The Entrepreneurial Guide

The Key Principles of Building and Growing Your Business

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Preface

Do you ever think that your idea or product could help people? Have you ever thought of owning your own business but scared to get out of your comfort zone due to fear of failure or risks involved? Did any of your innovative ideas were ruled out by your boss at the workplace due to a lack of vision or risk-taking culture? If you do, you are not alone. Many people are frustrated and helpless at their situation and want to come out of the rat race.

The Entrepreneurial Guide is for the aspiring entrepreneurs or leaders in the organization who either dreamed about starting their own business or grow their business to the next level. This book will teach you how to develop an entrepreneurial mindset from the beginning to end of an entrepreneur's life cycle of the business, and walk you step-by-step through Idea Formulation, Product/Market Validation, Value Realization, and Exit Strategy.

In the first section – *Idea Formulation*, you will learn about being purposeful and laser-focused – why does your business exist, and why does it matter? Upon identifying your purpose and defining a vision, you need to convert your vision into a shared vision and align key stakeholders within or outside of your organization. Most entrepreneurs are visionaries but may not be strategic leaders to covert vision into reality and bring the best from others in the organization.

In the second section – *Idea Validation & Sales*, you will learn about how to validate your idea or product and learn about the

scale and magnitude of the problem. Once you are satisfied with the product validation, then you will learn techniques on how to conduct market validation to ensure the market is big enough for your product and the customers will pay. Upon validating the product and the market, you will learn about sales strategies to position your company and its offerings and to convert leads into prospects, and prospects into closing deals, and nurturing existing or new customers to upsell or cross-sell other products or services.

In the third section – *Value Realization*, you will learn about making informed decisions for examining whether an organization's priorities are strategic enough and tips to create strategic priorities. Upon identifying and creating strategic priorities that align with organizational goals, you learn about different approaches to creating departmental and individual goal settings and keep managers aligned with organizational strategic goals and objectives. Finally, you learn about how to motivate, manage, measure, and reward employee performance.

In the fourth section – *Scaling up*, you will learn about creating a growth mindset and entrepreneurial culture to promote innovative and risk-taking culture to obtain exponential growth. Next, you learn about different ways for an organization to formulate and execute a growth strategy and to execute growth strategies; business leaders must keep a close eye on the three key levers, Adjusting Financial Levers, Developing Future Leaders, and Manage by Numbers. Finally, you will learn about the factors to consider, prepare, and choose an exit strategy.

Introduction

Starting a business is often years in the making. Saving money, define a business plan, hiring staff, and setting up a company website can take a lot of time and effort leading to the all-important launch day. However, despite the long process of starting a business and all the factors, many businesses fail within the first few years, while far fewer thrive and meet or exceed the business owner's expectations. Why does this happen? What is it that allows certain businesses to grow to a much greater scale while others struggle to get off the ground? What's more, is there anything that business owners can ensure that their ventures don't fail?

Sadly, many new businesses face substantial difficulty at inception, and many of these businesses, ultimately come to fail. Business is hard. There are challenges at every corner and obstacles present themselves indiscriminately and without warning. This is a challenging concept. It is also an adequate deterrent for many.

There is much we can learn from the failures of others. We can learn from them almost as much as we can learn from ourselves. The missteps of other business owners, entrepreneurs, and tycoons come with valuable lessons and loads of red flags.

"You only have to do a few things right in your life so long as you don't do too many things wrong." – Warren Buffett

The businesses that succeed are the ones who can mitigate challenges effectively. Better still are the owners who can avoid them. No one has a crystal ball, but data, preparation and thoughtful contingency planning are adequate substitutes. You will never be in a position where there is nothing providing resistance against your business, and the goal isn't even to be in that position. Your goal as a business owner is simply to be prepared to deal with these things quickly and efficiently and move on. The survival of your business depends on it.

Depending on how you define "failure" and "entrepreneur," statistics show two-thirds of attempts do not make it a decade, while other metrics indicate an enormous crash rate of nearly 80% failing in the first year-and-a-half.

While these numbers do show a good deal of failure, there is also more success. For lots of business owners, success and prosperity are there for the taking. It is the aim of this book to help you land squarely in the column of success, and we will discuss lots of important elements of creating and growing a successful business. Treat this book like a roadmap, like a guide that will take you from where you are to where you want to go.

Idea Formulation: Purpose, Shared Vision, and Strategic Leadership

When starting a business as an entrepreneur, it can be difficult not to fall into the trap of thinking too far ahead, imagining a best-case scenario full of great success and maximizing profits, without carefully considering how you will get there in the first place.

Every entrepreneur has a vision of what their business could eventually be. However, the responsibility of getting the business to that point does not fall solely on their shoulders, but also on the shoulders of the team surrounding them. No matter how strong your vision of the future of your business is, it's no use if your team does not share it or if you do not have a plan on how to ensure that the future you have visualized is the future you experience.

One of the key considerations an entrepreneur will make forming a new business plan is its "purposefulness." Why is this business going to be useful, how am I going to execute it productively, and who will it impact? Having a purposeful business, it the cornerstone of having a successful business.

Another consideration you will need to make is regarding your vision for your new business venture. Is this a shared vision? Is your business idea complementary to another business sector? What opportunity for partnership is there?

"Vision is the art of seeing what is invisible to others." – Jonathan Swift

Ultimately, whatever path you decide for your business, you will be operating in your market, your geography, your competition, and your community. Assessing how this vision might align with other business and community interests is a worthwhile endeavour early in the business formation stage. Business owners must share their vision, lay out their strategy, and ensure alignment with their team to avoid failure.

Marketing & Sales: Understanding of Product Viability, Market Viability and Sales

Unfortunately, many businesses are doomed to fail before they even begin, as they attempt to break into markets already over-saturated.

One of the most important parts of establishing a successful business is to identify your product's unique selling point (USP) and largest target demographic. If you cannot do identify a USP that sets your product apart from others on the market or if you cannot define a clear target market then it is unlikely that your business is individual or necessary enough to out-do the competition.

There must be a gap in the market. There must be a problem that your business will attempt to solve. If your product or service is similar to others which already exist, then there must be a

reason your product or service is better and can feasibly stand up and win against existing competition.

"Life is like riding a bicycle. To keep your balance, you must keep moving." – Albert Einstein

To put it bluntly, if there is no clear reason for your business to exist from a customer's viewpoint, then it has little chance of getting off the ground. What does this business do separately? What sets it apart from the competition? What will convince the consumers of a similar product to choose your product instead?

Too many entrepreneurs pour their time into a bringing a product into a market already full. This unoriginality and lack of any clear USP is what puts the wheels of their downfall in motion before they have even started.

There is also a lack of understanding of just how specific your target market should be. Many businesses fall into the trap of believing that the larger the target market, the higher the potential for sales and profit – this is simply not the case.

For example, it may seem more practical to target your product to 'women', rather than 'women, aged 25 – 35, who have over $500 monthly disposable income', as there are 3.9 billion women in the world, but only a fraction of them fit this second category.

The reason that a target demographic must be more specific is that it allows for much more effective sales and marketing. It is

impossible to appeal to all women or all men at once, as interests and needs vary so much dependent on age group, financial stability, marital status, etc. A marketing campaign which attempts to appeal to far too many people at once is more likely to fail to appeal enough to anyone.

To summarize, a business which defines a clear gap in the market and advertises the resulting product to a specific demographic is far more likely to succeed than a business which seeks to capitalize on an existing concept by marketing it towards a much larger random group.

Value Realization: Prioritize, Align, and Perform

Obtaining value is an exercise in efficiency. Everything you do must be planned and purposeful. One way to ensure efficiency is properly prioritize your time and efforts. Prioritizing your business agenda is a lot like prioritizing your personal or social obligations. If you do it wrong, you will miss out on key opportunities, waste time and energy, and regarding your business, likely waste money.

Prioritizing is not always easy, though. It's difficult to know what to do and when especially when it seems like everything is equally important. A problem many people run into for composing their daily checklist of items is that they treat *everything* like it needs to be done immediately. If everything is a priority, is anything a priority? Logically, most people realize this

fallacy and try to push past it, but that, often, is easier said than done.

As you audit your business priorities, you will come to identify the importance of making certain everyone in your organization is on the same page. Having goals is an organizational necessity. It is much easier, of course, to find business success when your goals—both personal and professional—and the goals of your team are aligned.

If you want to build a ship, don't herd people together to collect wood and don't assign them tasks and work, but rather teach them to long for the endless immensity of the sea." – Antoine de Saint-Exupéry

As a manager and owner, you must constantly revaluate and reassess the morale of your staff. Are they motivated to perform? Do they need better incentives? What rewards can I offer to help extract more from them? Have I been attentive enough to their needs?

There is no shortage of theories about how to best incentivize employee performance. Much of your strategy will rely on the type of company you have, what types of employees you have and what you are comfortable offering to them. The only true constant is that you absolutely must, in some capacity, keep your team motivated.

Execution: Growth Mindset, Levers of Growth and Exit Strategy

Many business owners start with little more than a good idea. And, for many, that's all it takes to begin the entrepreneurial trek to prosperity. Naturally, there is much work that goes into taking a good idea and turning it into something objectively valuable. It's likely some of you reading this book have done that and achieved some measure of success. For you, it is time to grow.

Others just starting, think about what you will do once you get to this point. It's always advisable to have a plan and cultivating future leaders at your company and these emerging entrepreneurs may be valuable to you in both current and future business ventures.

"Forget past mistakes. Forget failures. Forget everything except what you're going to do now and do it." – William Durant

The growth of the individuals at a company, yourself included, will bring with it, ultimately, the growth of your organization. However, any growth you can attain at your company will need to have the infrastructure to sustain it over the lifespan of your organization. There is such a thing as growing too fast, and there is also such a thing as too much growth.

To prevent the failure of their business, business owners must continue to monitor how their business changes. Are there up

and overcoming competitors? Have the needs of your target market changed at all? How can you effectively use the money that your business has made to grow the business further?

So, what sorts of things might you need to have in place to protect your growth? You will need to have in place the necessary "Levers" to support growth. Too many business owners get so wrapped up in the process of initially launching their business they forget to consider what comes next. They often take their eye off the ball by only keeping their team focused on current operational issues or opportunities on hand, rather than preparing the organization for the future by building required business levers such as develop capabilities, automation, optimize organizational structure and governance, etc., to support growth.

What is your exit strategy? Do you intend to sell your business? Or do you want to keep growing, potentially through acquisition? While what you do with your success is important, *what you decide* is even more so. You must have a plan. Ideally, you already had one when you launched your business.

Picking one plan over another depends largely on personal preference, financial considerations, and the market environment. The nature of the business and its composition will also play a fairly large role in how the exit materializes.

Even the most well-thought-out exit plans will be susceptible to outside influence and no plan is assured at inception.

Ultimately, you will need to decide what you are comfortable doing and how feasible it is to pull off.

Treat this book like a roadmap, like a guide that will take you from where you are to where you want to go. We will touch upon a seemingly endless list of obstacles in this guide. And, despite all these challenges that lie ahead, you will thrive. All it takes is some hard work and the willingness to persevere through whatever lies ahead. The good news is, though, you are here, already doing the due diligence, research, and preparation to overcome those challenges and build a thriving business enterprise.

We are going to systematically cover the many facets of growth and break down key areas needing attention. In this guide, we will cover topics related to purpose, shared vision, strategic leadership, product and market validation, customer demand, sales, prioritization, alignment, performance, growth mindset, levers for growth, exit strategy much more. Let's start at the top and work our way down.

"Opportunities don't happen. You create them."-
Chris Grosser

SECTION 1:

IDEA FORMULATION PURPOSEFUL, SHARED VISION & STRATEGIC LEADERSHIP

Chapter #1

Purposeful: Why does your business exist?

"If you can tune into your purpose and really align with it, setting goals so that your vision is an expression of that purpose, then life flows much more easily." —Jack Canfield

Every entrepreneur's journey is unique to their circumstances, their experiences and what they want it to look like. These unique and diverse paths to success often come with inspirational tales of hard work, determination, grit and so much more. One thing you will find they almost always have in common, though, is that success does not come overnight. Rather, it is a long, winding road through adversity and hardship. Fiscal uncertainty often plagues the early stages, while periods of growth come with enormous challenges.

It may feel like it is logical to keep profits and success at the forefront of your business strategy. Isn't that the very point of running a business in the first place? However, this can be counterproductive. The 'what' of a profit-chasing strategy is far less likely to reap any great success without a 'why' at the core of it – but what should the 'why' be? To put it simply, purpose.

The purpose should be at the core of every business strategy. If you, as an entrepreneur, are yet to ask yourself what the

purpose and goals of your business are, you may surprise yourself with how unsure you are of the answer. Yet having a clear purpose in mind is one of the most important things that a business owner can do to define the projected journey of their business – or business strategy.

So, why is this so important, and what could having purpose at the core of your strategy mean for you and your business?

Being an entrepreneur without having a clear purpose in mind is a recipe for disaster. It's a little like being the captain of a ship yet not understanding where your ship is supposed to be headed or why. Purpose is something that we, as individuals, seek to discover to become better versions of ourselves. Maybe discovering your own purpose was the very thing that propelled you into entrepreneurship in the first place! However, businesses are an entity and have their own purpose. To truly streamline the direction, we are steering our businesses in, we must uncover that purpose.

When it comes time to formulate your business idea, there will be an infinite number of possibilities to explore. Deciding on what you want to do will be just as important as figuring out what NOT to do. The best way to narrow down these possibilities is to take a deep, thoughtful look into your skillset, experience and passions and come up with ideas that fit into your personal profile.

"There is no failure except failure to serve one's purpose." – Henry Ford

To accomplish this, you will need to conduct an honest, thorough self-assessment. Consider listing your best business ideas and running that alongside your passion and purpose. Where are there overlaps? Where are there obvious areas of opportunity?

It is highly unlikely you find something that neatly aligns with all your strengths and interests. However, there will almost assuredly be something that fits some or most of your composition. It is these in areas you will want to focus on and consider for a possible launch.

One of the key considerations you will make regarding forming your new business plan is its "purposefulness." Why is this business going to be useful, how am I going to execute it productively and who will it impact? Having a purposeful business is the cornerstone of having a successful business.

How to Implement Purpose-Driven Strategy Within Your Business?

To put purpose at the centre of your business strategy, you must first ask yourself what the reason for your business was. Of course, 'making profit' isn't an adequate answer on why you exist. While the goal of any business owner is, primarily, to turn a profit, there must be another deciding factor in the reason you started

the specific business you did. What was the driving force behind beginning the business you now want to work towards a goal? What would you like the legacy of that business to be?

By deciding what the non-financial purpose of your business is and putting reaching this goal and defining a positive legacy at the forefront of your business strategy, you'll make more conscious, thoughtful business decisions. Decisions previously made solely to turn a quick profit or give your business a short financial boost begins to look less important in the grand scheme of things.

