

Entrepreneurship  
Presented  
By  
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## **PREFACE**

So, you want to break into Entrepreneurship? Well, that's great, but know that it is no easy feat. There are many steps you must take just to prepare yourself to embark on the journey, and once you have started your business, there are many more steps to maintain the business. This book is designed to give you the tools you need to start, run, and grow a business you can be proud of!

*Every choice you make has an end result*

*Zig Ziglar*

## **Chapter One: Decide on the Type of Business**

It is often said that entrepreneurs are the backbone of the nation. Anyone with the passion and drive can become a successful entrepreneur as long as the planning and execution are done well. The first step to becoming an entrepreneur is choosing the ideal business. The business you choose will be determined by its feasibility as well as your own interests and expertise.

### **Is It Feasible?**

You may be passionate about an idea, but if it is not feasible, you will never be able to make it successful. Feasibility describes how simple it is to accomplish something. Many factors influence feasibility. For example, a dog bakery may be popular in a city with a high rate of dog lovers, but it would not survive in a city with a low rate. Before moving forward with any idea, you must determine its feasibility. This requires an understanding of the market and your customers, which we will cover in-depth in later sections. To determine if an idea is feasible, ask yourself the following questions:

- Do you have the necessary funding?
- Is there a market for your product?
- What is the outlook for the market?
- Can you price competitively?
- How would you operate?
- Would you have a sufficient customer base for long-term success?

## **What Are Your Interests?**

Becoming an entrepreneur is not easy. If you do not enjoy what you do, you are unlikely to be successful. Before you choose your business, you must consider what you enjoy doing and think of a way to make this task profitable. Begin by making a list of your interests and see which ones overlap with feasible business models. For example, a love of animals could translate into a pet sitting service, or a love of cooking could translate into a food truck business.

## **Do You Have the Experience?**

Experience and expertise are definite benefits to any business. They are often used interchangeably, but this is a mistake. This point and the next one will help define the difference between the two while helping you identify your own experience and expertise.

Experience is something that you gain from observation, encounters, and actions. Many jobs provide experience. For example, working as a server provides experience in the restaurant industry, but it does not necessarily provide expertise. Once you identify your experiences, you can use them to help choose your business. Years in customer service, for example, would help prepare you for a business that is customer service oriented.

## **Are You an Expert?**

Expertise has knowledge and skills that come with education and training. This can come from the work experience in specialized positions and from degrees in certain fields. For example, an expert would be an accountant or a chef would be considered experts in their field. Being an expert at a business makes you more capable of running it. If you are not an expert, there is no reason to give up on your idea. If you are passionate about something, take the time to become an expert. For example, you can learn necessary skills by taking classes or interning at other businesses.

## **Practical Illustration**

Angie's passion was candy. She wanted to make and sell her own candy, but her family told her to choose something more stable. She took an office job, but her position was downsized. She considered her love of candy, and a little research showed that there was a market for her interests. There was one problem; however, she never made candy outside of her home and was not sure how to sell it in mass. Her family told her that she lacked the necessary skills to create her own business, and she found another office job.



*I have been up against tough competition all my life. I wouldn't know how to get along without it.*

*Walt Disney*

## **Chapter Two: What Is the Market/Competition Like?**

Any successful venture requires an understanding of the market and the competition. You need to discover if the market is profitable and how you can compete. Once you understand the market and how it affects your business, you will be better prepared to face the challenges that will come your way and increase the likelihood of success.

### **Is the Venture Lucrative?**

Before beginning any venture, you must discover if it is lucrative or profitable. This requires you to understand the niche market that you are interested in joining. Some business trends will be obvious while others will not. For example, you can see brick and mortar stores struggle and/or close. Online trends, however, change quickly and require more research, using tools such as Google Trends. This shows you how the market is changing and if your interest remains lucrative.

### **Is There Competition?**

Most new ventures will face competition. It is rare for people to come up with truly original ideas, and many of these are adaptations of established markets (e.g. video streaming over rental stores). Once you know your market, your first job should be to identify the competition. Your main competition will be the closest to your product/service. For example, a coffee shop is not the main competitor of a restaurant.

Once you identify your competition, determine their strengths and weaknesses to give yourself an advantage. Pay close attention to their objectives and see how you compare. Some businesses focus on the customer experience while others are solely focused on low prices. Paying attention to objectives will show weaknesses that you can exploit.

### **How Can You Set Yourself Apart from the Competition?**

By understanding your competition, you will be able to make yourself stand out. You have already established which objectives your competition is lacking, and you can fill the niche. For example, some customers may be willing to pay more for customer service that a business focused on low prices will lack. There are also other ways to stand out:

**Expertise** – Take advantage of your expertise to draw in customers.

**Value** – Explain how you offer a better value than competitors. This requires understanding the customer.

**Communication** – Use creative and innovative ways to connect with customers.

## **How Is the Customer Prospect?**

Creating a successful venture cannot be done without understanding the customer completely. Success depends on identifying what customers want and providing it. Begin by understanding the demographics in your area. This will give you insight into the spending habits and values of prospective customers. You should also hold panels and surveys to better understand what your customers expect from you. In panels, customers provide you with their ideas. In surveys, customers answer specific questions. Continued customer feedback allows you to constantly tailor your business for your customers.

