of life, i.e., retired, have young children, or are single to use your product?
- Where do your prospects live, shop and play?

When looking at the potential market, be realistic. Most customers of a pizza store will be within a short distance, so thinking folks will drive further is unrealistic. You will need to consider what actions, personal visits or advertising will generate the projected customer sales.

"Set up for yourself road marks, place for yourself guideposts; direct your mind to the highway" - (Jeremiah 31:21 NASB)

5. Identify the size and potential of the target market

Identify what part of the market you believe you can penetrate, the actions necessary to obtain those customers, and the basis from which you will compete: price, location or service. For example, a dry cleaner may locate in a community of 40,000, containing 16,000 households, 30% of whom are likely to use a cleaner, or 4,800 households. Can you offer lower prices, faster service or a more convenient location?

- How many people live in your service area?
- How many people use your product in your service area?
- What is the total market size for your product or service?
- Who is already offering a similar concept?

- How many customers can you obtain based on your competitive advantage?
- How often will they buy?
- What would be your income based on projected customers and the buying frequency?

Everyone has competition. Your task is to understand competitors and determine where you can offer a better deal, enhanced service or a new product. Competing with big organisations based on price is a losing battle. David defeated the stronger Goliath by understanding his own advantage and using that advantage. Better to know when to back off and when to charge ahead.

David said, "Let no man's heart fail on account of him. Your servant will go and fight with this Philistine" - (Samuel 17:32 NASB).

6. Differentiate yourself from your competition

While we do not need to be afraid of competition, we need to understand competition. When facing Goliath, David knew enough about Goliath, the competition, to avoid a direct assault. So, he carefully planned his attack using a sling and stone. List your competitors and rate their key advantages over you, and the advantage you will bring to the marketplace. COMPETITOR:

KEY ADVANTAGES:

COMPETITOR:

KEY ADVANTAGES:

COMPETITOR:

KEY ADVANTAGES:

YOUR ADVANTAGE:

How can differentiation help you achieve your business?

7. Develop a ministry plan for your business

Matt 6: 33 states" but seek first His Kingdom ..." WE have a responsibility to be a good steward.

Secular	Stewardship
Occurat	Otewardship

All of my possessions belong to me	All resources belong to God who is the	
	owner of all things. He has temporarily	
	entrusted these resources to me	
I can do anything I want to do with my	I should use God's money to further His	
money	Kingdom	
I am accountable only to myself for how I	I am accountable to God for how I spend	
spend my money	the money he has provided	

Conclusion

"The horse is made ready for the day of battle, but the victory rests with the Lord" (Proverbs. 21:31 NIV). A warhorse requires years of training to enter battle and to learn the maneuvers needed to fight. However, once we have done our part diligently, we must then rely on the Lord's strength. If you've followed this plan for putting together your business plan then you're on the right track. Now you just need to stick with it. A plan doesn't help if you deviate from it.

Remember:

- 1. Commit your plans to the Lord: Proverbs: 16: 1-3
- 2. The plans of the diligent lead surely to advantage: Proverbs 21: 5
- 3. The Lord knows the plans he has for you: Jeremiah 29: 1
- 4. Real planning begins with God: Psalm 33: 6, 9-11
- 5. Invite God into your planning process. Psalm 33: 18
- 6. Plan to fear God: Psalm 25:9, 12, 14
- 7. Planning should be focused: Psalm 27: 4
- 8. God's resources are not limited: Psalm 36:5-10
- 9. Don't hide your plans from God: Isaiah 29: 15

HOW CAN I KNOW MY PLAN WILL WORK?

If your plan isn't coming together easily or you're having trouble sticking with it, get help.

Finding the Gap: Application

1. Use the space below to make a list of the products or services you will

offer and how and who will buy from you, why do you think you should		
offer it and do you see the gap in the market		
2. Use the space below and write your mission statement. Your mission		
statement should include: Your mission statement should include:		
What your business does.		
Why it exists. Are you different from others?		
Your competitive advantage.		
Who will be your customers? Who and what are you going to sell to them?		
What your business does well and why others should do business with		
-		
you.		