"Singleness of purpose is one of the chief essentials for success in life, no matter what may be one's aim." — John D. Rockefeller

One of the biggest challenges we face when trying to create a purpose for our companies is mentally grappling with a large range of factors we must consider in finding the right purpose. These factors must be balanced and measured against what we do daily. How will our actions in these areas impact the company? How do they impact our mission? What about our bottom line? Think about everyone involved in your company, too, not just top leadership.

Think about emerging trends shaping how business is conducted around the world. Customers readily boycott products and companies misaligned to their values, investors turn to funds

representing strong environmental and social values and corporate employees frequently feel disconnected.

Mckinsey states that every business has an opportunity and an obligation to address and engage urgent needs of our plans and think about emerging trends shaping how business is conducted around the world. Customers readily boycott products and companies misaligned to their values, investors turn to funds representing strong environmental and social values and corporate employees frequently feel disconnected.

However, making this change for your company and implementing this sudden change of direction cannot be done alone.

Who Needs to Be Involved in The Discovery and Implementation Process?

Everyone! Your business is a machine, and that machine will not operate smoothly if even one part of the machine breaks down.

You are the first person who should put thought into your business purpose and be the one to initially identify it. After that, speak to your core team or key advisors and discovered what their view of your business purpose is. What did they think your purpose was before? What do they feel about your new purpose? How do they feel they can help you work towards it?

Then time to roll out your mission statement to the rest of your team, not just in your head office but right down to the frontline workers that play the face of your business. Make sure

that each of your employees are on the same page about what your business sets out to achieve. Building trust, focusing on "pain points" and responding to trends. Each is important individually, but they are even more powerful when working in synergy. Creating sustainable purpose is, in its very nature, a holistic endeavor.

The success of the company's expansion can be tied to its commitment to a core value proposition. First, it had to identify that proposition. Then, it had to put in the time and energy to cultivate its mission and build trust and respect in the community—trust and respect not previously there. These core tenants helped build the foundation for new revenue streams the company enjoyed. They were borne of deep relationship building and complete immersion into the new communities they were serving.

The work you do is an extension of yourself. It represents your passion, your ideas, your goals and your values. Much of what we have discussed here hinges heavily on the idea that your business goals are a manifestation of your long-term life plans and vision. Running a company without seeking deeper fulfillment is asking for failure. You must commit to intimately apply your values to your company and create something impactful on every level of your personal and professional life.

Business is never stationary or unchanging – the world is changing so much every day that business owners must remember that their purpose may change over time. However,

it's important that you are always well aware of what effect it is that you want your business to have not just on your consumers but the world and that your team is always aligned in working towards achieving that purpose as a primary goal to be impactful and meaningful.

"When you're surrounded by people who share a passionate commitment around a common purpose, anything is possible." - Howard Schultz, Starbucks

Chapter #2

Shared Vision: Is Your Vision Aligned with Others?

"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

One crucial aspect of running a business or leading a team is that whoever is at the helm of the ship has a vision – an end-goal to work towards, for instance. A business without a vision of their ideal future is much the same as getting into your car and taking a journey with no sort of destination in mind – the decisions you make along the way would not be strategic or logical, and that's no way to move forwards. Without a vision, your business is metaphorically driving around aimlessly.

However, simply *having* a vision is not enough. If you ever want to make this vision of the bigger picture a reality, you move and work towards it. This is no mean feat – especially if you are working alone.

To give yourself and your business the best chance of achieving your vision one day, you will need the help of your team for every step along the way. Ask yourself a question: is my vision aligned with others?

Ultimately, whatever path you decide for your business, you will be operating in the context of your market, your geography, your competition, and your community. Assessing how this vision might align, motivate, and inspire you and your team interests, and is a worthwhile endeavor early in the business formation stage.

"Vision is the art of seeing what is invisible to others." – Jonathan Swift

Vision is closely aligned with purpose. They are two sides of the same coin. You cannot achieve your purpose without having a vision, and your vision serves little purpose without something to fixate upon. Our vision, too, can often part of a larger collective of individuals who also share that same fixation.

Here, we'll talk more in-depth about having a shared vision, how your company can create your vision, and how you can effectively communicate this vision to ensure that your team shares it with you.?

What Does It Mean to Have A Vision?

A vision is just an idea – but it's an important one. Your company vision should be at the core of every choice you make as a business leader, informing your decisions on every company matter, no matter how big or small. Your vision in mind for your company should represent a much bigger picture and the end-

game – what reputation would you like your company to build? What legacy would you like your business to leave behind?

Curating a company vision is integral to the success of your venture, as it is an idea that you will be constantly and consistently moving towards – you may even find that your vision develops with your business as time goes by. Starting with a clear vision is key to making any direct and calculated progress.

As the business leader, you are also the visionary leader – the person informing your team of the best way to work towards a common goal. Being able to showcase a strong sense of ambition is key to motivating your team, as it's an excellent mark of belief in yourself, your company, your team, and the vision itself. As the saying goes, "Shoot for the moon, even if you miss, you'll land among the stars."

How Can My Company Create A Vision?

Some of the key questions to ask yourself when creating your company vision are what mark you wish to make on the world, what reputation you want your company to develop, and what legacy you would like to leave behind. If you can answer these questions, you can most definitely decide on a company vision.

It's all about the bigger picture – bigger than you and bigger than your company. This is about looking ahead to the most idealistic future of your business. Your vision represents the ultimate goal you and your team will work towards with every business decision you make.

"Building a visionary company requires one percent vision and 99 percent alignment." – James C. Collins

Whilst it's important to be ambitious when creating your company vision, you must remember that it will never be motivational for you and your team to work towards an impossible goal. If anything, setting your goals far too high will be more damaging to your progress than anything else.

Also, try to avoid setting a monetary goal and calling it your vision – for instance, 'my vision is that the company will be turning over $25 million within the next five years'. Making decisions motivated solely by monetary gain can often lead companies to lose sight of what their business was intended to represent in the first place.

Instead, think about what good you would like to do for your customers or the world in general. Become motivated by being recognized for positive reasons and the mark you will leave on the world. Your vision should not reflect your personal goals but the goals of your organization.

However, it's not advisable to come up with your company vision alone – even the most confident of leaders needs a little influence from their closest confidants sometimes. Assemble your core team and ask for their input. Ask them what they feel your company represents and what your company should *seek* to represent for years to come.

If you will work towards your vision as a cohort, establish it as a cohort, too. Sometimes developing and mastering a shared vision can be difficult and complicated. Any time communication and coordination among parties are needed, natural challenges will present themselves. You are not inside the minds of anyone else, and for illustrating something as raw and fundamental as one's overarching vision, it's difficult to precisely express your thoughts and ideas.

In business, like many parts of life, there is no shortage of miscommunication. These miscommunications can be harmless, but as we have all likely experienced, at least in some capacity, sometimes they can also be critically damaging. Imagine two powerful forces working fervently toward what they believe is the same ideal, only to find themselves woefully apart once they arrive at their destination. The distance apart is amplified by the intensity of the efforts both parties took to arrive there. It is so important to hash these ideas out properly.

How Can I Align My Vision with Others in Order to Be Successful?

Aligning your vision with the vision of everyone else who works within your organization is key to achieving it in the long run. There are many ways to go about this, and all involve being a confident yet approachable leader.

"Passion creates energy and magnetically pulls co-workers and customers into a shared vision, and it is exceptionally strong when linked with a leader's values" – John Maxwell

First, gather your team and explain what your company vision is – be clear in your explanation, and show your passion and dedication to achieving this goal. Know the ins and outs of your vision before you even present it to your team, as speaking confidently about your vision will show just how much you care about your vision overall.

Second, explain to your team exactly which role each plays in achieving your vision. You know within yourself that you cannot achieve your vision alone, but what do you need your team to do to help you? How does every part of your company machine fit together to keep it running?

Be sure that each member of your team knows just how appreciative you are as a leader for their continued support in assisting the company in their plight. We have established that not even the most confident of company leaders can achieve their vision alone – you must clarify it to your team just how important their work is to you and your organization.

Finally, ensure that your team believes in the vision. Your team must have the same confidence in your vision as you do and must be able to see a future in which this goal is achieved and your vision is realized – if your team has no belief in your company to

reach this goal, then they will feel that even working towards it is somewhat pointless.

Shared Vision & Alignment Is Key to Company Success

Even the most ambitious, confident, and knowledgeable of captains would struggle to sail their ship alone, and it works just the same in business. To make your company vision a reality, your vision must be shared with every part of your organizational family.

It is not enough to merely develop a successful vision, which is a challenge unto itself, you must effectively bring your staff, managers, and other principal actors on board. One way to make this process easier and smoother is to develop the vision from the ground up with the organization and team actively offering input.

The most successful leaders do need a vision – but they also need the ability to bring their team together and align their cohort in the best way to work towards this shared goal. With the right strategy and an equal mix of effective leadership and excellent team communication, your team could one day finally realize their goal – achieving the shared vision you set out to reach together.

If you will create a shared vision, you must account for several factors. This vision needs to be rooted in important ideals like your personal values, the aim of your organization and the needs of your market. However, personal subjectivity can unduly

dominate the vision creation process, and this can work counter to what you are trying to accomplish. You must affirmatively engage with the other key players.

This freedom for organizational members can be a double-edged sword, though, if there is a fundamental lack of creativity or if the team members are struggling to motivate. Not every team will respond positively to this arrangement, though, and it is important to continually assess and reassess the team's direction.

Michigan State University, in its research, warns of "organizational whiplash." This can occur, they say, when the visionary style of leadership is overrepresented. In these instances, team members can become dizzied by too much change and uncertainty about the direction of the organization and their career.

"When visionary style is your only style it can leave your team confused about their priorities, searching for vital details," reads their research. "Therefore, it can be critical for visionary leaders to balance their style and surround themselves with fellow C-levels, directors, managers or team leads more adept at integrating the other leadership styles into the mix."

This is not necessarily a problem. There does not need to be one immutable way to create and align a shared vision, and there are undoubtedly many formulas and combinations of leadership style that can get you across the finish line. Most importantly, you must audit your own strengths as a leader and understand what

you bring to the table. Any vision you have, so long as it is based in appropriate, well-thought-out values, will be communicable. Awareness and flexibility are the keys to ensuring you can execute that vision effectively.

"The greatest leaders mobilize others by coalescing people around a shared vision" – Ken Blanchard

Chapter #3

Strategic Leadership: Do You Think, Act and Influence Strategically?

"If your actions inspire others to dream more, learn more, do more and become more, you are a leader." - John Quincy Adams

A leader must be many things to succeed in their business, including visionary, ambitious, hard-working and a good communicator. However, while these are all important and positive traits, there is another crucial aspect of leadership that all leaders should have mastered to make the best of their company and bring out the best in their team: strategic leadership.

Whatever other skills you possess as a business leader, if you do not lead strategically, then you are essentially leading aimlessly – and that is almost as bad as not leading at all. Strategic leadership is not just about making decisions. It is about knowing the reasoning behind every decision.

You will also want to think about how you can create a "strategic leadership" plan. Naturally, you always want to be thinking in terms of strategy. In its basest form, a strategy is a vehicle for accomplishing your goals. It is the mechanism by which you can get from where you are to where you want to be.

You cannot build an empire without a plan, and your leadership should reflect that reality.

This phase of your idea development plan will, likely, be a little more complex than the ones mentioned. Leadership is a heavy topic. So is strategy. Remember that as we proceed through the entrepreneurial journey. Each leg of the trip becomes more challenging and more complex.

It was touched upon above, but leadership is the catalyst for which all business follows. You cannot find success in the business world without strong leadership; there are simply too many variables that need to be accounted for and mitigated. This will not happen by luck. One term often used to describe the actions needed to achieve this is "strategic." This is another term that gets thrown around a lot and carries a lot of different meanings.

Here we will explore the concept of strategic leadership and explain how to identify whether you are thinking, acting, and influencing your team with a positive strategy in mind.

So, what is "strategic leadership," and how can we understand its place in the entrepreneurial journey? What are the characteristics of a strategic leader? What makes one effective? Let us dig deeper into what it means to be a "strategic" leader.

As a strategic leader, you will need to put a premium on good planning and forecasting. Everything you will do going forward will rely on an authentic, accurate execution of your business thesis. Everything you do will need to be purposeful and achieve

your vision. In this way, you will be certain you are not wasting valuable time and resources.

The Management Study Guide also points out some key characteristics a strategic leader might have. "Strategic leadership refers to a manager's potential to express a strategic vision for the organization or a part of the organization and to motivate and persuade others to acquire that vision. Strategic leadership can also be defined as utilizing strategy in the management of employees."

For example, good strategic leaders are loyal—loyal to their thesis both in words and in actions. They are also knowledgeable, judicious with their authority, have wide perspective, compassion, motivation, social skills, and readiness. "Effective leaders are proficient at delegation. They are aware of the fact that delegation will avoid overloading of responsibilities on the leaders. They also recognize the fact that authorizing the subordinates to make decisions will motivate them a lot."

"Become a kind of leader that people would follow voluntarily; even if you had no title or position." – Brian Tracy

Good leadership, too, is contagious. It is incumbent upon you as a manager, owner, and role model for your employees to show them how they can also development these strategic leadership skills. It will serve you and your organization far better, in the long

run, to cultivate these skills in your employees as you, yourself, exhibit them day in and day out.

Strategic leadership involves a holistic consideration of what your business is at its core, where it is going and how you will drive straight to that location. This sort of leadership is essential to navigating complex business realities. Businesses operate in the unknown. Strategic leadership is the antidote to the maladies born from that unknown.

Strategic leadership execution is not a black and white proposition. As business expectations change, so too must the ways we train, prepare and act as business leaders. Sometimes it's easy to get tripped up with seemingly contradictory ideas. To build a successful, sustainable strategy, it is clear the need for long-term considerations and planning. However, this does not erase the reality there will, ultimately, need to be many short-term issues that require immediate attention. A good leader must balance the two needs and ensure that the day-to-day planning and operations of a business do not fall to the wayside as these longer-term plans are developed.

Identifying and Acting on Strategic Opportunities

Strategic leadership is to take risks in business to succeed, but these risks should always be calculated – especially if you are the captain of your company's ship. To succeed when thinking strategically and trying to introduce better use of strategy into

your management style, you must first be able to anticipate, challenge and interpret strategic opportunities that directly align with your organization's shared vision.

"Management is doing things right; leadership is doing the right things." - Peter Drucker

The best way to practice this skill and become the best strategically thinking leader you can be is to always keep one eye on the present and one eye on the future. Every decision you make as a leader will affect your company in some way – make sure that impact is huge and make sure that impact is positive.

For this new style of entrepreneurial thinking to work for you, you must first be able to identify what your strategy is. What is the goal – the shared vision – that your organization is working towards? Once you have identified this, every decision you make as a leader should be made with this goal in mind. Every opportunity which lands into the lap of your company should be weighed up according to not just its immediate effect but the effect it will have on the future of your organization, too.

Harvard Business Review suggests four types of strategic thinking you must do regarding every business opportunity. These are:

- **Anticipate:** Think about the opportunities that your business is likely to encounter within the coming

months and years and decide what your strategy should be if these materialize. Forward planning is key to good strategic leadership.