### **Practical Illustration**

Robert was ready to open his own kiosk in the mall, selling homemade toys. He noticed that another toy kiosk was always busy. After investigating the competition, he decided to offer the same choices at a similar price rate. After he opened, he was surprised that his business was not busier. Some customers assumed that he was owned by his competition. Robert did not make his projected sales and wondered what was going wrong.

## Entrepreneurship

*Forget past mistakes. Forget failures. Forget everything except  
what you're going to do now and do it.*

*William Durant*

### **Chapter Three: Basics of Starting a Business**

Before starting any business, it is necessary to make certain decisions and take some basic steps. These actions include choosing a name, structure, and location of the business. It is equally important to register the company and hire an accountant. All of these actions provide the basis for starting a business.

#### **Decide on a Name**

Choosing a name is harder than it seems. You want the name to stand out and reflect your image. Names that are similar to competitors will not help you stand out, and they could result in lawsuits. If you are having difficulty coming up with a name, consider hiring a naming firm for assistance.

#### **Tips to naming:**

- Consider wordplay, but avoid cheesy puns
- Stick to basics; you shouldn't have to explain the name
- Consider your name as a domain; it should be short and easy to recall.

## Legal Structure of the Business

Before taking any action, you must determine the legal structure of the business. There are legal structures for any type of company that you want, and each one has its benefits and drawbacks. Choosing the correct structure will require you to understand what you expect from your company.

### Types of business:

- **Sole proprietorship** – The simplest business to create also has the greatest financial risk because it includes limitless personal liability.
- **General partnership** – A business run by two or more individuals where all partners are responsible for the actions of one, if made in the name of the business.
- **Limited Partnership** – The power to make decisions is limited to specific individuals and is outlined in the business plan.
- **C Corporation** – Corporations are taxed separately from the owners. They are taxed on both corporate dividends and shareholder dividends.
- **S Corporation** – Profits are passed through the IRS tax election allowing the profit to go through the personal tax return, which prevents double taxation.
- **LLC** – Limited liability corporations are similar to partnerships and sole proprietorships but taxed like S corporations.

## Register the Business

Once you have a name and chosen a structure, you need to register your business and obtain the appropriate licenses, permits, and identification. This will all depend on your state and your business.

- **EIN:** Unless you are working alone, you will probably need an EIN or employer identification number from the IRS.
- **DBA:** A doing business as or DBA is typically filed at the county clerk's office when the company does not use the owner's name. Some states do not require this, so it is important to check.
- **Business licenses and permits:** Business licenses are issued on federal and state levels and vary with the business. Federal licensing is required for alcohol, agriculture, transportation, etc. It is always important to check with federal, state, and local guidelines to ensure that you have all licenses and permits needed.

## Choose the Location

The location of your business needs to be chosen carefully. Begin by determining if you are limited by any zoning regulations such as agriculture or industry. Next, you must weigh safety and cost. Choosing a safe location will help draw customers and employees because they will not feel fearful in your business.

### Other Considerations:

- **Image:** Choose an area that reflects your image (edgy, artsy, upscale, etc.).
- **Competition:** Choose an area where you complement your neighbors rather than increase competition.
- **Growth:** Consider the opportunity for growth in the near future. If that is your plan, you will need extra space.

## **Hire an Accountant**

You should have a trusted accountant from the beginning. When finding an accountant, you want someone to do more than prepare taxes. You want someone who will advise your business. Keep a few things in mind when choosing candidates:

- Experience with your type of business
- Expertise in the industry
- Services offered
- Will you work directly with the accountant?
- Do not hire anyone who does not offer the services that you need or you feel uncomfortable working with in a business relationship.

### **Practical Illustration**

James was having trouble deciding on a name for his pet sitting service. Finally, he chose the name Pets' Company. His cards read Pets' Co. His business was picking up, but soon he found himself with a cease and desist letter from Petco. Unable to fight a lawsuit, James had to rename his company, which required a new DBA. The name change was also reflected in his business because some clients believed that the company was changing with the name.



*A goal without a plan is just a wish.*

*Antoine de Saint Exupery*

## Chapter Four: Create a Business Plan

A strong business plan is necessary for long-term growth and success. Planning requires gathering the appropriate information and outlining the plan before creating it with all of the necessary elements. Creating a business plan may seem boring, but you should not neglect it. This is the plan that will guide your company and attract investors.

### What Should Be Included in the Business Plan?

The business plan must include some basic elements such as:

- **Executive summary** – provides an overview of the company and includes information from other elements. This is typically written last because the introduction is so important.
- **Market analysis** – provides information about the market that includes industry and pricing.
- **Company description** – provides information about the nature of the business and which factors will make it successful.
- **Management and organization** – provides a view of the company's structure, leadership, and team.
- **Sales and marketing** – provides information about the sales and marketing that will be used.
- **Product/service** – explains the value, benefits, and uniqueness of the product.

- **Funding/financial** – outlines the amount of money the company needs in different scenarios and creates a five-year plan.

## **Gather Documentation**

Before starting a business plan, it is necessary to gather the necessary documentation together. Use the information to guide the business plan.

