



# SOWING 4 SUCCESS

Innovating Thinking | Optimizing Potential

Initiative Three



## Objective

To understand how to transform ideas into strategy to ensure that they become a viable business opportunity

## Outcomes

1. Translating strategy into a business plan format
2. Taking responsibility for our economic survival - creating employment rather than looking for a job
3. Meeting a need in our community and maximizing on this opportunity
4. Ensuring sustainability in business

## Inside this Issue.....

1. Embracing change
2. Failure
3. Communication
4. Perceptions
5. Business Plan
6. Pricing
7. Product
8. Customer feedback - understanding needs

## EMBRACING CHANGE—moving forward in life

Change is the only certainty in life, a successful understanding of change is an essential ingredient for both personal and business success.

Most of us shy away from change because it challenges our comfort zones causing us to question our decisions, We often try to maintain the status quo for as long as possible.

For small businesses this can be a real challenge, however, could potentially be a real asset. The bigger and more complex an organization the slower it is to change.

Successful companies these days are the ones

who are able to change their business quickly in response to customer needs.

With a well developed vision and set of values it is a lot easier to embrace change and see it as a competitive asset as opposed to a negative liability.

### ENTREPRENEUR ACTION

1. Why are we afraid of change?
2. What are the changes you should initiate in your personal life?
3. What are the changes you should be looking at in your business?



“I have not failed. I've just found 10,000 ways that won't work.”  
*Thomas Edison*

## FAILURE—understanding its role in success

Fear is a paralyzing experience that uses a lot of energy and may prevent you from optimizing your potential.

Worry does not empty tomorrow of its problems, it only empties today of its power.

The fear of failure is ones doubt about ones own capability. To do nothing as a result of fear is more negative than trying something and perhaps making a mistake or not being successful.

- Fear of having to acquiring new skills/altering existing structures
- Fear of failure and criticism if a new idea doesn't work
- Fear of criticism if our new idea is not a good one.

Identify what you fear | Why you fear it | How you going to overcome it.

**You are your lens!**

A traveler nearing a great city asked an old man, “what are the people like in this city?” The old man asked, “What are the people like where you come from?” “Horrible, mean untrustworthy, detestable in all respects”, replied the traveler. “Ah,” said the old man, “you will find them the same in the city ahead.”

Shortly after another traveler stopped and inquired about the people in the city. Again the old man replied by asking him the same question. The traveler replied, “they were fine people: honest, industries and generous. I was sad to leave.” The old man responded, “that’s exactly how you will find the people here.” John Maxwell

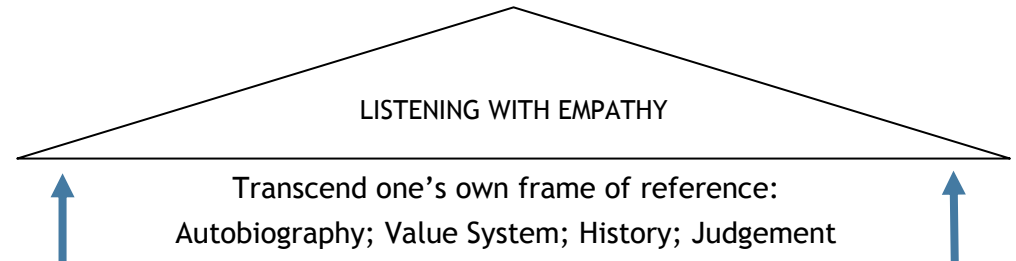
*“Attitude is the mind’s paintbrush— It can colour any situation”*



**COMMUNICATION – listening for details**

There are four modes of communication: reading, writing, speaking and listening. Of the four types, listening represents up to about 40 - 50% - the one we have the least training in. Most people think they know how to listen because they’re doing it all the time. But really, we’re/ they’re listening from within our/ their own frame of reference.