- **Challenge:** For every pro, there is always a con. Never take an opportunity at face value and always weigh up both sides of the argument for and against accepting an opportunity on behalf of your business.
- **Interpret:** Interpret what this opportunity will mean for you, your team and the shared organizational vision you have in mind. Look at the bigger picture – the domino effect of every decision you make as a leader.
- **Decide:** Taking all this into account – along with the thoughts and ideas of everyone on your core management team - make a considered and calculated strategic decision that will benefit you and your business in the long run.

Taking these four elements of decision-making into account when dealing with new business opportunities will allow you to make well-informed strategic decisions.

Strategy for Enduring Success

What does it mean to make decisions that will facilitate your organization's enduring success?

Your business, no matter how new, should always be built with long-term growth and success in mind – again, working towards a shared business goal. Considering this, it's important

that every decision you make should be heavily influenced by this goal and be made with the future of your organization in mind. This is a form of strategic leadership.

Successful strategic leadership is not about doing what is best for your organization now but doing what will benefit your business in the coming years.

There are two questions that any strategically driven business leader should ask themselves when making a business decision:

"What effect will this have on my company now?"

"What effect will this decision have on my company in ten years' time?"

Both points are important and will lead to making better business decisions but making decisions with the latter of these questions at the forefront will allow you to make strategic decisions that will facilitate enduring organizational success.

Take Decisive Action

The rest of your organization will look up to you in times of company unrest, whatever the cause. On these occasions, a strategically-thinking leader will always take decisive action – no matter the ambiguity, complexity, or chaos.

When one considers values and vision, it is easy to see why strategic leadership considerations must be applied so generously. Businesses operate in their community, their market, and, especially now, through the lens of global commerce. It is nearly impossible to segregate relevant, effective strategies from other areas we discussed, like purpose. Strategic leaders are tied to concepts like purpose on a fundamental level. Those that excel in these areas might not be your top seller. The important thing to remember is that productivity and leadership are different.

Despite how quickly action needs to be taken by a leader in these situations, there should still be a certain amount of strategy involved. In many of these scenarios, the action being taken may simply be damage control or an attempt to make the best of a difficult situation. When weighing up what course of action to take in a situation, consider the direct effect it will have on your company at both ends of the scale. By this, we mean to consider both the best- and worst-case scenarios that may result from the action being considered.

It's important to be realistic when predicting the outcomes of a situation – predicting realistically is just another important part of strategic leadership. Think carefully about the best outcome of the direct action you are taking, what it would mean for your company, what the consequences of the action may be, etc., then think the same way about the worst-case outcome – how would you deal with this? What further action would be taken?

One very important aspect of having to take direct action as a strategic leader is to ensure that you keep a cool head when dealing with any business situations. For your business to best deal with things and to continue progressing towards your aligned goals, your team needs to have full confidence in you as their leader and in the decisions, you have made on behalf of your company.

Build Commitment to Your Strategic Direction

Even the most strategic business leaders are only as powerful as the belief that their working team has in them. To be the most effective strategically thinking leader you can, you must build your team's commitment to the strategic direction of your organization, as well as their commitment to the decisions you have made on the organization's behalf. Building your team's commitment to the strategic direction of the company is all about effective communication, showing belief and confidence in your team and learning how to be an approachable, trustworthy leader.

Your working team should always share the goal you have put in place for the company – they should believe in the goal and, similarly, believe in their own ability to help the organization reach it. Being transparent and good communication will help a great deal here, as keeping your team up to date on the decisions you are making and explaining some of the reasoning behind

these decisions will allow your team to understand your strategic thought process and will show that their opinions, ideas, and input are important to you.

If you make decisions and do not update your team on the decisions you have made or on your reasoning, they may not always understand and will respect your leadership less. Keeping your team informed of your strategy and how you are using it to progress towards your goal will increase the confidence they have in you as a leader and in the company's ability to realize their vision.

However, it is not just allies *within* the company that you must impress. To reach your organizational goals, you will need to employ the help of others from outside your organization occasionally. In today's vast and complex business landscape, there are plenty of skills that a leader must demonstrate to win over their team, their clients, and their collaborators, and one of the most highly important is to demonstrate an understanding of business strategy.

Keeping your strategy in mind and making your strategy and eventual goal the base for all decisions you make on behalf of your business will allow you to make decisions far more effectively – and these effective decisions will lead to much more positive results. Effective decision-making throughout the life of your business is the key to achieving long-lasting success.

Don't allow yourself to fall into the trap of making business decisions based only on what is immediately beneficial to the company – always keep one eye on the future, trained on your eventual goal.

"There are no secrets to success. It is the result of preparation, hard work, and learning from failure." – Colin Powell

SECTION 2:

IDEA VALIDATION AND SALESPRODUCT VALIDATION, MARKET VALIDATION & SALES STRATEGY

Chapter #4

Product Validation: Is Your Product or Solution Viable?

"The logic of validation allows us to move between the two limits of dogmatism and skepticism." – Paul Ricoeur

The absence of money and inability to execute a product or service idea is often conceived as the major reasons for startup failure. However, statistics show that the first reason new businesses fail is due to a lack of product-market fit. This means there is no market need for their products. But why is this so?

Many entrepreneurs today have so much confidence in their product idea and are so sure that it will be a success they skip one of the most critical steps when bringing a product to market - product idea validation. They just want to move forward with getting their idea developed into a product and on the market fast, which usually leads to costly consequences. If you want your product to fulfill a market need, it must undergo certain tests to determine its viability. Product validation is critical to achieving product-market fit.

Before investing your money, time, and resources into a new product, ensure that there is a market for it – there are people

who want it - and verify those people will pay money for it. Product validation helps you to evaluate these factors and much more. In this post, we will explore the strategies entrepreneurs, and their teams should adopt to effectively validate their product ideas to ensure business continuity and progress. But first, let us delve further into what product validation is and why it is important.

What is Product Validation? And Why is it Important?

Product validation or product idea validation is using different procedures to gather evidence around ideas through experimentation to make fast, informed, and de-risked decisions. It helps to verify if a product meets customer requirements and fulfills its intended purpose by validating the product's specifications against customer needs. Ideally, it is a process that starts from an idea and typically ends with a paying customer. The purpose of product idea validation is to expose that big idea you have to the practicality of the real world before the final product or offering is built and released.

Essentially, product validation helps an entrepreneur answer three questions:

- Can the product be built?
- Can people figure out how to use the product?
- And Is the product something people want to use?

Further, by implementing product validation, you will limit the risk of making wrong assumptions. Because of how great you

think your idea is, you might assume that people will love it and want it and even that the product with function exactly as planned. But these assumptions might be wrong, and the only way to discover is through validation.

As implied earlier, validation processes help you save money, time, and other valuable resources. If you find out that your product idea is bound to fail, you won't spend time or money trying to develop it. Also, during product validation, you'll receive direct feedback from potential users, and you'll be able to understand which features work and which don't. This offers you a more cost-effective route to solving the issues the product has to guarantee it is something customers will value.

For instance, you might not have included a certain user interface feature in your new app. During product validation, several customers might point this out, which allows you to introduce the feature in the launched product.

How To Validate a Product or Service Idea

When validating your business, you are also validating the existence of a gap in the market and the need to fill that gap. This comes directly from the source upon speaking or interviewing the potential users and validating that the problem exists.

"If you live for people's acceptance, you will die from their rejection." - Lecrae

This information gathering will allow you size up the potential market for your product and make educated guesses on what the composition of your target audience will be. Ultimately, you will need to know how many customers need your offering and what the size of your customer base will look like, and their willingness to pay.

There are various ways to validate an idea, but the following are the most straightforward and crucial, as highlighted by Dan Olsen in his book: The Lean Product Playbook.

- **Determine Your Target Market:** Conducting market research is a crucial first step in product validation as it enables you to determine your target customers via segmentation. At the initial stage of your product ideation, it is highly unlikely that you'll accurately define your target customer. Thus, having a high-level hypothesis about who your product will serve is sufficient. However, as you conduct more market research, you'll be able to segment your customers, which may lead to changes in your initial hypothesis. Segmentation means dividing a broad market into specific subsets based on attributes such as demographics, psychographics, behavioral patterns, and needs. Defining the attributes and characteristics of various target users, commonly called "persona archetypes," adds a human element to the design process and is a great way to describe your target

customer so everyone on the product team understands for whom they are designing and building the product or service. You'll want to be detailed since these fictional buyer personas will serve as a representation of the real users who will use your product.

- **Understanding the Needs of Your Customers:** After you've mapped out a core set of customers, you'd like to market your product to, the next step is to understand their needs and determine if your offering solves them. To identify these needs or pain points, you need to examine the problem space. The best way to do this is by talking to potential users directly through interviews and ethnographic research. Once you've identified various customer needs that your product could meet, you need to decide which ones to address or prioritize among the different existing needs. Here, the best approach is prioritizing based on customer value. Address customer needs not adequately met. This is crucial because the success of your product or service in the market will depend on its ability to meet the underserved or untapped needs of your target customers.
- **Determine Your Value Proposition:** Because your product or service will be compared to existing market competitors, it is essential to have a value proposition.

A clear value proposition distinguishes your products from others in the market by outlining how your product plans to meet customer needs better than the alternatives. It also offers guidance for your product strategy by forcing you to pick a clear set of pain points that your product can address, specifies unique features you can offer to add more value and delight customers, and reasons your customers should pick your products over others.

- **Define the Core Set of Features for Your Minimum Viable Product (MVP):** After you've determined your value proposition, define what functionality or feature your minimum viable product will include. In this approach, you want to develop only what is needed to create enough value for your target customer to validate that your product is headed in the right direction. This step iterates until you have a Minimum Viable Product that your customers agree is viable. By specifying these feature sets, you'll validate what core functionality your customers value and avoid investing considerable time into developing a product that your target customers don't like or need. Thus, during the process, you may discover that your customers really value a particular functionality that's missing in your MVP, or you've included an extra feature in your MVP that your customers don't particularly utilize.

- **Build the MVP Prototype:** The next step after determining the MVP features is to create a prototype. The prototype does not need to be fully formed and can be merely a representation of the final product. So long as the user can glean enough functionality to give feedback, you will have accomplished the minimum requirements to successfully prototype your offering. Your Minimum Viable Product doesn't have to deliver on the full value proposition of the product since product fidelity and interactivity will vary for each business idea. Instead, it will act as a representation of your finished product without requiring you to completely build the final product. The MVP prototype exists to help test your hypothesis by offering target customers an iteration of your product to interact with and offer feedback integrated into the product. Having a mock-up of an app's interface (like a wireframe), for instance, is just as viable as building the actual app itself. Building an MVP prototype is efficient because it saves you the time and effort of building a finished product that you must change or pivot down the road.
- **Test and Validate your MVP with your customers:** This is where you put your MVP prototype to the test by allowing your target customers to interact with it and provide feedback. At this stage, data integrity is crucial as the feedback received will be instrumental in

influencing the direction of your product or service. Ensure you elicit feedback from people who fit the criteria of your target customers. If you're not cautious, you could risk iterating your product in the wrong direction to meet the needs of customers who might not necessarily be in the market for your product. You can prevent this by designing a survey/questionnaire to make sure you're identifying research participants who more closely fit your ideal customer persona. During the test, pay close attention to what the target customer says and does while using the prototype. Ask clarifying questions to garner deeper insights and gain the most value from user tests. Instead of closed questions that mandate a yes or no response from the interviewee, ask non-leading, open-ended questions to encourage insightful responses. At the end of the user tests, analyze and interpret the positive and negative feedback received. Note similar feedback patterns, prioritize any customer concerns so you can address them, and refine the initial prototype to incorporate their concerns and experiences.

The answer to this question is the key to knowing if your idea is, in fact, validated. Thorough and accurate research, data and bountiful feedback are really the only way to ensure you can translate market demand into money. Even then, there will always

be unknown variables that might affect how your product ultimately fares.

"Understand why you are different and how you help, recognize your target market, and give them something they even not realize they are missing."
– Chris Murray

The overall process for achieving product-market fit is a continuous process. You may find that your initial assumptions about your product, the market opportunity, or even your target customers may not hold true after each iteration. However, as long as you stay persistent and receptive to the feedback of your market, you're on the right track to developing a product with a strong market opportunity. Once you've determined that your product or service is viable, the next logical step is to figure out an effective go-to-market strategy and get your offering in front of many customers.

The biggest threat to your business is mistaking an interesting idea or a "cool" concept for one that addresses a hole in the market. Many failed products result from a founder making that very mistake. Ultimately, your customers are an organic extension of your business, and the goal is to integrate them into the very essence of your entity.

The natural conclusions to these considerations are most vital. Once you have cleared the above hurdles, you will need to

translate your idea into revenue. You may have found an outstanding solution to a major market problem, but if you cannot get anyone to pony up—perhaps you do not know how to market and sell your great idea—it serves you no good. This is a notable and major challenge for a lot of new business owners.

How do you know if your great product or service will translate into earnings? How can you capitalize on a sound, valid market solution?

"When your product is being ripped out of your hands by eager customers and you cannot keep up with their demand for more, you have achieved the nirvana known as 'product-market fit.' Most startups fail because they burn through cash without first carefully considering or planning for the moment when customers actually want what they are selling." - Forbes.

Chapter #5

Market Validation: Are Customers Willing to Pay for Your product?

"I cannot give you the formula for success, but I can give you the formula for failure--It is: Try to please everybody." - Herbert Bayard Swope

Much of this chapter will focus on evaluating your product, service or solution and looking critically at if it is viable to the target market. Some of the questions we will ask regarding your product, service or solution are," How big is your market?" and "How much money are customers going to be willing to pay for your product?"

Understanding your product's place in the market is one of the most important things you can do as a business owner, and it is an area where many owners make critical mistakes. Your product or service is the lifeblood of your enterprise; you must be able to accurately value it, understand how it fits into your market and be able to generate it at a reasonably low cost. Without having intimate knowledge of your product and its market, you will be *guessing* at how to integrate it into your market, rather than *knowing* what its full potential is in the space.

In this chapter, we are going to looks at some ways you can gauge interest and demand in your product, how to effectively source it and how to market your product without spending too much money. Those questions will be answered in the context of exactly how big your market actually is.

Selecting Your Target Market

The market you are stepping into is akin to a commerce-themed battle arena. Here, you will be surveying your challengers and engaging in a contest of entrepreneurial survival. There will, without a doubt, be fierce competition and external threats at every turn. The market is a tough place to operate, but with the right mentality and some hard work, you will learn to navigate whatever it throws at you.

"There is only one winning strategy. It is to carefully define the target market and direct a superior offering to that target market." – Philip Kotler

To successfully operate in the market, you must first understand the composition of the market. This includes its size. How many customers can you service? How many customers do you need to support growth and expansion? What other considerations should I be thinking about as I make my assessments? Is there a strong demand for what I am offering in

my geographic area? What about regionally? Should I be selling online to a broader audience? What is the competition doing?