### **Documentation to Gather:**

- **Vision statement:** establishes the company's value and purpose.
- **Mission statement:** explains the value, interest, and goals of the company and includes the statement of purpose, statement of strategy, statement of value, statement of standards, and statement of benefits.
- **SWOT analysis:** outlines the strengths, weaknesses, opportunities, and threats that the business faces.
- **Financial documentation:** include all financial documents and projections that are related to the start up.

## Develop a Business Plan Outline

Once all the documentation is gathered, it can be used to create the outline. Like any other important document, the business plan should have an outline before it is written. In this case, the elements can guide the outline.

### Elements that should be in outlines:

- **Coversheet** – includes the name, address, and title
- Table of contents
- **Executive summary** – overview, mission statement, opportunity, requirements, competitors, advantages, etc.
- **Market analysis** – target market, trends, research, strategy
- **Company description** – mission, business model, SWOT, strategic relationships, and strategy
- **Organization management** – structure, location, personnel, security, insurance, accounting
- **Sales and marketing** – method of sales, pricing, branding, networking, strategies, incentives
- **Product/service** – product definition and any plans for expansion.
- **Funding/financial** – financial needs, cash flow, dispersal, three-year projection, balance sheet, break even analysis, financial history, analysis
- **Supporting documents** – includes resumes, financial statements, credit report, references, legal documents, other documents.

## **Draft a Business Plan**

Once the outline is created, it is time to begin drafting the business plan. Drafting the entire plan can be daunting, but there are some tips you can remember to help you create an effective business plan.

- Work on the elements of the plan individually.
- Focus on your niche and what makes your plan stand out.
- Use clear and concise language.
- End with the executive summary.
- Rewrite the draft frequently.

## **Practical Illustration**

Halley is putting off writing her business plan because the project is so daunting. Still, she must have it done in the next 12 days for a meeting. She begins with the executive summary, but she keeps forgetting to include items and has to start over. A friend told her to approach each section as its own plan and then string them together. He also suggested that she end with the executive summary because everything would be fresh in her mind. Halley manages to draft the plan and still have time to clean it up before meeting the deadline.



*As long as you're going to be thinking anyway, think big.*

*Donald Trump*

## **Chapter Five: Get Financing**

Financing sounds like a frightening word, but it doesn't have to be. Any viable business startup needs to be financed, and these days there are many different options for financing. There are many resources for entrepreneurs who are starting to look for financing. Talking to people who have already taken the journey you're about to embark on is a great way to start. The next step will be exploring all of your options. Let's discuss what is on the road ahead.

### **Contact Organizations for Guidance**

The more informed you are, the better equipped you will be to make the right decisions on financing for your business. Via mentors and informational websites, there are many organizations dedicated to helping fledgling businesses. Contacting one or more of these organizations and discussing with people who understand what your needs are, is a crucial step as it provides some great information.

The SCORE association is a nonprofit organization that is dedicated to helping businesses. They have retired and volunteer executives on staff to mentor entrepreneurs. They also provide workshops, seminars, and a wealth of information on their website. While some of their services may cost a little money, many of their services are free to use. Here are some websites and associations to go to for help:

- **The U.S. Small Business Administration** - *Offers tips on financing your business with government assistance-* sba.gov
- **Business USA** - *Offers lots of information and resources for a business-*business.usa.gov
- **SCORE** -*Offers tons of information, mentoring, & resources-* score.org
- **Entrepreneur** - *Offers advice, information, and some services. They also have a magazine publication-* entrepreneur.com

## **Decide the Type of Financing**

Now that you have resources to give you information about your financing, it's time to decide what type of financing you are looking for. It is imperative that you take the time to consider your options carefully. Choosing the wrong type of financing could sink your company before it even gets a chance to float. Here are a few of the different types of financing options:

- **Self-financing** – Self-financing means that you provide the funds needed to start the business. According to Entrepreneur magazine, it is the number one source of start-up financing for small businesses. You can save up money, or use preexisting savings, borrow against your 401k, use the funds in your IRA, borrow against your life insurance, or take out a home equity loan.
- **Grants-** There are many different types of grants available. Some grants are state and regional grants, some are based on minority, veteran status, and the type of business you are trying to start. While there's lots of competition for grants, they are a great option, you don't have to pay them back!

- **Financing from friends or family members-** Friends or family members who have extra money and want to help see your business vision come to life are a great resource for financing. The downside to using financing from family and friends is you have to be very clear about when their investment can be returned to them.
- **Financing from bank loans** - Bank loans are a great option for financing. Bank loans are based on your credit, a solid business plan, experience, assets, and a personal guarantee that the loan will be paid back. If you are taking the bank loan route, be sure to contact different banks, and get the best interest rate.
- **Financing from investors-** The three most common types of investors are Private Equity, Venture Capital, and Angel investing. Private equity investors are usually made by individuals or privately owned companies. Venture capital investors are also from private equity but they tend to be more hands-on, they bring managerial or technical knowledge to help grow the business. Lastly Angel investing is a person who invests in businesses that do not get the attention of venture capitalists. These investors usually gain stock or equity in the company.