**ENTREPRENEUR ACTION:** complete the following listening exercise



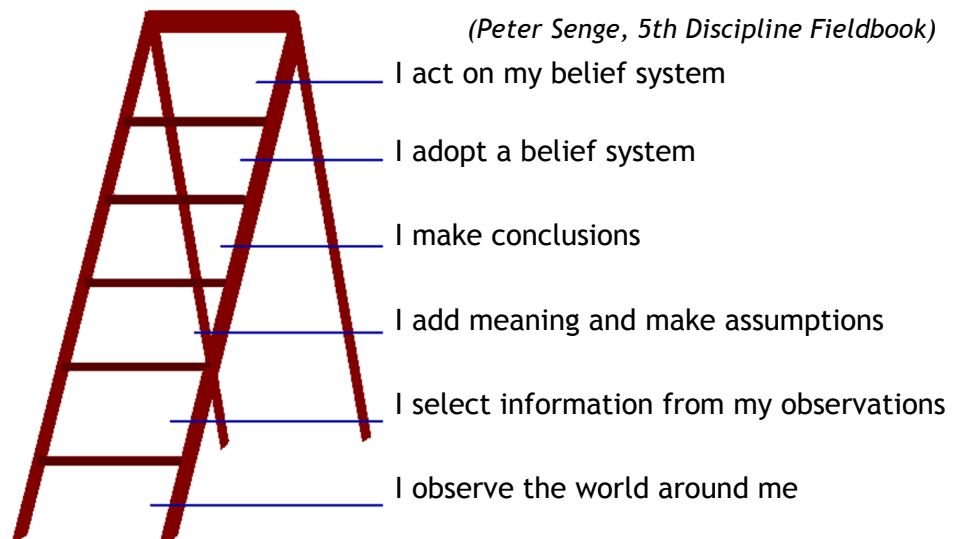
**The Ladder of Inference**

<b>Emotion?</b>				
<b>Why?</b>				
<b>When?</b>				
	<b>IGNORE</b>	<b>PRETEND</b>	<b>SELECTIVE</b>	<b>ATTENTIVE</b>

**PERCEPTIONS – avoiding stereotypes, seeing opportunities**

**ENTREPRENEUR ACTION:** using the ‘ladder of inference’, discuss how you have reached some of your perceptions/ stereotyping of others.

*(Peter Senge, 5th Discipline Fieldbook)*



## UNDERSTANDING & DESIGNING A BUSINESS PLAN

**ENTREPRENEUR ACTION:** develop a clear business plan for your business. This forms an essential part of your strategy to success.

### DEFINITION

A business plan is not only necessary for seeking finance, but also an essential document to describe aims and objectives and enable measurement of progress towards achieving them. A business plan provides the means to:

- ◆ assess the present and future of the business
- ◆ work out short, medium and long term objectives
- ◆ establish an action plan in order to achieve the objectives

It consists of 3 essential elements:

1. The operations plan will include supply of raw materials, technological requirements, key processes, resource needs and production and delivery targets.
2. The financial plan will assess fixed and variable costs and dictate minimum financial requirements.
3. The marketing plan will cover how market information will be gathered and ensure that the organisation's strategies will meet market needs.

### An effective and clear business plan

- ◆ forms a yardstick by which to measure performance
- ◆ is a starting point for operational tools
- ◆ provides a framework for employment
- ◆ demonstrates that the business knows where it is going
- ◆ forms the bridge between the business strategy and what people should actually do
- ◆ can assist in attracting financial assistance, customers and potential investor support

### Requirements for a business plan

- ◆ demonstrate good research and thought
- ◆ a clear explanation to stand up against criticism
- ◆ honest and realistic overview of the business, challenges and positive scenarios
- ◆ writing from the reader's point of view, not the writer's
- ◆ demonstrate that there will be regular monitoring and modification if appropriate




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"The future belongs to those who see possibilities before they become obvious."

John Sculley  
Former CEO of Pepsi and  
Apple Computer

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## ACTION GUIDELINE

### 1. PRE-PLAN PREPARATION

*before you start*

A SWOT (Strengths, Weaknesses, Opportunities, Threats) This will help to provide a clear focus for working out objectives and for drafting the plan. The SWOT involves consideration of the past, present and future in terms of markets, customers and technology.

The PEST (Political, Economic, Social and Technological) analysis allows one to look at our environment giving a broader perspective of potential influences.

### 2. Set the SCENE describe

- 1.the background of the business, product or service
- 2.who the customers are and when the business started
- 3.brief summary of past performance
- 4.any key or influential elements which might dictate the success of the product or service.

### 3. Define the OBJECTIVES

Develop a list of objectives-specific targets that will help to indicate progress. Measurability is important, so indicators and milestones to check progress should be visible.

4. MARKETING PLAN *perform a market analysis . How will your product make it in the market?*

- 1.a brief description of the overall market, and the specific market segment targeted
- 2.detailed information on current and proposed customers
- 3.names of leading competitors, market share, alternative products or services
- 4.market influences - economic trends, seasonal fluctuations, legislation, social factors.

WHAT CHANGES AFFECT YOUR TARGET MARKET?