For example, take the contextual element of "economic climate." Regardless of your product or service and whomever your competition might be, your business will be greatly affected by how much money your consumers have to spend, how much suppliers will charge to you and what other costs will be associated with transportation, storage and infrastructure.

It can be tricky, too, to understand the impacts of these external economic forces. Just as some climate conditions might challenge and strain your business, so too might other forces give it a boost. You never want to underestimate either of these impacts and you always want to know how they are affecting your bottom line. Do not panic when things are not going well if the reasons are outside of your control. However, also be sure you are not lulled into a false sense of security when things are going well outside your market. Be ready to nimbly adapt, in either case, to any market changes as they might come.

Along these lines, also consider the wants and needs of your customers. They, too, have lots of forces exerting pressure on them that are outside your immediate sphere of influence. These needs extend beyond a simple product or service demand and they reach into broader categories like personal safety or building a savings fund.

The size of your market, too, is much more than simply a geographic determination of where you can effectively service.

The city, state, region of every country you are operating in will play a large role in determining the size of your market but are superficial characteristics that do not tell the whole story. Population alone means little in this context, either.

Validating the Problem

Is there a real problem or customer pain point that needs addressing? How many people are facing it? To find the right answers, the best approach is to talk to potential users or clients directly.

Methodology, tools, and techniques for validating the problem:

Find at least five people in your specific market who say they would use or pay for your hypothetical product or service. This indicates that you have a problem worth solving.

According to Laura Klein, author of UX for Lean Startups, this should be your next step after validating your market and should be fairly easy. If it isn't, it's "either you've picked too small a market, your market is too hard to reach, or you're just not trying hard enough."

If you can build a good relationship with these users and keep hold of their contact information, they might even be willing to be your first five customers.

Next, interact with a larger audience. Don't talk to friends, family, or random strangers on the street as they are (likely, but not always) going to differ greatly from your target market.

Instead, locate your REAL target users, observe what they are doing, and think about how you can make those tasks better or easier. Sometimes, your users are out in the real world, but other times they are more easily accessible online. For instance, on discussion forums, Facebook groups, and online review sites like Yelp or Epinions, etc. And if possible, schedule a Skype call with them.

During your interactions, don't ask suggestive questions as they could lead to a false result. Ask open-ended questions instead. Gather information about the tasks they perform in the identified problem domain and the pain they are experiencing. Ideally, they'll allow you to see this firsthand.

This will help you learn how people do things, why they do them in a specific manner, and what solutions or workarounds they are employing to solve their problem.

Look out for patterns – groups of people carrying out activities in the same way or complaining about the same thing and either observe or inquire on how they solve those pain points today. Also, discover if their problems are isolated or reoccurring.

"Approach each customer with the idea of helping him or her solve a problem or achieve a goal, not of selling product or service." – Brian Tracy

Remember, however, that sometimes, users don't know they had a problem until they're shown a solution (your product).

Allowing them to "see" your product or service can have a big impact on its implementation, your user interfaces, and so on and will help you ensure that your product more naturally fits into the daily lives of your customers. It will help you reduce the amount of training you will have to give your customers once the product gets built because they don't have to learn new habits to use your product.

With this, you can minimize the abandonment rate and increase the likelihood of the customer sticking it through after the first interaction with the product. At the end of this exercise, you'll have a validated problem in a validated market.

No matter what type of product you ultimately land on, you will need to do some leg work to get a feel for your market and the actual demand for the product or service you are selling.

Perhaps you don't get strong support for your idea and this sends you back to the drawing board. That's okay. Try not to be discouraged; products frequently miss their marks. Remember what we talked about before; knowing what not to do is just as important as knowing what you ought to do. Better to start with something else more viable than to pigeonhole yourself into a failing enterprise. This might be frustrating, but it is a necessary part of the business journey.

If you believe you have a great business plan, can cheaply source your product, and believe in your ability to drum up interest in the product, then you may tolerate slightly lower existing interest. Preference and tolerance are operative.

It is also a good idea to think outside the box when considering your target market. Do not limit yourself to one type of client or customer. Another useful technique is to let the audience exhibiting demand for your product shape your business and its messaging going forward. This can be done by finding the early adopters of your offering and working backwards to create a business persona with their interests in mind.

Once you have effectively identified your target market, think about some ways you might be able to grow it later. When it comes time to scale up your business, it will be helpful if you already laid the groundwork for market expansion and have ideas about who else to target. You don't want to do too much too early, and these ideas are for the backburner only. It never hurts to be prepared, though, and have ideas about new offerings and solutions you might parlay with your current products.

Understanding Demand for Your Product

After you identify who might want to use your product or service, you will need to figure out how much they will spend on it. Pricing is a challenging concept for new business owners because they lack market context. Price your product too high and you may not sell it. Price it too low, and you won't profit. This is a sticky situation.

Market demand entails much more than simply identifying *if* customers will want your product or service. Inevitably, you will

find there is an audience for what you are offering. However, this is not sufficient information to make any long-term determination. You will also need to discover where the line of demarcation is for potential users regarding their willingness to pay for your offering. The true demand for your service is defined by how many businesses or customers want what you are selling *and* how much they are reasonably willing to part with to obtain that offering.

One way to get some insight into your product's demand is by sizing up the competition. Sure, competing entities will be fighting for your customers and represent a threat to your enterprise; however, they also can provide you valuable insights into the demand for your product, service, or solution.

Competition will come in all shapes and sizes. It will come from other small businesses, it will come from established players, startups, companies large and small. All will have useful data for you to digest. The challenge for the new business owner is to identify all the various sources of competition and map out ways to operate in the same market as they do. You need to figure out how you can provide value to customers that no one else can and seize on that opportunity.

"The secret of success is to do the common thing uncommonly well." - John D. Rockefeller Jr.

Some businesses deliberately offer products and services commonly bought and sold in their market. Taking this tact is a way to ensure there is an established demand for your product. Other owners, instead, try to find something more niched to sell. The benefit here is that you might face less competition. The question of niche has plagued entrepreneurs since the dawn of business. In reality, there is no right or wrong answer. This, like so many other aspects of starting and running a business, also comes down to personal preference and risk tolerance.

Building Deep Supplier Relationships

Once you are comfortable with the level of demand for your product, idea, or service—and you believe it will be worthwhile to sell and ship—you will need to produce it. If it is a tangible product, then the next step is finding where you can get the needed components and raw materials. You will want these at the lowest possible price. So, what are ways you might accomplish sourcing your materials reliably and inexpensively?

Some other considerations you will also want to make when sourcing your product include ensuring the supplier is giving you quality items—ask for samples, even if they might cost you a little upfront. You will also want to think about if you need some extra sources in case of supply chain issues. Building your business around only one supplier could prove fatal if that supplier goes under or experiences infrastructure issues.

"Only recently have people begun to recognize that working with suppliers is just as important as listening to customers." – Barry Nalebuff

Multiple sources, especially in the current business climate, are advisable. Considering there have been myriad supply chain issues resulting from the COVID-19 pandemic, it is almost a necessity to have contingency sourcing in place. You simply never know what will happen with a supplier (even under the best circumstances), and you do not want to be caught where you cannot deliver your goods. Put a backup plan in place and you will rest easier knowing your bases are covered.

Finally, there are countless benefits to validating your product or solution and target market. Validation enables you to test initial assumptions and hypotheses so you can avoid wrong decisions and spending time and money building something nobody wants. It also forces you to get in touch with your customers, thus sparing you the pain of building a product hard to use or understand or something that is ahead or behind its time.

If you figure out that you're headed down the wrong path, it's easier to change course sooner rather than later. If you use validation the right way – which is at every step of the product development cycle and are disciplined enough about it - your customers will practically lead you to the goldmine, telling you virtually everything you need to know to make your new business a huge success.

Your business idea cannot be wholly unique such that nobody else in the world has done it. You need to think about businesses not done before and develop your ways of doing them. You can also add value to some already established companies. You also need to ensure that it is a profitable idea. The service you need to offer must be well known to people, and they should be willing to pay for your use. If people are unwilling to pay for the service, seek guidance from people who had offered the same service before and ask them how they could maximize profits from the services. Financial professionals can also assist you by advising on the best revenue model you can use for maximizing profits.

Chapter #6

Sales Strategy: How to sell to target customers?

"Approach each customer with the idea of helping him or her solve a problem or achieve a goal, not of selling a product or service." – Brian Tracy

After you identify your product viability, target market and demand, you need to figure out how to sell them. Sales is a challenging concept for new business owners as the market dynamics and consumer behavior keep changing. Many sales representatives find it easy to close deals for a month or two, even at an excellent rate. However, where the problem lies remains on how to sustain this performance over a long period. Some even get confused about the right skills and methods employed in the past in sealing those deals. Therefore, determining where to improve and at what stages the success was recorded becomes quite difficult. However, with well-organized and systematically implemented sales strategy will tie up loose ends and deliver predictable and successful results.

A sales strategy empowers a company to position itself and its offerings in a well-defined and meaningful manner. The sales process starts with converting marketing leads into prospects and

then prospects into closing deals, and most important, nurturing new or existing customers to upsell other products or services.

How to turn marketing leads into prospects?

To turn marketing leads into closing deals, you must never take advantage of cold calls to pitch your products, even to strangers. However, you must turn these cold leads into warm leads before offering a sales pitch for products that might not qualify.

Converting leads into actual customers is the number one step in the sales process, and this must be done with the right skills and preparation. Transforming cold leads into warm leads and moving them to a sales funeral also involves persistence and commitment.

"Selling is really about having conversations with people and helping improve their company or their life. If you look at it like that, selling is a very admirable thing to do." – Lori Richardson

To help make the process quite seamless, Marketing Inside Group recommends a few things to remember.

- Cold Calling: Although cold calling is one of the most effective ways of generating leads, the key is qualifying your leads better. You can start by creating criteria that help you identify who your audience is and leverage marketing tools to identify new prospects.

- **Keep in Touch:** Never keep your lead hanging after you have initially contacted them. At the moment, there are so many easy and simple ways to stay in touch with your prospect and keep them warm; you can send emails at intervals, share contents with them or even create a content marketing strategy that includes the use of blog posts, webinars or other resourceful materials to keep your leads informed.
- **Product Knowledge:** As a sales rep, you must know the products and solutions that your company offers. Remain up to date in your offerings and share all current information with your prospects. With this, they get to see you as a credible source of information that can be turned to for all industry-related questions.
- **Solutions:** A common mistake made by sales reps is that they force their products on the prospect. This is not right; don't pressure them to buy things they do not need; instead, take out time to learn their pain points and find a customized solution for them.
- **Templates:** A well-thought-out email usually has three sections, which are a catchy subject line, the body of the mail that provides useful information to connect with the reader and the call to action that directs them to either visit your site or contact you for further details.
- **Free Demo:** you can also offer free trials to help your prospect have a better experience of what it is like

using the product or schedule a demo to show them how your product will solve their pain.

- Follow up: Once a prospect has shown interest, do a follow-up call and refer them to a previous email or conversation. Engage your customers by asking questions and interest them in your products.

Do not focus on product features but customer benefits or pain.

In the sales cycle, it is vital to state that focusing on the product features might not help you close a cycle quickly. Instead, the potential customer needs to know the benefits and solutions that your products and services offer, which can be achieved by developing killer presentations. While creating your sales presentation, note that customers are product self-centered; they focus more on their personal needs than your product reputation, design, or name. They only want a solution to their products; this implies that you must present this product to satisfy their needs so they can buy.

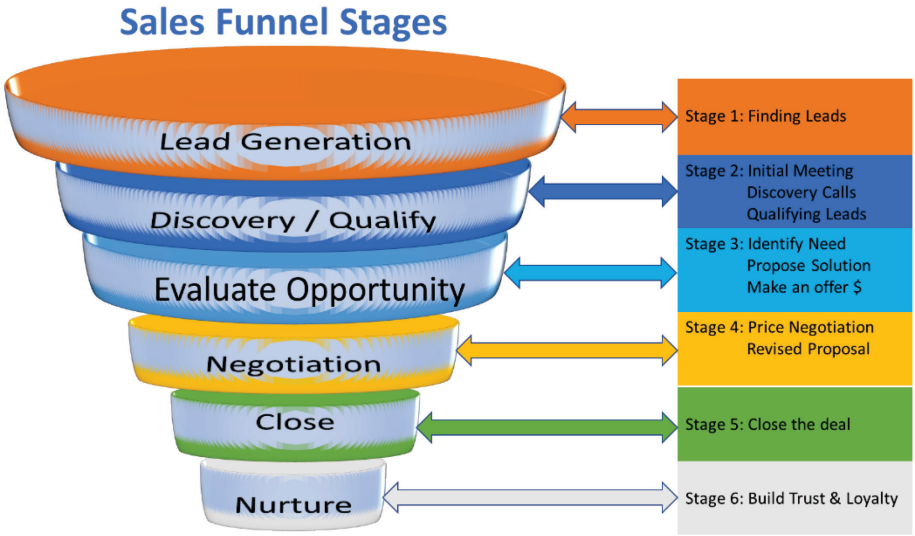
What is the sales cycle?

A sales cycle can simply be described as the steps involved in closing a deal with new customers from the initial stage to the contract's final signing. The sales cycle can be completed in the short or long-term depending on so many factors that include your company, type of product offered, and industry.

First, moving through stages quickly helps you to close deals faster than imagined. In addition, taking a critical look at the steps involved in the sales cycle is one of the best ways to identify individual actions and know those that eventually lead to sales. This also helps you point out areas where you need to make improvements at a time.

"Care enough to create value for customers. If you get that part right, selling is easy." –Anthony Iannarino

The sales cycle is also called the sales funnel. A sales funnel is a guided path that leads move through in the sales process. Depending on the stage and events that occur, they move through or out of the funnel. Let's take a look at the six steps of a sales funnel.



Six Steps of the Sales Funnel Stages

1. **Lead Generation:** The first stage to be considered in the sale cycle is finding a lead. This stage involves searching for potential customers interested in your products or services and adding them to your sales pipeline. You must understand who the right customers for your product are before finding leads; this ensures that you improve your chances of finding the right and quality leads. There are various ways through which you can find ideal customers. This could be through phone, using cold email templates to gauge interest, solving customers' problems by answering Quora questions, creating videos with a built-in lead generation form, and interacting with customers using social media platforms like LinkedIn. At this stage, note you are only trying to generate leads and determining if the buyer matches what you are looking for. Once you are done with this, get the contact into your CRM platform.
2. **Discovery:** It is vital to remember that not all leads are good and right for your products. Therefore, you must turn your leads into prospects by qualifying them via the discovery process. It is vital to clearly spell out that leads differ greatly from prospects. While leads are people who might be fit for your products, they might be uninterested in them. Prospects are people who

have interests and the resources to buy your products or services. To know the leads that should be moved to the next stage, here are the basic lead qualification discovery questions that need to be considered.