## **Shop Around**

You wouldn't go to a car lot and buy the first car you see, would you? Not likely. You want to shop around, and see what is available to you. Just like in any major purchase, or financial commitment, you want to explore your options. Starting a business is a major life and financial event. Rushing into the first financing option you have is not the best course of action. Talk to as many business owners as you can and see where they got their financing. Go to multiple banks, if you are looking for a loan, and try to get the best rates. Contact your government agencies and explore what grants you are qualified for. Shop around for the best equipment and building prices. It won't cost you money to shop around, but it might cost you if you don't! We have all done it, you buy something (like a pair of shoes) and found out that another store had the same thing for a lower price! It makes you feel disappointed because you've over paid! Do yourself a favor and don't make that mistake with such a large financial commitment, look around and make sure the grass isn't greener somewhere else!

## **What to Do Once Approved**

Once you have finally gotten your start up funded, it's time for the hard work to begin. This is the time when you need to procure a place of business, and the materials you need. This could range anywhere from buying paper clips to buying huge production machines. You will need to stay in constant contact with your accountant to make sure you are on budget. It is best if you have a clear list of what is needed, to maintain a budget. You will want to check with different companies to see if they have your materials at lower prices. If you have received financing from investors, you will want to keep them in the loop about what the progress is. Also, check with your local government to acquire any needed permits or licenses.

## **Practical Illustration**

Fred wants to start his own business. He is excited because the business he wants to own and run is uncommon, so he has little competition. Fred has come up with a name, a business plan, the employees he wants to hire, and even has a mascot in mind. He has vast knowledge of his product, which in this case is a service. He knows that he needs to gain financing to bring his dreams of entrepreneurship into fruition. He decides that he would like to self-finance his business, at least as much as he can. He makes a list of all of the equipment he needs. He decides that because his product is a service he does not require a building, a mobile base of operations would do. After shopping around, he finds a van for a very reasonable price, though it needs to have some modifications made. He does require office supplies like computers, and other general supplies. He decides he does not need major electronic devices, which saves on his start-up costs. Now that he has a list of his needed materials, he can move forward with figuring out his start-up budget. He decides that he can raise the money by working a part time job for the next 6 months. He gets additional funds from the potential employees he scouted, making them equal partners in the business. Soon they are up and running!



*It's very important in a restaurant to really do the right hiring because there's no restaurant that you have one cook and one chef and nobody else in the kitchen.*

*Wolfgang Puck*

## **Chapter Six: Hire Employees**

You can't have a business without employees. They are the heart and soul of your business, so making sure you pick good employees is important. Every entrepreneur wants their company to be the best, so you should look for the best employees. Mary Kay Cosmetics founder, Mary Kay Ash, once said "People are definitely a company's greatest asset. It doesn't make any difference whether the product is cars or cosmetics. A company is only as good as the people it keeps."

### **Develop Job Descriptions**

How is an employee supposed to know what their job is if you don't? Having a job description allows you to tell the employee exactly what is expected of them. A proper job description should outline where one person's job stops, and another's begins. A job description should include:

- An explanation of the position
- Responsibilities
- Job Functions
- Examples of job functions
- The skills, abilities, experience, education, and knowledge that is required of the position.
- An explanation of the work environment
- An explanation of any physical demands

The job description you write today will need to be reviewed and revised. As your business grows, you may need to make changes to those descriptions.

## **Advertise Positions**

There are a lot of people out there in this big world. As an employer, you want to try to find the best of the best for your business. Advertising about your available positions helps to “cast your net out further”, as they say in fishing. It just gives you an opportunity to have a wider audience of people to apply for your vacant positions. You don’t want to have only one person apply for a position, you want a few people to choose from so you can make sure you are getting an employee you want!

What are some ways to advertise your job openings?

- Placing ads in the paper.
- Help wanted signs in the window.
- Contacting the local unemployment office.
- Online Job sites.
- Word of mouth.
- Advertising on the radio.
- Trade publications.
- Town meetings.
- Referrals from other employees.
- Posting positions on your own company website.
- Social media or blogs.

## **Interview Candidates**

Interviewing candidates is a key step in obtaining optimal staff. Interviewing sounds like an easy task, but it is not. You want to start by outlining what you are looking for in a potential candidate. Think about what kind of person needs to be in that position. Is it a customer service job that requires a “people person”? Does the job require someone who is more analytical? Once you have decided, you can start writing down some interview questions. I strongly suggest completing this step. Conducting an interview without prepared questions is like having a meeting without an agenda, pointless. Having prepared questions will help you stay focused, and get the important information you need to make your decision.

Hopefully by this time you have a few resumes or applications to review. Look at the applications or resumes carefully. You want to consider their previous length of employment, if they have any errors on their resume or application, and if they have the skills and experience you are looking for. The applications or resumes that fit your criteria, pull aside. At this time you can call them in to set up an interview.

You will want to start the interview by introducing yourself, and maybe saying a little bit about the company. Give them a chance to introduce themselves. Try to keep it light, they are going to be nervous enough. Once you feel it is appropriate, start asking some questions about their previous job experience. You can use the resume or application as a reference. Try to see what their job functions were, and why they left the position. Asking questions about their previous experience in a like position is a good way to assess if they are going to fit in the job you have available.