3. Using the information in your mission statement, write a one or two
sentence statement directed to a customer stating why they should use
your product or service.
4. Outline how you will deliver and sell your services or products. How will
you attract customers? What will your mark-up be
,
5. Profile and identify your expected customers

6. Identify what part of the market you believe you can penetrate, the
actions necessary to obtain those customers, and the basis from which you
will compete: price, location or service
will compete, price, location of service
7. List your competitors and rate their key advantages over you, and the
advantage you will bring to the marketplace
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Doing the Post assessment on Finding the gap Explaining the assessment

Rate yourself again on a scale of 1 to 10, with a grading of 1 where you are completely lacking in the area and a rating of 10 if each of the examples is relevant and are in place. A rating of 5 would indicate that you lack in some of the examples given, but that you have already implement more or less half of the examples

Lacking	Successful	
Lacking		
1. You have no clear idea where you	1. Your business planning is based on	
want to position your business in the	you your competencies and your unique	
market or who your customers or	gifts and calling	
competition are		
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the business planning for the future	your competition	
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aligned with the business planning and	what they want	
the danger exist that all the ideas will		
move into each own direction		
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5. Nobody else in your business knows	5. You have shared your vision with an	
the business planning	accountable advisor and your employees	
	and they know how they fit in	
6. You are unable to place yourself if you	6. You have measurable short-term	
want to start business with emphasis on	objectives with deadlines to support your	
being different in cost, in product, in	business planning execution	
focus		
7. You don't know what service or	7. You know exactly what service or	
product you are going to provide or sell	product you are going to provide or sell	
product you are going to provide or sen		
8. You have not found a gap in the	8. You have found a gap in the market	

Finding the Gap: Reflection

What stands out for you in this session on finding the gap?			
2. What do you have and remember from this associan			
2. What do you hear and remember from this session			
3. Why is this module on stewardship important for you?			
4. How does the teaching relate to what you have seen or done in the past?			
5. How will this teaching make a difference for you?			

6. What lessons have you learnt from this session?
7. What will you differently as a result of what you have learned?
8. How will you apply what you have learned?
Dig deeper and learn more (Optional)
This section includes various support material for further inspiration an encouragement and relates to the material covered in this section

Nr	Name	Date of completion
1	Long range planning	
2	Communicating vision	
3	Be clear about your vision	
4	Mission statements	
5	The vision thing	
6.	Balanced scorecards	
7.	Spiritual legacy	
8.	Change and how to deal with it	
9.	Problem solving and decision making	
10	Video: The widow and the oil	

SUMMARY

The summary is the MOST vital part of the business plan. The summary is an overview of the entire plan and must contain the highlights of the business plan and summaries of each section. Therefore, although it is at the beginning of the document, it is usually written last to capture the essence of the plan.

The summary stands alone and should not refer to other parts of your document.

BUSINESS OVERVIEW

1. Write a business profile, including the following:

- Information on the background and history of the business
- Indicate the business form (proprietorship, Close Corporation, Company)
- Is it a new business, take over, expansion, franchise?
- The mission and the business long and short-term objectives in terms of business growth and development.

2. The product or service

- Describe in full the product or services offered by the business and the innovative features of these products and services and the competitive edge they afford the business over rivals in the market.
- The expected product life cycle where applicable

3. Describe the location, premises and — where applicable — production facilities

4. Production and technology

- Describe production processes and capacity, identifying any existing constraints and possible problem areas
- Include information on quality assurance systems and procedures, and certification
- Details of suppliers and sub-contractors, and any contractual arrangements governing the supply of key inputs

5. Elaborate on the business's past achievements and strengths and past problems and weaknesses and critical success factors

1. The entrepreneurs

- Include a description of the skills and experience of the entrepreneurs covering the key areas of technology and product development, production, sales, marketing, finance and administration
- Describe the position and the specific functions and responsibilities of each entrepreneur and/or manager
- Attach a detailed curriculum vitae of each entrepreneur
- Indicate the financial contribution of each entrepreneur to the business, and the current shareholding structure.