- Is the lead having a burning issue that needs to be addressed immediately?
- Does the lead recognize that your product solves their problem?
- Is the lead a decision-maker?
- Who is your competition or an incumbent?
- Does the lead have an approved budget to pay for your product or services?

If you can't place a yes to any of the questions above, then the lead is not qualified to be a prospect.

3. **Evaluate Opportunity:** At this stage, your lead is now a prospect, and this is the right time to let them know about your product or services and how it could help. You could have a sales presentation in a demo, 1 on 1 conversation, or in-person meeting. Despite the style you choose, an ideal sales presentation remains the same and include the following:
   - Start with addressing the problem.
   - Explain how your solution benefits them in terms of productivity and/or cost savings, with a Return on Investment (ROI)

- Provide facts and previous testimonial to back up your claim
- Summarize what they need and why they need
- Clarify prospect questions and concerns

It is vital to focus more on the benefits that your product offers to solve their problem throughout your presentation and not the features.

4. **Negotiation:** After your presentation, some of your prospects may be happy to move on to the next stage. However, it is vital to remember that a few might object to your presentation. Do not be discouraged; instead, use the points they raised while objecting to convince them that the products and services are worth their money.
5. Remember that objection does not imply that sales aren't possible; instead, you need to create better ways to handle them. For instance, one of the major sales objections is product pricing. To convince a buyer of this, you need only to communicate your value proposition, let them know the benefits your products or services offer and try to relate them to their needs.
6. **Close:** When closing a sale, the salesperson should not strike as too "salesy" by making the customer uncomfortable. However, effectively communicate how your product or solution offers value to their needs with an ROI and behave as if the customer has

agreed to buy your solution. If the deal is very critical for your business to close, then offer a discount for a limited time. However, if they don't close, never be discouraged; a lost deal isn't lost forever. Nurture these prospects with emails and other resources, and they might be moved to buy later.

7. **Nurture:** After closing a deal, do not relax; it is time to invest and nurture your new or existing customers to strengthen customer loyalty and increase their chances of upsell or referral. To help you nurture your new relationship, here are things to note.
    - Have a smooth onboarding process
    - Help them to get maximum value from your solution
    - Build trust by providing project status updates every 3 months via Quarterly Business Review (QBR) and educate them on how your other products or solutions can add more value
    - Invite them to your events
    - Co-present your implemented solution/benefits with the customer at the industry trade shows
    - Ask for referrals

Best practices for sales cycle management

Effective management of the sales cycle helps to improve the time taken in closing deals. This implies that as a sales rep, you

must take a critical look at the sales stages, find out those that take more time and make the right adjustments to shorten the sales cycle length. Here are some best practices for managing your sales cycle.

"If your sales have tanked, maybe the issue is not your lack of sales skills, but you are rushing the knowing and trusting aspects of the buying process." – Leanne Hoagland-Smith

- **Sales Report Management:** To make sales predictable and effective, sales reps must record all sales activities in the CRM system, at the same time, sales manager should continuously analyze and report on the sales activity. It is important for the sales manager to communicate with the sales team on when and how they are measured, as well as coach them on how they can improve. The process can include maintaining up-to-date information in the CRM system, average sales cycle, lead-to-opportunity, and opportunity-to-close conversion rates.
- **Sales conversion rates:** Each sales stage take some time. To discover which consumes the longest time, it is vital to measure the conversion rate between two stages. This can be done by dividing the opportunities in one stage by the number in the next stage, which

results in a percentage. When there is a low conversion rate between stages, discover the cause and a possible solution.

- **Average sales cycle length:** Usually, the average sales cycle length is based on some critical factors: company, products, size of the sale, and industry. To know if your sales cycle length is good or bad, start by comparing your sales cycle length with that of your team members.
- **Sales Forecast:** Sales managers are responsible for maintaining and monitoring accurate and up-to-date sales data in the CRM system. This data is used to monitor actual sales revenue against sales quota, forecast future sales revenue, sales backlog, reporting to the top management to make strategic business decisions.

Finally, the sales management is an important process for every sales rep or organization that wants to effectively convert leads into loyal customers. It is not enough to just find these leads and bug them with cold calls; it also vital to show them you have a good knowledge of your products, the benefits it offers, and how it can be used in meeting their needs.

"Great salespeople are relationship builders who provide value and help their customers win." – Jeffrey Gitomer

SECTION 3:

VALUE REALIZATION
PRIORITIZE, ALIGN & PERFORM

Chapter #7

Prioritize Is Everything a Priority?

"The successful warrior is the average man, with laser-like focus." - Bruce Lee

One hallmark of an executive mindset is the ability to make quick decisions that not only take everything current into account but also see down the road for potential problems - or opportunities. These leaders know right away the constellation of resources and materials needed to make something happen, and they can seize upon it or have the wisdom to say "no" to something others may heedlessly embrace. But there is a science to this and a keen, intuitive sense that not everything is a priority, nor is every relationship, deal, or partnership an opportunity.

Individuals and organizations routinely get a myriad of opportunities. When organizations establish systems and structures for prioritizing opportunities, they become better equipped to choose the optimal application of their time and resources. They also become better equipped to pursue their goals and vision. In prioritizing opportunities, creating a system against which they are weighed is critical. This system is typically made up of metrics, which are assigned values that are summed into a figure that influences informed decisions.

Obtaining value is an exercise in efficiency. Everything you do must be planned and purposeful. One way to ensure efficiency is properly prioritizing your time and efforts. Prioritizing your business agenda is a lot like prioritizing your personal or social obligations. If you do it wrong, you will miss out on key opportunities, waste time and energy, and regarding your business, and likely waste money.

Prioritizing is not always easy, though. It's difficult to know what to do and when especially when it seems like everything is equally important. A problem many people run into for composing their daily checklist of items is that they treat *everything* like it needs to be done immediately. If everything is a priority, is anything a priority?

Companies face lots of tasks daily, which makes it even more confusing to detect which should come first. While some firms use different project management tools to choose the right project to work on at a time, research has shown that lack of discipline in keeping up to date with projects makes this effort largely fruitless.

Why prioritize?

Prioritization increases the success rate for so many projects and helps senior management teams focus on more strategic goals that would yield the right result. It also clears all forms of doubt for operational teams faced with decision-making, building an execution mindset. However, it is vital to state that most firms that

prioritize do this badly. Some leaders make the wrong decision by prioritizing the wrong things. Some have a low-risk appetite, which makes it easy to have a generous portfolio of priorities. These executives are not interested in taking risks. Still, most successful business executives in our world today are those who take risks and have focused more on a few priorities. They understand what matters today and tomorrow. Some of them have just a single priority, which makes it easy to focus better.

"To change your life, you need to change your priorities." - Mark Twain

We will examine how to evaluate business opportunities against your current firm's goals as well as how to measure a new venture's strategic potential and whether there is some competitive urgency behind it.

Then we will explain how integral it is for entrepreneurs to uncover viable new opportunities that utilize existing resources, talents, and the organic abilities both the organization and the entrepreneur possess.

Last, we will briefly discuss how to allocate resources to new ventures and projects as well as how to know when it is time to pull the plug.

Evaluating a Business Opportunity

When new opportunities arise for you and your company, you need a quick rubric from which to judge whether it will be a beneficial thing for everyone involved on your end. At the moment, the world is saturated with SWOT mechanisms used in evaluating prospective new products against the overall business goal, strategic potentials and competitive urgency.

To that point, there are five key areas you need to look at when judging a new opportunity, according to Doug Andrew of Harvard Business Review. This instrument also places an important role in acquiring a new product, and feature. However, the question is, how do you also evaluate other small opportunities you come across every day. There must be a way to evaluate business opportunities to ensure that they suit the overall business goals and strategic potentials.

"There is no one busy in this world, it's always about priorities. You will always find time for the things you feel important." - Nishan Panwar

Components of a checklist for making informed decisions on how to prioritize

- Skills and Experience available: Ability as a critical factor simply requires considering whether the required skills and experience for that opportunity are available. For individuals, this means checking whether

the skills needed for the project have been specifically honed. For organizations, it means considering whether the teams can pull off such a project. Organizations specifically need to consider whether the level of differentiation to customers associated with the opportunity.

- **Associated Reward:** The reward associated with an opportunity should be considered in prioritizing it and determining its suitability. The reward could be evaluated in relation to the monetary and non-monetary aspects. For example, monetary gains are unequal to the positive change in one's life after an encounter. For organizations, evaluating opportunities against rewards should reflect both short and long-term rewards.
- **Growth opportunities:** Whether an opportunity presents an opportunity for growth should be considered when ranking them in order of priority. The growth is related to acquiring and applying more advanced skills and experience. Based on the growth opportunity consideration, an opportunity that offers exposure to a new industry should rank higher than one that aligns with routine activities. Whether the opportunity presents room to leave your comfort zone should be considered when prioritizing opportunities.

- **Appreciation:** Evaluating an opportunity's appreciation is a great way to confirm whether it is a great fit for your organization. Appreciation simply considers the value of the opportunity to its target audience and all involved parties. For example, an opportunity that introduces products and services to the target audience should weigh more than one that introduces the product and services to a general audience.
- **Referral:** What is the likelihood of this business bringing other business? This is a top consideration when evaluating whether an opportunity is in the right direction. Opportunities that represent a one-off relationship should rank lower than those that indicate that could lead to more business. The referral value of a business is an important consideration for both individuals and organizations.

The components of this filter help the leadership and management of small businesses and the larger institutions distinguish high-value opportunities from those that could offer minimal value. Businesses are often bombarded with a myriad of opportunities. By crosschecking them against a checklist, such as the one highlighted above, leaders can easily make decisions in line with business goals and objectives while maintaining a competitive edge.

Locating New Opportunities Within Your Specialty

For executing new business opportunities, most executives are often faced with difficulties on how to go about this. This is due to so many reasons that include the inability to identify and understand company goals, the disconnect between strategy and initiatives and failing to allocate resources. However, one way through which leaders can improve on strategy implementation is by translating the complexity of strategy into guidelines that are simple and flexible in executing.

Leaders must start by developing a small set of priorities that gets everyone to produce results. Strategic priorities should be forward-looking and action-oriented and should focus attention on the handful of choices that matter most to the organization's success over the next few years.

"When you have too many top priorities, you effectively have no top priorities." Stephen Covey

In evaluating whether an opportunity is a priority, understand goals and priorities in the simplest form. MIT Sloan research shows that global CEOs struggle with executing priorities. Experts have noted that when the goals of an organization are spelled, adoption is much easier achieved.

In this section, we highlight a checklist for examining whether an organization's priorities are strategic enough. The tips below could be considered for creating strategic priorities.

- **Identify a few objectives:** Identifying a few objectives is a strong tip for strategic prioritizing. The team is better aligned and the entire organization more effective when few objectives are clearly stated. With a few clearly stated objectives, there will also be little to no room for any forms of trade-offs due to conflicting priorities.
- **Choose mid-term goals over annual goals:** Mid-term goals have a timeline of three to five years. With this timeline, clear priorities are better developed as opposed to when the target is annual goals. Annual goals put a lot of pressure on the team. To avoid the pressure, walk towards mid-term goals, and get the team better aligned to achieve set goals. With mid-term goals, sustainable structures and systems are easily built.
- **Stay future-focused:** Staying future-focused helps to filter priorities and achieve clear strategic goals. Staying future-focused especially helps to filter opportunities that come over time. Instead of finetuning old strategies, when an organization is future-focused, it can focus more on developing and implementing new strategies aimed towards long-term growth.
- **Study critical vulnerabilities:** As an organization focuses on studying critical vulnerabilities, they

finetune their systems and processes for excellence. By studying critical vulnerabilities, an organization notes aspects that could fail to execute and eliminate them to create a more efficient system.

- **Eliminate redundancy:** Creating strategic priorities means eliminating redundancy by making tough decisions. Strategic prioritizing makes an organization more efficient and is achieved when tough calls are made, and redundancy of all forms identified and eliminated.
- **Set clear goals:** Research has shown that goals are much easily achieved when highlighted. Setting clear goals means communicating what the team is meant to achieve and how to go about the process in a very clear and simple way. We should also mention the importance of effective communication amongst top leadership and management teams. With all top members of the team on the same page, the information will trickle down more effectively.
- **Align the top team:** A list of strategic priorities should help orient leadership at every step of the hierarchical ladder. These should give them a "framework" for determining the company's future and how it plans to get there as a team. It must also provide a guideline of how the entire company wills succeed.

With the tips above, organizations and businesses of different scales should establish and work towards clear strategies aimed towards long-term growth.

How to Prioritize Resources to Projects: Rewarding the Winners and Cutting Loose the Losers

For prioritizing tasks and new ventures within a company, Harvard Business Review's Antonio Nieto-Rodriguez advocates using a framework he calls the "Hierarchy of Purpose." This checklist helps firms allocate resources and helping leadership to make effective decisions for their organizations.

Executives are tasked with identifying and creating strategic priorities that align with their organization's goals. Deciding on the right move for an organization to take is tough work that can be achieved through elimination.

"Let us reflect on what is truly of value in life, what gives meaning to our lives, and set our priorities on the basis of that." Dalai Lama

- Purpose: Identify the purpose of your organization. Afterward, chart the clearest and most effective course for achieving the goals. To eliminate an opportunity, consider whether it helps your organization achieve its set goals.

- **Priorities:** The next stage of elimination considers whether the opportunity or activity is in the direction the organization is headed. To create strategic priorities, assess whether the activity or opportunity will improve the organization's growth in the next three to five years.
- **Projects:** After identifying the organization's purpose and priorities, the next step in creating effective priorities is to examine projects and identify those in line with the purpose and priorities identified above. This is where projects to be supported are identified and those to be scrapped and eliminated are also identified.
- **Creating teams:** Creating the right teams is an important part of creating strategic priorities. After the first three steps highlighted above, the people to execute projects in line with the organization's purpose and priorities are identified. Teams are then created to execute the projects identified as related to the organization's purpose and priorities.
- **Monitoring of performance:** The monitoring of performance is critical in creating strategic priorities. Performance monitoring indicates the effective and ineffective aspects of strategies created. Experts have stated that the monitoring of outputs is a better indicator of performance than inputs' monitoring. The

goal of all efforts to create strategic priorities for organizations is to create a clear goal and share the organization's goals.

The act of prioritizing a company's projects or incoming opportunities helps individuals and teams to align organizational goals to its strategies.

Benefits of prioritizing

Research has proven so many executives do not prioritize. Perhaps this is because most have not realized the many benefits that prioritization offers. By applying the Hierarchy of Purpose, executives learn that changing priorities is a fact of organizational life. Here are some benefits that prioritization offers to every organization.

- Cost reduction: Companies can reduce operating costs up to 50% if they prioritize. This is because prioritization leads to the cutting down of duplicated efforts that are consolidated.
- Enhances strategic dialogue: Prioritization also helps organizations to enhance strategic dialogue and align the top of the organization, which escalates to the rest of the firm. Once the executives can get their priorities right, priorities become embedded as part of the organization's culture.
- Aligns project with organizational strategies: Well-communicated organizational priorities also help in

aligning most projects and programs to the organization's strategies. Although it is sometimes impossible to match all organizational projects and programs to strategic objectives, over 20% of projects, when fully aligned with the strategic objectives, yield a great result.