Asking behavioral questions will allow you to have insight on how they could behave at your company. Questions like

- "Can you describe a time when you had an angry customer and how did you assist them?"- can tell you how they deal with customers.
- "Tell me about a time when you and a co-worker had a disagreement, and how did you resolve it?" - can tell you a lot about how they resolve conflicts in the workplace.

Once you feel like you have gotten all of the information you need, ask them if they have any questions. If they have no further questions, tell them what your next steps will be. During your interview, try to take notes on how they answered your questions. Taking good notes will help keep the interview in mind when you start trying to choose your candidates. Remember, at the end of the day you want to make sure the person you hire can do the job, and fit in the company.

## **Select Candidates**

You have finally finished your interviews, now it is time to select your candidates. This is the time when calling job and personal references may help narrow the field. Sometimes people embellish on their resumes, and contacting their former employers could help see if they were being honest in their interview. Discussing the candidates with other supervisors could also help in determining your candidates. Reflect on the interview and how the candidate answered the questions you asked. Consider if you feel like they would be a good fit for the employee environment, and job function. After you have completed the tough task of selecting your candidate, you get the rewarding task of calling to offer them the position.

## **Practical Illustration**

Thea's company has just expanded into apparel. They are now in need of a designer to help them keep up with the most cutting edge fashion trends. Thea has been tasked with placing the right candidates in the open positions. She starts by discussing with her supervisors what they are looking for. She asks about the functions of the job, and together they create a job description. Her supervisor expresses that they need an employee who is friendly, and can build rapport with other designers and departments.

Thea scoured the applications and narrowed it down to 5 people she would like to interview for the position. The first applicant had the technical skills, but she seemed a little withdrawn. The next three candidates seemed to be unprepared for their interviews and gave answers that differed from what they put on their applications. The final interviewee had some experience in the job she was interviewing for, and a great attitude. Thea could see that this person would fit in great with the team she'd be joining. After the interviews, Thea reflected on the candidates. The first candidate had the experience needed, but she worried that she wouldn't be good at dealing with other departments or designers. The last candidate had the right attitude but would require additional training. After talking to her supervisor for guidance, she decided to offer the position to the last interviewee. She decided that skills could be taught, but attitude couldn't.



*It's all to do with the training:  
you can do a lot if you're properly trained.*

*Queen Elizabeth II*

## **Chapter Seven: Training Employees**

There is no point in hiring quality people if you do not provide them with quality training. Training is the best way to make sure you staff understands the company and their jobs. Having a team that knows the direction of the company and their working parts in that company is always an asset. Let's explore together what training your new employees should entail.

### **Teach Company Culture**

What does the term "company culture" mean? Company culture is the behavior of the people in the company. The culture could be linked to the company's values, beliefs, goals, and more. Immersing your new employee in the culture of your business is one of the most important steps in training. Most companies briefly go over their culture during new employee orientations. An employee should understand their company's culture, and be able to apply it while performing their job functions. Providing the new recruit with a mentor who exemplifies the company culture is a great start. Provide your new hire with information, written or electronic, on your company culture.

## **Implement Actual Training for the Position**

Training the new employee on the culture of the company is important, but you still have to train them on the job. The job description should help aid you in the training. Letting an employee know exactly what is expected of them is great, but showing them is even better. Most jobs are not A-B-C, they usually have multiple duties and functions. Making sure your new hire understands every facet of their job is a major factor in employee satisfaction and productivity. Training for the position should include written information and visually showing them how to complete their job tasks.

Make sure to ask them questions to see if they understand. We are all different types of learners, so ask them if there is anything that you can provide to help with training. Training an employee can do more for them than just teaching them how to perform their job, it can help keep them engaged. Taking the time to show an employee the functions of their job shows them that you care, and want them to have the tools they need to succeed. According to a survey done by ASTD in 2008, 65% of employees say the quality of training and learning opportunities positively influences their engagement.

## **Provide Feedback**

Well you have hired great employees, trained them on the culture, and their job duties. Now you can just sit back and do nothing, right? Wrong! This is the time to talk to your employees and provide them with feedback. Employees react to communication. Most people want to do a good job, and providing them with the feedback they need is imperative. You

can have the opportunity to praise them for doing a great job, and correct any flaws in their performance. I know that the inclination is to praise, but knowing what you are doing wrong is just as important as knowing what you're doing right. When giving feedback, try to have a little positive and a little negative. Everyone has room for improvement. Negative feedback is sometimes the hardest kind to give. As an employer, you want to keep your employees happy and content in their jobs. Here are some steps to make sure you are giving effective and constructive negative feedback:

- **Be Specific-** Make sure you are being very specific about what the employee needs to work on.
- **Explain the effects of the employee's actions-** Tell them why what they are doing is incorrect, and how it affects the company, customer, or other employees.
- **Allow the employee to reply-** give them a chance to reply to the information you have just given them. Ask questions to make sure they understand the error.
- **Provide resolution-** Tell them how to resolve the issue. Ask questions to make sure they understand.
- **Recap-** Review the information you provided them, what the error was, why, and what to do about it.
- **Remind that you are in their corner-** negative feedback is hard to hear sometimes, but knowing that your supervisor is rooting for you makes it easier. Make sure they know you are trying to make them better, not tear them down.

Also, take this time to figure out if any adjustments need to be made in your training system. Providing your employees with the tools they need to succeed is the building block of a productive company filled with engaged employees.