2. The management structure of the business

- Show ownership structure, business units and subsidiaries where applicable
- Attach an organisation chart showing the functions and responsibilities of key management and staff
- Formulate remuneration, incentives and conditions of employment of key management and directors

- Analyse of any deficiencies in management and how these positions are to be filled
- Comment on current and future employment levels, labour relations and union membership
- Include details of systems to be implemented: information technology, accounting, administration, management information and stock control systems
- Include details of auditors, attorneys, bankers and professional advisers

THE MARKET

1. Industry analysis

Summarise the industry in which you will compete. Find most of the facts from government statistics and trade organisations. Discuss topics such as:

- Current trends and developments in the industry
- Large and important players in the industry
- How the industry is segmented
- Problems the industry might be experiencing
- National or global events influencing the industry
- How legislation affects the industry (for example, how the law limiting smoking in a restaurant affects the industry)

2. Market analysis

- Describe the existing market and its potential for growth
- List existing and potential customers, supported by letters of intent, orders on hand, contracts, where applicable
- Include a detailed analysis of competitors, the price and quality of their products, service and delivery, and their expected reaction to your activities
- Highlight and discuss your competitive advantage

SALES AND MARKETING STRATEGY

- 1. Elaborate on current and planned sales and marketing strategies and promotional activities (advertising, exhibitions, promotions, public relations, etc.)
- 2. Describe your distribution strategy and channels

- 3. Formulate sales staffing, recruitment, remuneration and commission structures
- 4. Elaborate on your pricing strategy and how it compares with your competition
- 5. Where the business is a franchise, include the full marketing strategy of the franchisor

FINANCIAL STATEMENTS AND PROJECTIONS

- 1. Include only a summary of the financial statements and projections in the body of the business plan attached detailed analysis as an appendix
- Include operating budgets, cash flow projections and pro forma balance sheets for at least three years (recommended five years). Provide monthly projected figures for the first and second year, quarterly figures for years three and four and annual projections thereafter.
- 3. Where applicable, provide:
 - historical financial performance as shown by at least the last three sets of audited annual financial statements and up to date management accounts comprising income statements (monthly and year-to-date), balance sheets, and debtors and creditors age analysis
 - costing methodology employed, or to be employed, and detailed costings giving a full analysis of cost of sales
 - pricing policies giving a full analysis of theoretical and actual mark up and gross profit percentages
 - rebates, discount structures and terms offered to and received from customers and suppliers respectively
 - break-even and sensitivity analysis
 - details of overdraft and factoring facilities (bank, limit, security and interest rate) and medium and long-term loans
- 4. Ensure that your financial projections agree with any other statements in the business plan (for example, costs involved in your proposed marketing strategy)
- 5. Formulate and motivate your capital requirements

LEGAL AND REGULATORY ENVIRONMENT

Include:

- Details of any licences, copyrights, trademarks and patents registered (or in the process of being registered)
- Details of any legislation and regulations governing the industry, product and production processes
- Proof of compliance with tax and labour legislation (VAT, PAYE, etc) where applicable
- Details of duties and tariffs to which inputs or products are subject if the business is a regular importer or exporter

SWOT ANALYSIS AND RISK/REWARD ASSESSMENT

- 1. Discuss definite and possible strengths, weaknesses, opportunities and threats
- 2. Give an honest assessment of the risks faced by the business, entrepreneurs and investors in relation to the potential for growth, profitability, and capital appreciation
- 3. Discuss strategies that can be implemented to address the risk factors highlighted

APPENDICES AND SUPPORTING DOCUMENTATION

The following supporting documentation, inter alias, should be included where applicable:

- Newspaper clippings, promotional literature, product brochures, market research, trade and industry publications
- Partnership, association or shareholders' agreements
- Offers to purchase, purchase and sale agreements
- Contracts, orders, letters of intent
- Memoranda of understanding, lease, franchise, agency or distribution agreements
- Quotations or pro-forma invoices for capital items to be purchased
- Detailed personal balance sheets of the entrepreneurs
- Copies of identity documents and marriage certificates of the entrepreneurs
- Copies of close corporation certificates and registration documents
- Drawings, work flow charts, plans, factory layouts, maps, etc.