Too often, companies and management get "stuck in the weeds" managing the day-to-day operations of a firm. They grow blind to opportunities that will enhance the firm or sap away its resources. Effectively managing priorities, as well as correctly identifying them as such when they arise, marks out those firms actively embracing the future from those simply living in the here and now.

It is of utmost importance that organizations find new opportunities and execute them with the highest level of expertise. This is how organizations stay competitive and adapt to changing times. When organizations establish systems for identifying priorities, they are better equipped to identify the opportunities tailored for their growth as they are presented with opportunities.

In ever-changing business environments, essentially every environment today, adaptability is important for the survival of businesses. Adaptability comes from the ability of an organization to identify new opportunities and apply them effectively.

Prioritizing opportunities appropriately and keeping all activities in line with goals and priorities is critical to businesses' survival in every sector.

"Think of your priorities not in terms of what activities you do, but when you do them. Timing is everything." - Dan Millma

Chapter #8

Align Are your Goals aligned with Individual Roles?

"Building a visionary company requires one percent vision and 99 percent alignment." – Jim Collins and Jerry Porras

Now that we have looked deeply into business priorities, it is time to turn our attention to the rest of those working in your organization. As you audit your business priorities, you will come to identify the importance of making certain everyone in your organization is on the same page.

It is no secret that businesses have to set goals. These goals are a necessity for every part of the entrepreneurial journey and at every stage of the entrepreneurial journal. Leaders must ensure the goals of your organization are efficiently communicated to managers, who will communicate those goals to the rest of the organization. This process is a form of "alignment." The Leader must regularly ask, "Are my goals aligned with the roles of the individuals comprising my organization?"

If they are not, even the best crafted set of benchmarks will prove ineffective. To achieve this necessary alignment, you will

need to develop concrete channels of communication as well as help eliminate the disconnect between strategy and execution.

In the early days of any company, it may not seem necessary to set specific goals because the chances are that if you are a small group of individuals, everyone will know what they should be doing and why. With a business start-up, it is likely that you and your fellow founders are all on the same page and are passionate about the success of your company, and this means you all pull in the same direction.

However, once the business grows, this laissez-faire approach is no longer viable. It is impossible to develop as a large successful business without setting goals and aligning them with individual roles. Fail to do this effectively, and your company is doomed to failure.

Having goals is an organizational necessity. It is much easier to find business success when your goals—both personal and professional—and the goals of your team are aligned. Each individual piece of the business and team members should be working in concert toward achieving your vision.

Building a successful team does not happen overnight or during a short period. It begins with identifying a team of "A" players from your trusted network who are aligned with your values and believe in your vision. As stated in the Jim Collins book, *Good to Great*:

"Get the right people on the bus, the wrong people off the bus, and the right people in the right seats." —Jim Collins

Once the right people are in the right seats, then develop trust and influence people through consistent and transparent behaviour while motivating them to reach their full potential with the right compensation methods in place.

A competent leader with self-awareness can inspire and influence others for change. A person without self-awareness can never change.

Changing one's beliefs is the most challenging task. Have patience and give ample opportunities for others to understand you and your values with your consistent and predictable behaviour, and never ignore people you care about most. Once you change others' beliefs with your influence and positive experiences, they will be aligned with your values and adopt your culture.

Why every company needs an alignment strategy?

Alignment is, in its essence, an avenue for connectivity. It is a way for each component in the organization to gain a needed connection with each other component to create a sense of harmony. Without alignment, the productivity benefits of synergized teamwork evaporate. In this way, alignment is good for productivity and good for the bottom line. But it is also good

for the overall health and well-being of the organization. Good alignment is a survival mechanism.

"If everyone is moving forward together, then success takes care of itself." – Henry Ford

If you do not consider your goals and an alignment strategy, instead of your company working towards a common end, it is likely to result in a case of the left hand not knowing what the right hand is doing; the result is conflict and chaos.

In a successful business, everyone should be working to achieve the organization's overall strategy. Aligning individual goals will keep everyone on the same page and pushing in the same direction.

How do goals set the tone for your business strategy?

Outlining company goals set the tone for your business strategy because it breaks down the whole company's ethos into manageable chunks that can easily be digested by everyone.

This means that managers and the workforce can work together in the same direction. Working towards a common goal keeps engagement levels high. Your managers and staff members will be able to see how their individual actions fit into this structure and have an impact and this works right through the company.

This works at all levels. For example, asking your manufacturing team to fulfil an important rush order for a new market is far more likely to be well-received than just placing a difficult last-minute order without explanation. If your staff members understand the need for urgency, they will feel they are an important part of the team and are just as responsible for its success or failure as the management team.

Without clear goals in place, it is easy for employees to feel disengaged because they don't understand where they fit into the organizational hierarchy. If you don't understand why you are performing a task, it can lead to a feeling it doesn't matter what you do, so why bother?

Once this idea permeates a company, people concentrate on the wellbeing of their own department and their own job. This sets up interdepartmental rivalries and petty kingdoms that can pull the company apart.

Who should establish organizational, departmental, and individual goal setting?

The simple answer is that as many people as possible should be involved in goal setting. After all, in a large company there may be many components to the organization and each needs to be fully onside and working towards the same goal. If they are not important enough to be involved in goal setting, you could argue why they are even part of the workforce!

There are several approaches that a company or organization can take in setting goals. Three of the most popular are as follows:

- **The top-down approach:** With this approach, goal setting starts at the top of the organization with the CEO and executives. The highest echelons of the company establish the organizational mission and then determine the strategic goals to achieve this aim. This information is then passed down through the ranks to the lower place managers and teams within the hierarchy.

  This can be effective but does have many shortcomings. Often, upper-level managers may have unrealistic expectations of what can be achieved, and the rules can become inflexible and rigid.

  Top-down goal setting can often lead to an impression that head office just does not understand the reality and because employees are not involved with decisions, it can have a detrimental effect upon staff morale and production.

  With this type of organizational structure, you are unlikely to get the best from your employees. Your company may be slow to adapt to changes in the market because even minor changes must go through the hierarchy to reach the top level before any changes can be implemented.

- **The bottom-up approach:** The bottom-up approach begins at the lower levels of the company and works up. Goals are likely to be realistic and will be more flexible, reacting faster to changes and adapting faster to new circumstances that may be customer-driven. For example, your customer service team will notice a change in customer engagement far quicker than the CEO of the company ever will.

  A bottom-up approach does keep staff members fully engaged, but the drawback is that goals set by staff members are unlikely to be challenging, ambitious or look at the bigger picture.
- **The Interactive approach:** The interactive approach is a process where employees at different levels of the organization work together to develop goals and a strategy to follow the mission statement.

  The mission statement should be outlined by top-level management and then put into practice by planning strategic goals and a tactical strategy decided upon by lower-level managers and supervisors. The strength of an interactive approach is that it combines the benefits of a top-down/bottom-up strategy with clear leadership and hands-on engagement from all individuals.

Are the goals and priorities clear enough?

Goal setting is crucially important that the priorities and goals of the company are understood by everyone. An important part of any goal alignment is that everyone knows what the goals actually are, or else you will find that managers may be taking their teams in a direction not part of the company's ethos or mission statement.

Without clear goals and objectives, employees further down will not understand the priorities and so are unlikely to implement changes in a meaningful way. Any instructions are likely to be disregarded on the shop floor or even resented by the workforce as unnecessary meddling for the sake of it!

How to make your priorities clear is to build on what is already there and stay true to the company values and standards. Providing a consistent approach to goal setting keeps employees fully engaged.

The chain of command, standards of quality and general working practice need to be consistent and clear, so employees trust their managers' leadership practices, and everyone feels confident in their roles.

How do you test and keep managers aligned with your corporate strategy?

Every company has a purpose, and this is unlikely to change. However, the way a company is organised and how it develops a tactical strategy can be harder to implement. Your company's

purpose may be to sell more units and achieve world domination in your market. Your strategy is how your business will achieve these aims.

Consider your own business and ask yourself how well does your business strategy support the fulfilment of the company's purpose?

Your strategy should include questions such as what products or services you offer and how to make your company stand out from its competitors. If you cannot work out what your corporate strategy actually is, your business probably does not have one.

For example, if your company sets itself apart from competitors because of great quality products and by providing superior customer service, you need to ensure these features are implemented throughout the company at all levels.

If you advertise that your staff members are friendly and caring, for example, this whole impression will be ruined by staff members who fail to understand that smiling and being helpful are important parts of the job and a key part of your mission statement.

Poor alignment where the workforce and management levels do not understand the company's mission statement results in a lack of cohesion and shoddy service that will be apparent to customers as well as employees.

"When in doubt, check if your actions are aligned with your purpose." – Azim Jamal & Brian Tracy

We have all contacted companies like this and have the impression there is no cohesive strategy as we are passed from one customer service representative to another being told different things in a round of frustration. Whereas a company with a clear tactical strategy will provide the same message at all levels.

Your company's reputation can be ruined by just one staff member who fails to grasp the basic principles of their job and their own responsibilities to the company's strategic goals and mission statement.

Set up a performance management system.

To ensure that your company is fully aligned with your goals, assigning accountability measures will enable everyone to understand their own responsibilities. Setting incentives for achieving goals and deadlines for each team and individual helps your employees stay engaged. Managers who fully accept the importance of goal alignment will understand that they need to work in synergy with other managers rather than competing against them.

Gartner offers important suggestions to accomplish this task.

Help managers to see how their world connects to others. Give teams a richer understanding of what partners are doing — how work is done and why it fits with the bigger picture. Provide this context before strategy execution gets going.

Provide middle managers and frontline workers the tools needed to assess their own pivots and changes to ensure their implementations are effective. If the mid-tier leadership cannot get a grasp on what is working and what is not, you might find too many teams heading on ineffective paths, perhaps even in opposition to one another.

"If you measure it, it will improve." – Seth Godin

When metrics indicate a problem, business leaders should bring together managers from related projects. Together, these project managers can determine the best course of action. This ensures pivots are feasible and account for all cross-project needs, and the employees are far more likely to be engaged if their managers are aware of the projects they are working on and if everybody understands the goals, results are far more likely to succeed.

Create an open environment of communication

The course of business rarely runs smoothly, and managers should make sure that they are there to accept responsibility and help out if things go wrong. Creating an open environment where

managers can be approached, and concerns raised is far more likely to run smoothly than a closed environment where staff members are frightened to be the bearer of bad news.

An open environment of good communication ensures that the goal alignment process is kept on track. If employees realise that all levels of the company are working towards the same goals and that managers can help remove obstacles and listen to suggestions on how to improve things, this is far more productive than dividing the workforce into workers vs. management.

Your managers are your key to success. They should understand the capabilities of their staff as well as fully understand the mission statement and the goals of the company, bringing these facets together for the good of your company.

Do the employees get a sense of how their contributions are supporting team and organizational goals?

We all like to belong to a team and if employees get a sense of how their contributions are supporting the organizational goals, your company is far more likely to succeed long term than a business where goals are not assigned to individual roles.

Careful recruitment is important. Your employees should demonstrate an understanding of your goals, be willing to learn and accept their responsibilities within your organization. This needs to be supported by careful management and consistency throughout your organization.

If you fail to provide clarity on the connection between achieving the personal goals of their team with the goals of the company, you may confuse and alienate your staff. This can lead to them losing confidence in the organization vision, goals, and its leaders. It is so critical alignment initiatives are well-thought-out and sufficiently mapped out. Once you lose the confidence of your staff, and they begin not only to not understand organizational goals but defy them, you are placing yourself at a critical disadvantage over other companies that are succeeding in this way.

All contributions should be valued. Creating an ethos where adherence to the company's goals is rewarded makes your company a place where everyone feels that their efforts are part of the bigger picture. This can only be good news for your company. After all, any business is only as good as its workforce, so ensuring that everyone understands their individual and company goals is crucial to success.

"Growth is never by mere chance; it is the result of forces working together." – James Cash Penney

Chapter #9:

Perform Do you Motivate, Manage and Reward Performance?

"It is an immutable law in business that words are words, explanations are explanations, promises are promises-but only performance is reality."- Harold S. Geneen

There is no shortage of theories about how to best incentivize employee performance. Much of your strategy will rely on the type of company you have, what types of employees you have and what you are comfortable offering to them. The only true constant is that you absolutely must, in some capacity, keep your team motivated.

Keeping employees motivated and engaged at work can be a problem. In some companies, keeping employees at all can be an issue too. Hiring new staff is a costly and time-consuming exercise because it takes time for existing staff to get them fully up to speed before they can fully pull their weight. And if your existing staff members are unmotivated and just going through the motions themselves, they will pass on this slapdash culture to your new staff members.

So how do you improve staff motivation and performance in the workplace without increasing the salary or introducing bonuses?

Why employee rewards and recognition drive motivation?

Most of us like to be recognised for what we do, and if we make an extra effort in the workplace, we like this to be acknowledged. When an employee is praised for his or her efforts and for hard work that goes beyond the usual remit, it encourages them to continue making an effort. Obtaining recognition from management makes people feel noticed and valued as a standout team member.

Although a friendly, encouraging word from management is good, an added incentive for increasing motivation is to add a tangible reward. After all, praise and recognition are good, but words can be cheap, and if your employees realise that no further rewards are forthcoming, they are likely to lose enthusiasm.

Many companies operate an award system such as Employee of the Month and this can be a good way to draw attention to standout employees.

"Develop An 'Attitude of Gratitude'. Say Thank You to Everyone You Meet For Everything They Do For You." – Brian Tracy

Rewards do not have to be big – sometimes the fact that the employee is recognised and applauded by fellow staff members is sufficient. But rewards such as gift vouchers, an afternoon off or taking the winner out to lunch, for example, tells the employee that their hard work has not gone unnoticed.

The best way to incentivize effort is to link rewards to a specific task, such as a monetary reward for reaching a certain milestone. That way, you can pay what is essentially a bonus without increasing salary or introducing a bonus system.

A regular bonus payment or salary increase will dilute the impact of the reward and research has found that short-term rewards are just as effective for company morale as a long-term pay increase.

How employee incentives drive behavior and achieve organizational goals?

You pay your staff to show up each day for work and to carry out their duties, so their salary is an incentive for them to come to work. Employee incentives are extra payments and rewards for when the employee has gone out of their way to help the company reach its objectives. When you reinforce a behavior by providing a reward, it will increase the frequency of the behaviour.

"Some people want it to happen, some wish it would happen, others make it happen." – Michael Jordan

According to Xactly, employee incentives work on five levels.

- Employee incentives make people feel valued and stay in their jobs

  Staff turnover is a major issue for many companies. Recruiting and training staff is expensive, so to avoid this, providing employee incentives will help.