## **Offer Additional Training, If Necessary**

Sometimes errors or performance issues take more to fix than just talking. Additional training may be needed for some employees, to optimize their job performance. When you train initially for a position, not every scenario presents itself in that 3-week window. As employees are cast off into the big company world, they can tend to feel like they shouldn't ask questions. Offering additional training will allow your employees to gain new information, skills, and insight into their positions. This is also a great time to include items that you felt like needed to be revisited when you provided your feedback.

Having to re-train or give additional training to an employee does not make them a poor employee. Having an engaged and productive employee means giving them the tools to succeed, that is your job as an employer. It is truly important to make sure that your employee knows that you are providing this training to boost them up, not bring them down. Employees are your company's best asset, so make sure they have what they need to make you proud. You wouldn't ask an electrician to do his job without a voltage meter, would you?

### **Practical Illustration**

Kelly hired a new employee named Jennifer. She has a great attitude, and always seems to give 100% of her effort to the tasks assigned to her. She has recently finished training, and Kelly has been monitoring her progress. While she is excelling at the majority of her tasks, it seems like she is having some problems with one. Kelly decides that Jennifer needs to be retrained on that job function. Kelly calls Jennifer's telephone extension and tells her to go see the trainer immediately. Jennifer is confused, embarrassed, and worried. She doesn't know why she has to go see the trainer, or what she has done wrong.

When she gets to the trainer's office she is told that she is being retrained because she is not performing one of her tasks correctly. Because this is the first time Jennifer has been notified of any issue, she is completely thrown off guard. Jennifer completes the training as she was ordered to. She returns to her job, and completes the tasks as instructed. She is no longer engaged in her job, and has resentment toward her boss. Kelly cannot understand the change in Jennifer's behavior. Jennifer use to be eager, but she now seems like she doesn't want to be there.

*You can design and create, and build the most wonderful place  
in the world. But it takes people to make the dream a reality.  
Walt Disney*

## **Chapter Eight: Market the Business**

Mark Twain once said “Many a small thing has been made large by the right kind of advertising.” Now that you have your excellent staff, you can spread the word about your business. Marketing is a necessity of any business, because being invisible won’t get you customers! There are different ways to market your business. Your product will affect how your business is marketed. Let’s explore some marketing options together.

### **Traditional Marketing**

The most common marketing environments are television, print, and radio advertising. TV commercials are excellent for getting information about your company and product out to a wide audience. In a commercial, you can demonstrate the product or service for the consumer in a controlled arena. The drawback to television advertisements is that they can be costly. The PWC did an extensive study showing that TV ads resulted in 4.55 times increased sales.

If your service or product is able to be captured in a picture, then print ads may be what you need. A print ad can be in a newspaper, magazine, local publication, fliers, or billboards. The print ad has a wide variety of applications and prices. Lastly radio commercials are another avenue you could take for traditional marketing strategies. Radio is great for businesses that provide services, or have a product that can be described effectively in a short amount of time. The drawback to radio ads is that if you are selling something that has strong ties to its appearance, you are not going to be able to utilize that aspect. Radio ads can still be expensive, though not as expensive as a TV ad.

## Create a Website

These days almost everyone has a computer and surfs the World Wide Web. According to the United States Census, 75.6% of Americans reported living in a household that has a computer with internet. With a marketing resource so accessible, not having a website seems like a travesty.

Creating a website is an easy way to get your company out to the public. There are lots of places online that provide web hosting for under \$50 a year. You will want to do some research to decide which company you want to host your site with. Once that is complete, you want to contemplate creating your page. Creating a webpage that is functional is a big factor in setting up your website. You will want to make sure that it is easy for the consumer to use and navigate. The website needs to look clean and professional, and when people visit it they should understand instantly what your product or service is.

What should your website have?

- **An about us page-** Give the public some insight on your company, what your values and beliefs are, and how you got started.
- **Contact us page-** Here is a place you can provide your company address, phone number, emails, or a contact us box for customers to leave their information, to be contacted.
- **A product/ services page-** This page could be just to describe your services or product, or it could be the store to buy it from.
- **FAQ-** Answer frequently asked questions that you get about your products or services in this area.

## **Social Media**

Over half of the population has a Facebook page, Myspace page, or Twitter account. Consumers use social media to keep in touch with their friends, and smart businesses have learned how to adopt these sites to keep the customers engaged in their products. WebDAM, Reported that 52% of all marketers have found a customer via Facebook. They also reported that emails that include social media buttons have a click-through-rate 158% higher than emails that do not include social media buttons. Think about how many people you could reach by having a social media site for your company.

The site can be used to post discount codes, news about the company, or just fun facts. Advertising is about getting the product and the company name/image to the consumer, and social media is a great avenue for just that! Facebook, Twitter, and Myspace pages are basically free. You can pay extra to get additional advertising on the site, but if you build a big enough fan base, then you will have all the social media advertising you need. With social media being so accessible and budget friendly, why wouldn't you want to take advantage of it?