### 5. MARKETING PLAN *the approach*

Describe how you are going to approach customers? Detail—

- ◆ Your image/ brand
- ◆ Description of promotional and publicity material
- ◆ Your USP (Unique Selling Point)
- ◆ 4 Ps of marketing: Product, Price, Place & Promotion
- ◆ channels of marketing

Think about what marketing methods your competitors use and their effectiveness.

**“In real life, strategy is actually very straightforward. You pick a general direction and implement like hell.”**

*Jack Welch in Winning, 2005*



6. The OPERATIONS PLAN *describe your plans for development & production*

Describe: the research, development & production processes with expected costs (raw materials, labour and equipment.) and delivering your product/ service.

Include a brief section on contingency planning for the eventuality that things may go wrong.

Are you aware of the terms & conditions of your main suppliers? What steps do you need to take to maintain quality?

7. FINANCIAL PLAN *strategy*

1.Include figures of past, present and projected performance including any start-up costs, profit-loss statements, cash flow analyses and balance sheet data.

2.Repayment or return on investment is of key interest - so include accurate break-even projections.

3.Demonstrate how sound financial control will be exercised over borrowed & incoming funds.

4.Demonstrate how you will support your sales forecast with reasons for your assumptions.

5.Can the business realistically support the level of borrowing/ investment needed?

8. INTRODUCE THE TEAM *the right people on the right bus sitting in the right seats!*

Describe what team the business requires: short/ medium/ long term. What competences are required? Succession planning? Roles and responsibilities?

9. BUSINESS OWNERSHIP

An investor will need to know the legal constitution of the organisation, including partnership, limited liability, corporation. Show how much investment is already being made and by whom.

10. OUTLINE POSSIBLE RISKS & CHALLENGES

Include key risk factors, both actual and potential. Demonstrate that you are aware of likely changes (e.g. information technology, markets or economic circumstances). Indicate that you have a contingency plan in the event 'curved balls'. Provide a brief account of the critical success factors such as:

- ◆ the learning environment which generates success
- ◆ specialists and technicians with their knowledge and networks
- ◆ how the team can respond to adversity and turn things round

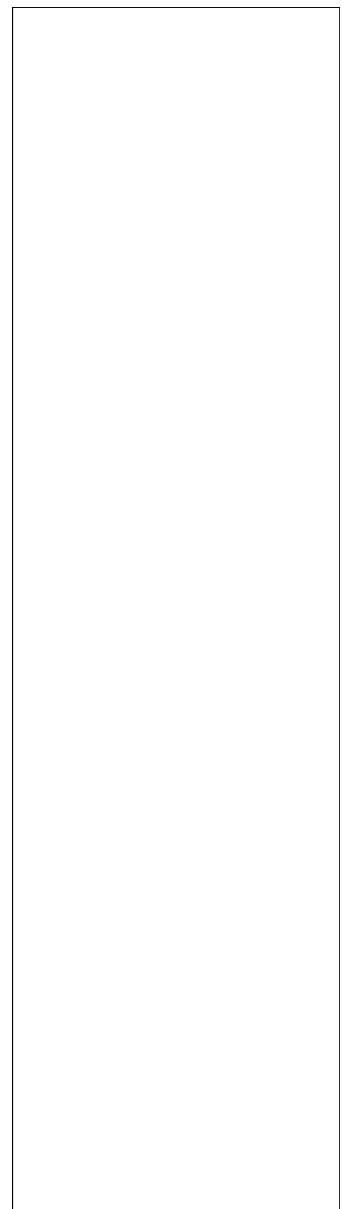


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“A person who never made a mistake never tried anything new.”

Albert Einstein

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“I can teach anybody how to get what they want out of life. The problem is that I can't find anybody who can tell me what they want.”

Mark Twain

**11. CONCLUSION** *leave a positive impression*

The conclusion summarises the key features such as, strategic direction, strengths and unique benefits, projected (realistic) sales and returns. Include a proposed time-table of events to strengthen the image of sound planning. The conclusion sets the scene for the executive summary. Nothing new must be introduced in the conclusion.

**12. An EXECUTIVE SUMMARY** *written last, but appears first!*

Include the unique features of the product(s) or service(s); the current, mid- and long-term direction of the business; the product/service benefits to the defined market sector; the qualities and skills of the people who will make it all happen; a financial statement of assets, sales/profits expectations and how much capital is required; and, as a conclusion, a statement of return for the investor.

**FINAL CHECKLISTS** *are you complete?*

**Preliminary Tasks**

1. Complete market research and analyses
2. Clarify key matters relating to products/ services & technology
3. Form the basis of the team
4. Prepare a strategic framework plan
5. Know why you are doing what you are doing!
6. Get feedback from local professionals
7. Ensure access to software tools
8. Who is the target audience of the plan?