  The incentives do not actually need to be big or expensive; in many companies, a gift voucher for the employer of the month will be sufficient. The key point to note is that rewarding stellar performance increases company loyalty, and if people feel appreciated and valued in their work, they are more likely to stay.
- Employee incentives create the right workplace culture

  If your employees feel that their efforts are recognised and rewarded, it will create a workplace culture that keeps everyone keen and focused on work. Seeing other team members receive rewards for effort makes working "cool" and is less likely to lead to a culture of goofing off around the water cooler.
- Employee incentives create meaning to specific jobs

  Creating incentive programs around specific tasks tells your employees you understand their jobs, so you

also understand when they have made an exceptional effort. If an employee feels they are a valued member of the organization and that their role is important, they are far more likely to stay motivated.

- Employee incentives improve morale

  Make sure that your employees are deserving of a reward for exceptional service. To make sure you reward only the right people, monitor their performance, and provide them with feedback. That way, you can see when an exceptional effort has been made and you won't risk upsetting staff morale by rewarding undeserving behaviour.

- Set employee incentives to guide behaviour

  If you give staff members some autonomy over their jobs and set up an incentive program for results, you may find that employees find better ways of working to achieve their aims. Research has shown that many people persevere with difficult situations for far longer than those who are given a strict protocol and a rigid method of completing a task.

Why metrics or key performance indicators (KPIs) are important to manage and reward performance?

Performance metrics are crucially important in providing insight into how your employee performs his or her job. In manufacturing or sales, KPIs are usually linked to productivity, so

there will be data to help the manager evaluate individual performance.

Other metrics such as soft skills such as being a good listener, which is essential for any customer service representative, can be harder to measure. However, be able to understand the roles of your employees and track and monitor your employee's performance.

"The true measure of the value of any business leader and manager is performance." – Brian Tracy

There are many benefits to tracking performance metrics, so let's take a look.

Setting performance metrics sets targets and expectations.

Performance metrics help to set the expectations of the job. Most people want to do well at work so it helps if they know what is expected of them and the targets they should be reaching.

Key Performance indicators metrics set the bar for performance, enabling staff members to understand their objectives and whether they are fulfilling their requirements. It also gives high achievers a chance to shine by exceeding these requirements.

- Performance metrics remove complacency

If there are no performance metrics in place, it can lead to complacency. You might find that some employees believe they are doing a fantastic job but, in reality, are only just scraping by. You might suspect that others are underperforming but without any proof, it is hard to see why.

- Setting performance metrics improves performance

  Setting performance metrics helps improve performance. If a staff member is underperforming, you can quickly identify the person and work on ways together to improve. Sometimes further training may be required. Sometimes your staff member may be experiencing other difficulties – such as problems at home. Knowing what is going on with your employees and why they are underperforming is a far better scenario than not realising there is a problem until it is too late.

- Performance metrics helps reduce staff turnover

  If there is no clear direction for employees on how well, they are doing in their job, it will negatively affect morale. It is crucially important to provide consistent feedback so employees can gauge their own performance, and this is far easier if there are key performance indicators in place.

After all, if an employee feels that he or she is struggling in their current position, they are likely to search for a new job where

they feel more comfortable and confident. Sometimes an employee like this may be simply suffering from low confidence rather than being unsuited to the position.

Boost high performance by using the OGSM Model

OGSM stands for objective, goals, strategies, and measures. This model is a business planning framework that will help you align your corporate vision with the actions and direction of your employees. In simple terms, OGSM helps to bridge the gap between the strategies of the boardroom into the day-to-day functions of the company.

The OGSM model was first devised in the 1950s and has been used since then by major Japanese car manufacturers, Coca Cola and many other blue-chip companies. However, this model is not only suitable for large corporations. It works just as well for small businesses or even sole traders.

"I Think Goals Should Never Be Easy, They Should Force You To Work, Even If They Are Uncomfortable At The Time." – Michael Phelps

To build an OGSM framework for your company is not difficult. It is all about planning and setting goals, strategies, and measures to achieve your aims.

Objective

The first step is to outline the objective of your business. This should be a statement emotionally engaging and clear rather than a loose statement such as "we want to be the best!" It outlines your objective in only a few words.

So, for example, imagine you are a cosmetics company that only uses cruelty-free natural ingredients.

Your objective could be something like "to become the world leader in natural cosmetics" you could add on to this with "made from natural organic fruits hand crafted and designed by our innovative production team" …and if you want more, "providing worldwide customers with cruelty free natural beauty products"

Goals

The next step is to choose your goals. There typically need to be three of four goals that sum up what would make your company a success. Keep the goals SMART – specific, measurable, attainable, relevant, and time-bound. These goals are likely to expand as your company grows.

For the cosmetics company, the goals could be along the lines of:

- Develop the supply chain from organic fruit producers within the next 6 months
- Increase production by 50% within the next 10 months
- Develop the international website within 12 months

Strategies

The strategies should be outlined in three to five ways to help you achieve your goals. Sticking with our fictional cosmetics company, these may be along the lines of:

- Increasing the initiative to recruit more organic farmers to supply and deliver fruit to the production unit.
- Set up a dynamic HR team to recruit extra staff for the production unit.
- Bring a web design company on board to create the website.

Measures

How you measure your progress will depend upon the strategies you are trying to deliver because sometimes things may move slowly. However, your basic question should always be,

"Are our strategies working, are we going to meet our goals, and will we achieve our objectives and vision within the expected timeframe?"

To make OGSM simple, it's easier to think of it in this way,

- Objective is a simple statement of what the organization wants to achieve.
- Goals describe what this success will look like.
- Strategies set out how you will achieve the goals.
- Measures show how you will monitor the delivery of the strategies.

A key point to any successful business is that you know exactly where your company is heading and that all factors are aligned. That way, your boardroom members right down to your packing operatives, will understand the company objective, goals, strategy and measures (OGSM) will direct their efforts in the same direction.

It is important, too, to link the rewards to the actual set goals. If the employee does not make that connection, the value of the reward is greatly diminished. The most important thing to remember is that the employee must feel recognized and appreciated for the hard work they did. If that reward is convoluted or the presentation is unclear, you risk wasting your time, energy, and money.

The performance metrics allow individuals to track and analyze productivity and ensure everyone is putting their energy in the right places. Performance metrics, incentive rewards and a clear business strategy are all important in all day-to-day actions of the company and its employers. By setting out clear directions and incentives, you provide a clear and honest environment consistent with your company ethos.

The next step after creating a successful business venture is growth and exit strategy. Everything you have done so far has contributed to the inevitable success of your business. Now, you must decide what to do with that success. This is what you have been preparing for from the moment you conceived of your

business. Now, it is time to decide if you want to sustain and thrive that success or profit from it.

"An ounce of performance is worth pounds of promises." – Mae West

SECTION 4:

SCALING UP GROWTH MINDSET, LEVERS OF GROWTH & EXIT STRATEGY

Chapter #10:

Growth Mindset How Can We Leverage Growth Mindset, Innovation and Risk-Taking Culture?

"Don't limit yourself. Many people limit themselves to what they think they can do. You can go as far as your mind lets you. What you believe, remember, you can achieve." – Mary Kay Ash

Scaling up is as much about mindset and attitude as it is about anything else related to the Entrepreneurial Journey. One of the greatest challenges you will face during a move up is getting over the psychological hump associated with the fear of failure. The more you have, the more you have to lose. This can be a powerful deterrent for a successful business owner.

Many business owners start with little more than a good idea. And, for many, that's all it takes to begin the entrepreneurial trek to prosperity. Naturally, there is much work that goes into taking a good idea and turning it into something objectively valuable. It's likely some of you reading this book have done that and achieved some measure of success. For you, it is time to grow.

Others just starting, think about what you will do once you get to this point. It's always advisable to have a plan. Remember,

too, all business owners are also cultivating future leaders at their companies and these emerging entrepreneurs may be valuable to both current and future business ventures.

Developing a growth mindset within your company is the best way to grow your business because, without innovation and risk-taking, a business is unlikely to expand and develop its full potential.

Following a cautious risk-free approach to business may have worked once upon a time for small service-based businesses, but even a hundred years ago, many companies that took risks and made innovations are still with us today. The Mom-and-Pop stores that sprang up simultaneously always remained small operations and today are largely forgotten.

Developing a growth mindset is not only important for a business, but it also affects us all in how we view the world and how we see our place in it.

As the saying goes, "*if you carry on doing what you always do, you will get what you always get*", so could this be the reason some people and some companies seemed programmed for failure?

Scaling up is an exercise in merging ambition with vision. It is what happens when a business owner has given in to the idea that their business will occupy as much space as can be reasonably conceived. Your business is a big deal. Now, it is time to realize just how big.

What is the difference between a fixed and growth mindset?

To understand the differences between a fixed mindset and a growth mindset, it is necessary to look at the work of psychologist Dr Carol Dweck who has led the research into this field.

Growth mindset

A growth mindset indicates that you will learn and that you accept that you can become smarter and more talented if you put in the effort to learn and improve. Someone with a growth mindset can accept failure as an inevitable part of the growing process and will see it as an opportunity to improve.

Having a growth mindset is very liberating because it means you have no preconceived limitations on what you can achieve. And you accept that sometimes failure is just part of the process, so you will gain something positive from even a negative experience.

Most importantly, you believe that your intelligence can be developed if you put in the effort, whereas someone with a fixed mindset believes it is impossible to change what is already provided by nature.

Carol Dweck outlines the growth mindset in the following way:

A growth mindset leads to a desire to learn, so you are likely to embrace challenges, persevere and accept setbacks. You are likely to accept constructive criticism as being helpful and you likely find other people's success stories inspirational. These traits lead to success and high achievement.

Fixed mindset

If you have a fixed mindset, you may have confidence in your abilities, but you will believe that your potential is limited and there are strict limits to what you can and cannot do. Someone with a fixed mindset believes that his or her intelligence and ability are fixed, so will not be able to work above their own strengths and limitations due to fear of failure.

The belief that intelligence remains static means that any failure reflects badly upon your whole self-image. Fear of not looking smart in front of people makes you unwilling to accept new challenges and to give up easily if you meet obstacles.

When you have a fixed mindset, you will believe that trying to improve is fruitless and reflects badly on your self-image and will probably not work anyway. You will probably ignore feedback and take it as criticism rather than as helpful advice and you probably feel threatened by other people's success.

Already we can see why having a growth mindset is so much more useful than the damaging limitations caused by a fixed mindset.

Where does the concept of a fixed mindset vs. a growth mindset start?

Dr Dweck, a Stanford University professor, first became interested in the concept of a growth mindset when she noticed that some of her students reacted badly to failure, whereas others bounced back quickly without letting any failures impede their progress.

This concept of a fixed or growth mindset usually starts in childhood and stays with us throughout our lives.

Dr Dweck carried out some simple experiments on education. She noted that teachers were more likely to praise children for good results and for being smart than they were to praise children for their effort.

One classroom experiment saw primary school children being given an easy puzzle to solve. Once the task was completed, half the children were praised for being smart and the other half were praised for trying hard and making an effort.

The next part of the experiment involved giving the same group of children a far more complicated puzzle to solve.

This time the results showed that the children who were praised for their intellect gave up far quicker on the puzzle than the children praised for their effort.

The children praised for their effort persevered with the puzzle and got scores far higher than the group who were praised for being smart.

Dr Dweck concluded that being praised for being smart set up a fear of failure in children who could not manage the task easily.

This pattern is repeated throughout the whole education process and it imposes limitations on children who believe that if they do not immediately understand a subject, it is a personal failing.

Children who have been told they are supposed to be a smart struggle with accepting that hard work and effort are just as important as natural ability. In these cases, they are likely to give up on difficult subjects to stay in their comfort zones.

Once a child reaches adulthood, this behaviour pattern can be firmly entrenched. It is damaging because it places restrictions and self-imposed limitations on the individual.

It is no exaggeration to say that having a growth mindset or a fixed mindset can shape our lives.

"Would you like me to give you a formula for success? It's quite simple, really: Double your rate of failure. You are thinking of failure as the enemy of success. But it isn't at all. You can be discouraged by failure or you can learn from it, so go ahead and make mistakes. Make all you can. Because remember that's where you will find success."- Thomas J. Watson

How to create a growth mind-set and an entrepreneurial culture?

Although we have looked at personal growth and the importance of having a growth mindset individually, creating a growth mindset and an entrepreneurial culture in your business is equally important. This is especially important with start-ups but also applies throughout the corporate world.

Consider your own workplace. Do you promote innovation and a risk-taking culture, or are your employees and co-workers scared to make mistakes and step outside their comfort zone?

With risk-taking, we are not advising reckless behaviour such as betting the company's profits on the roulette wheel because that would be stupid.

However, a successful business constantly innovates and looks for new markets and ways of working. To make this happen, you need to have employees willing to constantly learn and improve and to have the motivation and commitment to search for improvement, rather than sticking to old and established working methods.

One thing a lot of companies strive to do, with various degrees of success, does not only provide avenues for employees to explore and engage with growth mindset and experimentation but to create an entire culture around it. Not every CEO or manager will be willing to shake the status quo in such a way.

"What we think determines what happens to us,
so if we want to change our lives, we need to
stretch our minds." – Wayne Dyer

In our fast-moving world, we have to innovate to stay ahead of the competition. Leaders need to set an example and lead the way toward growth and set the tone and guide staff toward change and growth.

To enable employees to help further your business success, there needs to be a culture within your company that rewards effort, hard work and innovative practices. And if this sometimes results in failure, employees should not be penalised because it has not worked this time.

If failures are punished, your entire workforce will be scared to make suggestions and cannot work to the best of their creative abilities. This means that your company will quickly stagnate because your employees will be unlikely to help move the business forward.

The importance of adopting a growth mindset in business development

Adopting a growth mindset culture in business is crucial for success. Ongoing learning and training help all employees develop and this should be encouraged at all levels and not just something for the higher echelons of management.

A growth mindset leads to improved collaboration rather than competition between employees. It helps new leaders emerge from the ranks and with greater freedom of thought and risk-taking it will help the company flourish.

The old-style fixed mindset where mistakes are punished, and employees are scared to step out of line will make any business moribund and dependent upon everything remaining the same forever. This never happens, so it is crucially important to free up the mindset of your company to achieve success.

The role of the growth mindset helps businesses thrive

To help develop the growth mindset in your business, make sure that all staff are committed and on board with your company. Here are practical steps that will help you develop this culture.

Careful Recruitment

Does your prospective employee have an interest in personal development and improvement? Your candidate should demonstrate a willingness to learn and show a capacity for further development and staff training with enthusiasm.

This attitude displays he or she already has a growth mindset and will be a valuable asset to the team even if he or she lacks the pedigree of other candidates. Sometimes, the perfect CV may demonstrate that the candidate is competent, but perhaps he or she has a fixed mindset and is reluctant to change.

Allow your staff members to sometimes change their roles

Stepping outside of the usual routine can help employees feel involved and it encourages a collaborative approach because it enables staff members to see the bigger picture.

Encouraging training in other roles is also important because it helps employees find their strengths and use them for their benefit. Employees are far likely to stay in your company if they see that a growth mindset is rewarded, and they can develop their careers.