## **Networking Groups**

Networking is the exchange of information or services among individuals, groups, or institutions; specifically: the cultivation of productive relationships for employment or business. Networking groups can help you in a multitude of ways. Networking groups are a great way to find better resources for your products, help with marketing, and advice. A networking group is a group of people who have something in common, like business owners. Sometimes having a networking group can result in giving or receiving advice, discussing marketing

strategies, or buying products. Networking groups can help you with your confidence in business. They can also help by providing connections and opportunities you may not have had before. Networking groups can be a lot of fun. The group is considered to be like a “business social club.” You can cultivate relationships with like-minded people, while boosting you and your company’s names.

### **Practical Illustration**

Marcia's mom has decided to start a new quilting business. Her mom makes the prettiest quilts she has ever seen, and is so excited that now the public can enjoy them also. Her mom decided that she would place an ad in the classified section of the newspaper to advertise. Unfortunately, her ad hasn't assisted her in receiving any business. Marcia can see her mom struggling and decides to look at different advertising options. She knows that her mom does not have a lot of money, so she decides that using the internet would be the best option for them. She creates her mom a website that displays all of the beautiful quilts that she offers. She also signs the business up for a Facebook page and a Pinterest account. Marcia posts pictures of her mom's blankets on both accounts. Within a month, the orders are flooding in and Marcia has never seen her mom so happy.

*To be successful in business you don't just need a great idea — you have to sell it. Don't be afraid to sell. Don't think of yourself as anything but a marketer.*

*Susan Sabbott*

## **Chapter Nine: Run the Business**

Running the business is the “fun part”. This is where you take all of the tools acquired to prepare you for operating a successful business, and put them into practice. Before you can sell the products / services your company offers, you must get out there and source the materials. Once you do and the cash starts coming in, responsible money management and budgeting will prove to be your company’s best friends.

### **Procurement**

If your business consists of selling products and even for some services, you must source suppliers to provide the items to you and create a Master Agreement with them. Having a master agreement that clearly outlines the terms and prices will allow the transactions between you and the sellers to run more smoothly.

### **How do you find suppliers?**

There is no hard rule on how your company should locate suppliers, but here are some steps that can help along the way.

- Have all interested suppliers complete a questionnaire. Make sure the questionnaire is comprehensive, asking all of the questions necessary for you to select the right supplier for your company.
- From all interested applicants, select a small group of the most qualified candidates. Send a request for proposal (RFP) to these candidates. In the RFP, discuss the products and/or services you require as well as other pertinent details (e.g. timeline).

- Those who are still interested will submit a proposal to supply for your company.
- Select the supplier that best meets your needs.

### **Sell! Sell! Sell!**

Most people think, “Selling a product (or service)...that’s easy!” While this may come naturally for some, effectively selling is not so easy for others. It is important to create a method for selling rather than haphazardly doing so. This is a business and one of your main goals is to make money. In order to make money on a consistent basis, carefully consider these steps:

- When you make initial contact with your prospective customer, greet him / her. You’d be amazed at how much this gets overlooked. Keep in mind, a little acknowledgment goes a long way!
- Get to know what the prospective customer needs. How can you intelligently discuss the benefits of your products/services if you don’t know how they can meet the customer’s needs?
- Restate what the customer has shared as their needs. It is important to confirm you have properly understood what the customer wants. This will save a lot of time and headache on the back end.
- Develop a plan of action to meet the customer’s desires.
- Simply ask for the sale.
- Close the deal.
- Follow-up with the customer. Selling is not just about the sale itself, it is also about relationship-building. A repeat customer is the best customer to have.

## **How to Manage Cash Flow**

It is not necessary to be an accountant in order to manage your cash flow, but you must understand basic accounting principles. First of all, you need to know what cash flow is. Cash flow is the phrase used to describe the funds that come in and go out of a business. If you have positive cash flow, that means you have more money coming in than that going out. That means, negative cash flow is...you guessed it...more money going out than that coming in.

A company that has positive cash flow is not something that happens on its own; the business has to implement strategies that promote such.

What are some ways to improve cash flow?

- Increase your sales
- Don't extend as much credit to customers
- Give your customers pricing discounts

## **Budgeting**

Budgeting should be a major component of every business, whether large or small. It serves two purposes. 1. It allows the company to estimate that which is spent on expenditures. 2. Companies can use the figures at the end of a specified period to determine if the company has stayed on budget and how this has affected its bottom line.

Before you can create a budget, you must know what you are working with. First determine what you want to measure. Do you want to keep track of what you spend on supplies, personnel, and marketing? Then you need to gather all of the receipts, documents and other information that pertains to

those items. You need an idea of the reasonable costs of those expenditures, as well as figure ways to decrease the amount money you have spent on them in the past. This will help you make better predictions of how to set your budget.

Deciding on the method of budgeting to use depends on your business needs as well as your personal preferences.

Some options are:

- **Zero-Based Budgeting:** This type of budgeting starts with a “zero baseline.” All expenses must be justified each period.
- **Top-Down Budgeting:** Cost projections start at the highest level of the company (i.e. executives), then come down.
- **Bottom-Up Budgeting:** Cost projections start at the departmental level with employees, then go up.