**Writing the Plan**

1. Create a framework for the plan e.g. table of contents, possible appendices, attachments etc.
2. List main issues and topics to be covered within key sections
3. Draft all key sections in the plan's body in a logical sequence
4. Compile financial projections, funding proposals and related appendices
5. Check the preliminary draft for completeness

6. Let an outsider or adviser critique the latest draft
7. Redraft, fine tune and spell check
8. Write the executive summary and plan's conclusion
9. Get feedback

**Is it a 6 Star Plan?**

1. Professionally presented?
2. Clear, practical?
3. Does it inspire you?
4. Team ownership?
5. Have key questions been anticipated?
8. Will it provoke the desired responses?



**PRICING** *Any product is only worth what the market is prepared to pay*

Most businesses mistakenly think that their business will succeed if they charge as much as possible for their product and keep their costs as low as possible. Not true! You need to understand what your market is prepared to pay for your product. This will vary from place to place.

**ENTREPRENEUR ACTION**

**What factors do you need to consider when calculating what your market pricing potential is?**

Price is not the only factor that determines the marketabil-

ity of your product. Other key factors are: production cost, quality, service and availability . It is a known fact that customers will pay more for a product if they know it is of quality, they receive excellent service, especially after-service and that it is readily available.

A successful business combines these 4 factors to produce an ideal price, one that they know their product can be sold at.

Cost of sales (COS) is a key feature of determining price, what does it cost you to sell your product, this var-

ies from business to business. Once you have worked out you COS then you can determine your mark up and selling price.

**ENTREPRENEUR ACTION**

**Compile a list of costs that determines your COS. (What costs do you need to build into your price to ensure you cover your cost?)**

Once you have calculated your COS and what your market is prepared to pay for your product you are ready to determine your selling price.

**QUESTIONS AN ENTREPRENEUR WOULD ASK**

- |  |   |  |
|--|---|--|
| <p>1. Do you mark up all your products in the same way?</p> <p>2. Do you keep the prices static throughout the year?</p> <p>3. How do you increase your profitability?</p> | <p>4. How do you make sure your customers feel they are getting a good deal?</p> <p>5. What do you do if your costs change suddenly?</p> <p>6. What are the factors in your prod-</p> | <p>uct that make it price vulnerable?</p> <p>7. How do you plan to protect your product from this?</p> |
|--|---|--|

**R U COMPETITIVE?** *Competition is the name of the game now, and competition is about keeping your customers happy.*

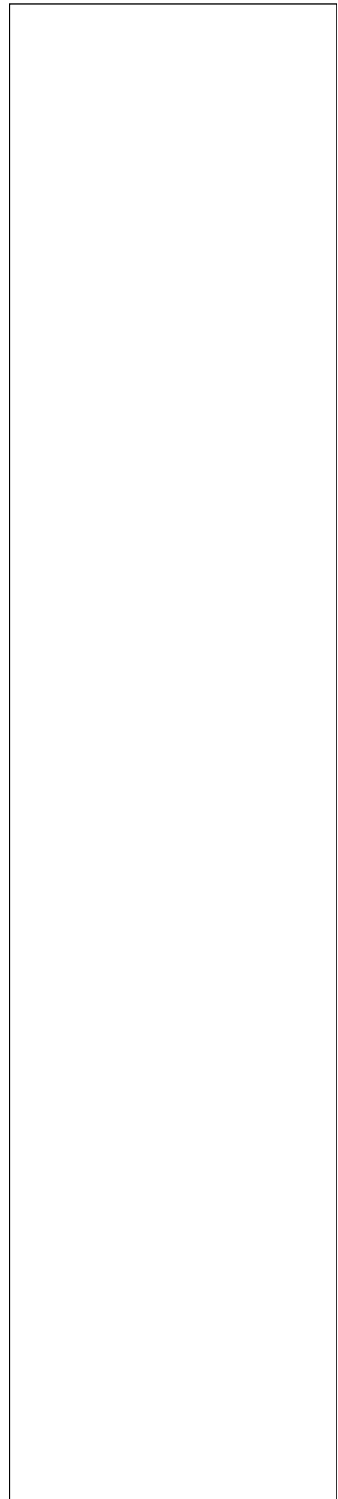
**ENTREPRENEUR ACTION**

Compile a list of actions/ activities that you believe would make your customers happy. What are the key features of offering a great experience when using your product?

Being competitive does not mean offering the best price, that is only one factor, it means offering your customers a better all round experience when they use your product.

Customers want reliability, convenience, affordability, quality and good service, if you can give them that all the time you will have a successful business!