 A list of persons to whom reference can be made regarding creditworthiness, product and service quality, and the skills, abilities and integrity of the entrepreneurs







BUSINESS COACHING

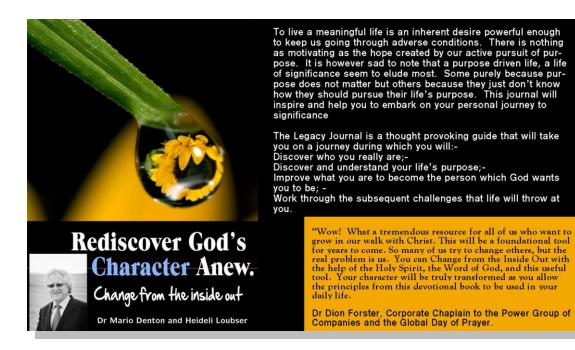
Do we really pass on the baton to the new generation of leaders?

The answer is often no and I do see a lot of managerial infertility. Legacy leaders are business leaders who have a desire to continue to use their skills productively to mentor, coach and train other business leaders, as well as train the next generation of business leaders.

BE A LEGACY LEADER AND COACH SOMEBODY TODAY!

Contact us for more information on legacy leader coaching.





CEO STRONG MESSAGE BUSINESS CONSULTANCY



http://www.thestrongmessage.com/

 $\underline{http://www.youtube.com/channel/UCAxwSPf8SIu4ZBBnzI8dimw/videos}$

	Golden Classic Series of Interventions	Relevance
		for you
1	Advanced Writing Skills	
2	Anger Management- Understanding Anger	
3	Budgets and Managing Money	
4	Building Better Teams	
5	Building Relationships	
6	Building your Self-esteem and Assertiveness skills	
7	Business Etiquette- Getting that extra edge	
8	Business Leadership Becoming Management Material	
9	Business Succession Planning- developing and sustaining a	
	succession plan	
10	Business Writing that works	
11	Celebrating Diversity	
12	Change and how to deal with it	
13	Coaching a Leadership skill	
14	Communication Strategies	
15	Conducting Effective Performance reviews	

16	Conflict Resolution- Dealing with difficult people
17	Conflict Resolution in the workplace
18	Customer Service training and professionalism
19	Customer Service training- Managing Customer service
20	Dynamite Sales presentations
21	Facilitation skills Becoming a great trainer
22	Hiring smart- Behavioural Interviewing Technique
23	Human Resources Training for the non-HR manager
24	Inventory management- The nuts and Bolts
25	Marketing and Sales
26	Meeting management the art of making meetings work
27	Motivating your workforce
28	Negotiating for Results
29	Office Ethics and You
30	Orientation Handbook- Getting employees off to a good start
31	Overcoming Objections and nailing the sale
32	Performance Management- managing employee
	performance
33	Problem solving and decision making
34	Project management: Fundamentals, Intermediate and Advanced
35	Prospecting for leads like a professional `
36	Public speaking – Presentation survival school
37	Selling smarter
38	Skills for the Administrative Assistant
39	Speak Easy- Conquering your fear of speaking in Public
40	Speaking under pressure
41	Stress Management
42	Teambuilding for High performance Teams
43	Telemarketing- Using the telephone as a sales tool
44	The ABC of Supervision
45	The Art of Delegating effectively
46	The Professional supervisor

47	Time management – Getting organized for Peak performance	
48	Train the Trainer	
49	Workplace Harassment and Violence	
50	Writing Reports and proposals plus the minute takers	
	workshop	

Acknowledgement

Material adapted by Dr. Mario Denton (MeCon, MBA, PhD, DBA)

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- Programme Director True Africa Leadership- The marketplace Institute (http://www.trueafricaleader.com/,
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He is an international teacher and industrial psychologist and uses his strong academic and corporate background and his uniquely effective coaching to help people tap into their inner being; to utilise their strengths and expand their skills to make a difference in the workplace. He and his wife, Mariene, are based in Cape Town, South Africa, and are blessed with three grown sons and three granddaughters.

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