### **Practical Illustration**

Three years ago, Bethany started a shop in which she sells handmade bead bracelets. With her selling one type of bead bracelets (same type of bead, many different colors), she was able to quickly narrow down her choice of a supplier. She and her supplier, Beads – n – More, have a great working relationship. They've always provided the product on time and Bethany has always paid their invoices in a timely manner. Business is great! Bethany's company has been selling quite well and has always maintained a positive cash flow. Although everything is going well, Bethany realizes she spends funds on materials and other things without keeping track of those things. She decides what she needs to do is create a formal company budget. Each quarter, she reviews the budget, compares it to the money that has come in and gone out of the company, and determines if she has stayed on budget. After the first two budget reviews, she sees that she has firmly adhered to the budget and gives herself a pat on the back for a job well-done.

*Everyone talks about growing the business, but what you don't hear enough about is the importance of not growing the business too fast.*

*Blue Man*

## **Chapter Ten: Grow the Business**

Once you figure out what works in starting and running a business, the next step is to grow the business. Offering more products or services within the existing company is one way to expand upon your business. Branching into territories such as bidding for contracts, opening a new location, and franchising the company can also help grow your profit.

### **Offer More Products / Services**

This is a relatively simple way to grow what you already run. For example, if you own a pizza shop that strictly sells pizza, consider adding something to complement the pizza. Say...chicken wings. The key to determining your new offerings is deciding if it is something that your current customer base wants. You can informally ask customers' feedback as they frequent the shop or ask them to complete a questionnaire, providing their thoughts. If the new product is something that will attract a new customer base, decide if there is currently a market for the product and your willingness to aggressively promote the product so pursuing it is worthwhile.

## **Open Another Location**

Even though it is a lot more complex than just adding new products, opening an additional can produce positive results. In some ways, opening a new location is like starting from scratch.

You must:

- Determine the location. We've all heard Location! Location! Location! This is especially true when adding on to an existing business. The purpose for expanding your business this way is to drastically increase profits. You want to get the most out of this investment, so do your homework on what would be the most beneficial location.
- Hire and/or train employees.
- Set-up shop. Stock the business with your products and make other preparations for opening day.
- Promote the new products / services.

## **Franchise Opportunities**

Choosing to franchise your business is a serious commitment, so you want to carefully think through what you hope to achieve by franchising and firmly decide if this is something you can accomplish by just opening additional branches of your company or if franchising is truly the answer. One of the main differences between franchising vs. opening an additional location is with franchising, the franchisee would be responsible for providing the capital to start, run, and grow the business, while it would be your task if you select opening an additional location instead.

If you agree franchising is what your company needs to do to capture additional market share, consider these things:

- You need to understand your company. It seems that you should already “understand your company” by now, but you don’t realize you don’t really know your company until someone asks you a question about it that you cannot answer. As the franchisor, you are the main representative of the company and before you attract franchisees, you need to be able to describe to them the benefits of franchising with your company rather than going to your competition.
- What does this mean legally? Consult a professional to help with deciphering through the laws surrounding franchising. Doing so early on can help avoid legal woes in the future.
- Set the guidelines for the candidates wanting to become your franchisees.
- Screen and select franchisees.

### **Scoring Large Contracts**

Acquiring contracts to provide your products and/or services to other organizations can be a great benefit to your company. You may be approached by a company, asking you to be their supplier, but that’s not likely. Typically, you will have to seek out these contracts. Some companies advertise contract opportunities on their websites. Each has a set method of how you go about applying for the opportunity. Some require that you just complete an application, while others may have you to submit an application, formal bid proposal, and accompanying documentation such as a capability statement.

## Elements of a Winning Proposal

- Name of your company
- Background of your company (e.g. when formed, financial info, etc.)
- Your company's mission statement
- Products and/or services your company offers and how long for each
- Previous clients

Before bidding on these contracts, you must ensure your company is fit to deliver. Some basic questions to ask yourself to gauge how ready you truly are, include:

- Do I have the financial and personnel resources to fulfill the contract?
- Are the company's needs in line with what my company offers?

### **Practical Illustration**

Bill, the owner of Bill's Bikes is brainstorming ideas on how he wants to grow his bike business that has been around for 10 years. Until this point, Bill was content with the way his business was going. He felt things were steady, so he had no reason to do anything different. In a week, five customers (on five separate occasions) who regularly frequent the shop asked Bill if he thought about selling bike accessories such as helmets, locks and pumps. This got Bill thinking about expanding his business this way or possibly even opening another location or franchising the company. After carefully reviewing the finances of the company and its short and long term goals, he decided his best option would be to add the accessories to the existing business. Within weeks of implementing the changes, he noticed company profit increased by 25%.

*Innovation distinguishes between a leader and a follower.*

*Steve Jobs*

## Closing Thoughts

- **Johann Wolfgang von Goethe:** Doubt can only be removed by action.
- **John C. Maxwell:** A leader is one who knows the way, goes the way, and shows the way.
- **A student in Warren G. Tracy's class:** Entrepreneurship is living a few years of your life like most people won't so you can spend the rest of your life like most people can't.
- **Paul Rand:** Get big quietly, so you don't tip off potential competitors.
- **Ken Field:** You must fall in love with what you do, because being an entrepreneur is a lot of hard work, and overcoming a lot of adversity. From that love will come the dedication that will get you out of bed at 4 a.m. because of a great idea you just had and get you to work till 11 p.m. and not feel tired.