**RIGHT OR WRONG?**



“We cannot solve our problems with the same level of thinking that created them.”

Albert Einstein



“Failure lies not in falling down. Failure lies in not getting up.”

Chinese proverb

**WRONG!**

To be competitive you need to have all the above, *and* you need to make a meaningful return. Without that you do not have a business. To be competitive you need to be in business. Small businesses often charge too little for their product in the hope of being competitive, causing them to have to cut back on quality, service or availability of products, that makes them

uncompetitive. They may also keep flogging a dead horse!

**ENTREPRENEUR ACTION**

**Identify one key feature of your business that makes you competitive? How are you going to exploit this to increase your marketability?**

**QUESTIONS AN ENTREPRENEUR WOULD ASK**

1. Is your competi-

tive edge unique to you?

2. Does it really make you the preferred choice for customers?
3. Is it what your customers really want?
4. Is there a need in the market?
5. Are you fulfilling your need or the markets' need?
6. How will you ensure it remains a competitive/wow factor?

**UNDERSTANDING CUSTOMER NEEDS – FEEDBACK – FEAR!**  
*(refer to the failure section, page 1)*

Successful entrepreneurs are those who constantly review the information at their disposal looking for signs that they may need to change some aspect of their business, their product or their operation, not because they want to but because the market demands it, good listening skills and info processing abilities are essential.

Successful entrepreneurs come up with new ideas all the time as their market grows, good ideas are never just born they are developed by constantly exploring new options and opportunities by being brave and breaking free of fear of criticism if new ideas do not work, the more new ideas you have the more likely

you are to come with a head start on your competition, and giving your customers what they are telling you they want, rather than what you think they want.

Change can only be initiated if you are aware of what needs to be changed, and if there is a good reason to initiate change.

Most businesses don't like to receive customer feedback, it means having to change, do things differently, companies used to get away with this when consumer choices were made on the basis of product not service, now a days customer choices are based on service rather than product as most products are very similar.

Most businesses prefer to offer their customers what suites their business best.

**ENTREPRENEUR ACTION**

Share with the group an example of interaction with a company/service or product that had did not consider you as the customer as all.

Customers have one need and that is to feel they are important, if you can achieve that you will have a customer for life.

Most small business start out investing massive resources in making their customers feel special, and





this grows their business, as they grow they invest less in customer attention and they start to loose business. 67% of all customers who leave a business do so because they are unhappy with service, they no longer feel you are looking after them.

**ENTREPRENEUR ACTION**

List 5 activities in your business that are 100% customer focused and why?  
Customers who provide feedback are

telling you what they want, or better still telling you what they are not getting from you that they expect. This should be welcomed as it gives you a chance to grow and improve your business. Most customers will tell you twice that they are unhappy and then they will vote with their feet.

Most businesses regard negative customer feedback as unreasonable and unhelpful, often disregarding it.

**QUESTIONS AN ENTREPRENEUR WOULD ASK**

1. What sort of feedback do you get in your business?
2. Who deals with the feedback?
3. In what format do you collect your feedback?
4. What is your turn around time on replying to customer complaints?
5. What is your company policy when it comes to dealing with unhappy customers?

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“We don’t see things as they are, we see things as we are.”

Anais Nin



**ENTREPRENEUR ACTION**

Design a customer feedback form for your business. Decide what parameters should be included.

The table on the right offers some suggestions as to what can be included.

In doing this consider layout, design, length, type size, where his form would be kept in your business, how will customers find it, how will they return it to you, where in your business will they fill it out.

Customer name	
ID no or date of birth	
Date	
E mail address	
Telephone number	
Fax number	
Rate the service	
Rate the product	
Rate the staff/appearance/friendliness	
Rate the pricing	
Would you recommend our business to others and if so who	
How did you become a customer	
Would you like to receive our newsletter	
Was your expectation met	
Did you receive value for money	
Would you use our product again	
Please identify staff members who went out of their way to assist you	
Would you like to receive information about up coming specials	
Language	
Gender	
Age	



Innovating Thinking  
Optimizing Potential



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"The greatest danger for most of us is not that our aim is too high and we miss it, but that it is too low and we reach it."

Michelangelo

*Link up with like-minded positive people.*

*Take charge of your future!*

**ENTREPRENEUR ACTION: BUSINESS BOOK REVIEW**

Select a book from the Flying Kites book resource, read a chapter and prepare a oral presentation to present at the next initiative.

Guideline: 1. Discuss key content

2. Make links to yourself and your business

3. Make links between the book knowledge and daily practice