Establish a business culture willing to take risks

If you establish a culture willing to take risks, it means you will sometimes experience failures too. It is inevitable. Adopting a growth mindset in your company means you must be prepared to accept failure.

If you fail to harness creativity, risk-taking and innovation, you are unlikely to achieve success. The risk of failure is outweighed by the risk of success!

Although major decision-making is usually carried out by the top level of your company, this growth mindset attitude will permeate throughout all levels. Encourage your staff to work with independence and give them the freedom to try out new things in their roles. After all, a keen staff member at any level may see how their own job may be improved and developed far better than any management decision from the top.

For a company looking to change its culture, it might be challenging to get existing staff completely on board. One tactic a lot of companies employ is to fill existing gaps with individuals predisposed to this thinking. Use organic turnover to your advantage. Build your new company culture from the ground up.

"For Every Reason It's Not Possible, There Are Hundreds Of People Who Have Faced The Same Circumstances And Succeeded." – Jack Canfield

Making your company committed to a growth mindset creates a healthy business future

A company committed to a growth mindset succeeds. Microsoft, for example, is committed to the growth mindset culture and spends time and effort in nurturing employees' skills at all levels to develop potential future leaders of the company.

Microsoft believes that talent should be rewarded and that everyone has the potential, and not just the chosen few, with some type of innate gift and the right background.

Research has shown that growth mindset companies create a successful working environment. Employees are far more likely to come up with innovative suggestions and to work in a transparent and collaborative manner. This open mindset keeps everyone onside and working together for the good of the company.

A fixed mindset approach is more likely to lead to secrecy and competition between colleagues, scared of failure and resentful of co-worker's success.

The problem with running your life or your company with a fixed mindset is that you are missing out on the potential of success and are unlikely to reach the levels you could be capable of achieving. Many of us may have a fixed mindset that has been with us from our school days, but this doesn't mean we can't change. All it takes is a change of attitude and the confidence that if things do go wrong sometimes, even a bad experience can help you build a better future.

The great thing about adopting a growth mindset as an important part of your company's ethos is that it frees you and your business from the limitations of the past and takes you into a future where anything is possible if you choose it.

Entrepreneur urges anyone hoping to cultivate a growth mindset to first take a long, hard work at their mindset. Before you can grow, they say, you must first be willing to admit to yourself that you may already be stuck in a fixed mindset.

"It's better to hang out with people better than you. Pick out associates whose behavior is better than yours and you'll drift in that direction."
– Warren Buffett

Chapter #11:

Levers of Growth Do You Have Levers in Place to Support Growth?

"Management is efficiency in climbing the ladder of success; leadership determines whether the ladder is leaning against the right wall." - Stephen Covey

No matter how carefully you plan the launch of your business, you cannot succeed in the long term without a strategy for company growth. Without a growth strategy, you are putting a ceiling on your business and your potential to increase your profits over time. This means that, even if you have a successful launch and can turnover a considerable profit within the first few years of operation, there will come a time when your profits reach a plateau – leaving you unable to cope with increasing costs, changes in the market or new customer needs.

To remain relevant, needed and successful, a company must have a plan in mind for how they will continue to transform and adapt to change over the years, and how they will continue to compete with existing and new companies within their market in the near future.

The levers for growth are among some of the most complex and intricate considerations in the business journey. Especially as you begin scaling up, these levers are equal parts springboard and crutch for the growing business.

Here, we will go through how a business owner or company leader can put plans into place that will support the long-term growth of the company and the company's long-term success.

Different Ways an Organization Formulate A Growth Strategy

Researchers have been studying organizational strategies and growth patterns for over seventy years, but still, many organizations struggle to grow. According to Mckinsey, in the last 40 years, only two out of 500 S&P companies short-lived expectations. One of the most crucial factors is how the leadership responds when organic growth stumbles and how these leaders proudly point at the earnings while ignoring the revenue growth.

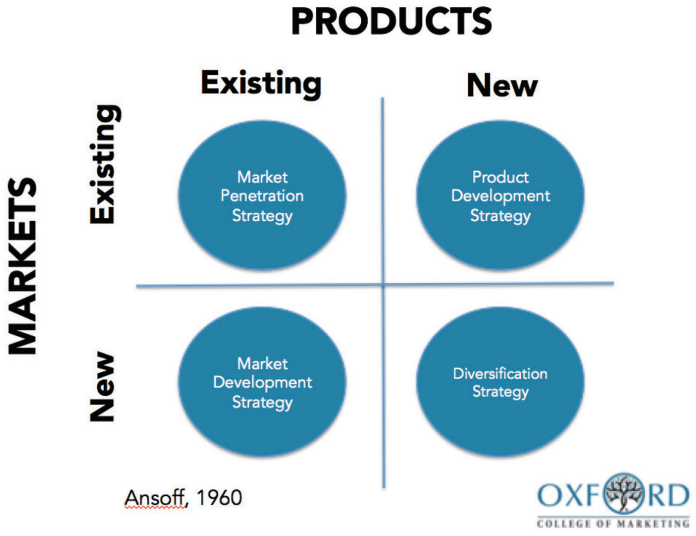
When we talk about 'company growth', it may seem self-explanatory – you must have measures in place so that your business is able to run with the times and continue to grow the profit. The Ansoff Matrix developed in 1957 by applied mathematician H. Igor Ansoff still applies and most popular to navigate many executives to better understand the risks and opportunities inherent in growing their business.

"All organizations are perfectly designed to get the results they are now getting. If we want different results, we must change the way we do things." - Tom Northup

Many business operators nowadays stick to the four major growth strategies. These four major growth strategies of Ansoff Matrix are:

Market Penetration: How successfully are you selling your company's existing product or service to an existing market? Are you planning to increase the market share with a market penetration strategy?

For example, in declining or saturated markets such as the telecommunication industry, companies penetrate their market share by offering introductory reduced prices to attract new customers.



Product Development: Are you focussing on introducing new products to an existing market? Is there a way you can enhance your existing product features or create a new one and able to solve meet the current and future needs of the customer?

For example, most of the legacy US automobile car companies are manufacturing electric cars to not only meet the changing demand of the markets but to survive as well.

Market Development: How can you work with entering new markets with an existing product to increase your customer base and market share? Do you have a Unique Value Proposition or a brand value that can be leveraged in the new markets?

For example, Tesla announced that it is planning to enter India market in 2021.

Diversification: Is there a way that your company can break into a new industry with a new product? Could you potentially replicate this within your own business?

For example, British company Dyson made their name producing vacuum cleaners but have since moved into producing hair styling and homeware products, therefore attracting whole new customer bases.

These four concepts for business growth are still effective, as they cover all bases – developing new products for your current target market, offering existing products to a new target market, increasing sales of existing products within your current target market, and looking to break into a new market with new products.

If a business can look at how they may adopt these strategies and use them within their organization to formulate growth, they are far more likely to survive and thrive in the long term.

Most business growth strategies can be placed under one of two umbrella terms for business growth as a whole. These are **intensive growth strategies** and **integrative growth strategies**. The growth strategies above fit more suitably into the intensive growth strategies category, which covers the growth of a company through more organic means – utilizing their own resources and developing products and markets.

Integrative growth covers growth strategies that aim to reduce competition in the organization's chosen market. As this often involves mergers and acquisitions, which involve the exchange of hundreds of thousands (if not millions) of dollars, it is generally unwise for a new business to consider integrative growth strategies as a reliable plan for long-term growth and success.

To execute intensive or integrative growth strategies, business leaders must keep a close eye on the three key factors, Adjusting Financial Levers, Developing Future Leaders and Manage by Numbers to support exponential growth. Let's dig in deeper on how and why these factors are most critical to successful executives and the above-discussed business growth strategies.

What Financial Levers Need to Be Adjusted Regularly in Order to Support Growth?

A good business growth strategy could eventually come to result in a huge increase in company profits, but that doesn't mean this

growth will come spending nothing first. The day-to-day operational costs of a business can be huge, with finances being spent on production, staff, supply, transit and several other sometimes very costly elements, so a good business leader will keep a close eye on where their company money is being spent and will keep the growth of the business in mind as they do it.

"Never take your eyes off the cash flow because it's the life blood of business." - Richard Branson

To support business growth using your financial strategy, WiredToGrow recommends 8 key actions that business leaders may wish to take.

- Look to Increase Your Transactions: Offering new products or solutions to current or past customers is a great way to increase your transactions per customer. If your company's business model allows consumers to purchase a particular product with cash given to the company upfront, increasing the number of transactions is a great way to support increased cash-flow. One of the best ways to do this is to hold a sale and advertise it well – this will lead to an increase in transactions by existing customers and you will likely earn new customers, too.
- Increase Your Prices: You may hear this advice and assume this could be bad only for business, but this is

not always the case. Even if you are charging a price for your product or service you think is reasonable, that's not to say that the reasonable price is the most you could – and should – charge. For example, if you are selling your product for $10 and your margin is 10% ($1), then increase your product price by $1 doubles your margin to 20% ($2).

- **Increase the Average Transactional Value:** Companies spend a lot of time and money to acquire new customers, and it is a very expensive way to grow your business. Increasing the average transactions to your existing or potential customers by offering additional products or services is the most effective way to grow your business and cash-flow.

  One way that many retailers do this is by offering free shipping or an additional discount when the consumer purchases several products that meet a particular value. While this may work better for companies who sell a range of different products, companies who offer a single product can take advantage of this offer, too – perhaps considering running an offer wherein the more units you buy, the less you pay for each one individually.
- **Increase the Frequency of Repurchase:** Consider ways you can increase the frequency of returning customers and increase the number of times they purchase from

you per year. One way that online retailers such as Amazon do this is by offering free next-day delivery if the customer purchases an annual membership for a fee. While this low price for such a perk may seem counterproductive, that customer is more likely to exclusively buy merchandise from the same retailer for that entire time, as they would pay to ship anywhere else.

- **Increase Accounts Payable (AP):** Lack of cashflow may not only curtail your business growth but also leads to the threat of business existence if managed poorly. Cash may be tight during your business journey – in which case, you must be able to think of ways to extend your accounts payable.
- The problem with this is that it is often at the expense of a third party who assists your company, such as staff or suppliers. One way to extend your AP is to renegotiate longer payment terms with your suppliers at a discount or apply for a Line of Credit (LoC) with your bank to have access to additional funds.
- **Decrease your Cost of Goods Sold (COGS):** Your company's COGS is bound to be one of the largest business expenses, so it's important that you think of ways to decrease this to save the company money long-term. This doesn't mean decreasing the quality of your company or switching to a cheaper manufacturer

or supplier with a lesser reputation. Perhaps look at whether your manufacturer or supplier would consider offering you a low fixed price if you signed a longer contract or a volume discount.

The other alternative is to outsource certain internal functions to an outsourcing firm so you can focus more on value-added functions that are core to your business and customers.

- **Decrease Your AR:** AR stands for accounts receivable – any money you may be waiting on for a product or service you have provided to a client or customer. If you can decrease the time between invoice and payment (e.g., reduce payment terms from Net 30 to Net 15 days), you will find your finances are far easier to keep track of and that your incomings become far steadier and more consistent. If it's a fast-growing business and you are tight on cash, you can offer a minimum discount on early payment to increase your cash flow.
- **Minimise Operational Costs:** Keeping operational costs low is crucial to increase your net profits as a business owner. This does not necessarily mean sacrificing the quality of the product or service you offer but simply being a little savvy about how you go about your day-to-day internal operations. The way you decrease your operational costs varies depending on the size and

nature of the company you run. However, it's worth answering the below questions:

Can you hire employees part-time instead of full-time? Are there jobs you are outsourcing which could be done in-house? Do you need office space, or could you and your team work remotely? Do you incentivise your core management team on the operational efficiencies that directly leads to the bottom-line?

Keeping the above tactics in mind should allow you to both save considerable money and increase the money coming into your business, so it's imperative you remember them – you cannot grow your company without enough cash set aside to allow you the opportunity to do it.

Company leaders must keep business growth at the forefront when looking to adjust their incomings and outgoings. Managing cash flow to your advantage is critical during times of scaling up and managing it properly can mean the difference between stalled growth and accelerated expansion.

What Measures Do You Take in Developing Future Leaders to Support Exponential Growth?

Every organization aims for maximum growth, and the best way to achieve this is by having a growth-focused leadership. Companies that fail to focus on developing future leaders can find themselves in an unexpected crisis. To secure your

company's long-term stability, growth, and success, you must look at the ways you are developing your core management team and instilling into them the leadership qualities and business-savvy that they will need to take over from you one day.

You will not be able to micromanage every element of your company, nor should you need to. As part of your duties as a leader, you will have to work toward building a network of competent managers and future leaders. Your team must be able to support the foundation of your company and sustain the growth you have obtained. A good leadership team can stand up to your growing demand and meet its needs head-on.

"Clients do not come first. Employees come first. If you take care of your employees, they will take care of the clients." - Richard Branson

Transition is critical for the growth of any organization. Transition is natural, even in the strongest growth-focused organizations. All organizations must groom growth leaders strategically across different leadership levels. Here are tips for grooming growth leaders in any organization at different levels.

Combatting the Talent Fallacy- Just because someone is good at their job does not guarantee they will be good at showing others how to do that job. Nor does it guarantee they can manage the delicate interpersonal considerations leaders often need to make. Good leadership is not an inherent ability for a lot

of staff and even managers. Some people work up the ladder based on underlying performance metrics like strong sales numbers with nothing to do with the ability to lead.

There is a saying in the sports world about great players making poor managers. Sometimes, too, the most talented individuals simply cannot relate to the players who don't possess otherworldly skillsets. Managers are not only going to be managing other top performers but also have to manage everyone.

Existing staff: Identifying potential among existing staff with a focus on growth is an important aspect of grooming growth leaders. Look out for features that indicate the level of commitment to growth. Such features include the ability to set and achieve goals, influence peers and subordinates, and a strong commitment to self-development.

After identifying growth-focused employees, organizations must commit to strategic leadership training. Elements of effective leadership development include the creation of clear career paths. That way, employees being groomed for leadership positions can grow beyond current roles and embrace different opportunities associated with the growth.

Employees mentored for leadership positions should also be assigned stretch assignments for building specific skills and experience. Mentorship opportunities should also be provided to employees being groomed for leadership.

During their careers, independent reviews should be carried out to assess the talents and their suitability for the opportunities they are being groomed to occupy. Organizations should also understand the importance of retaining high-quality talents that fit with the goals and dreams of the organization.

Recruitment: Organizations may get lucky if they can find growth leaders within their existing staff. At different stages of the growth cycle, one may need different skills and experiences to support growth. Organizations can tailor their recruitment process to identify potential employees suited to a growth-focused environment. They can achieve this by focusing on the candidate's capabilities and their suitability to the values, culture, and future of the organization.

"When people are financially invested, they want a return. When people are emotionally invested, they want to contribute." - Peter Drucker

As a leader of the organization, you need to focus on the traits of growth leaders and how organizations can strategically position themselves for maximum growth. The key traits are: Willingness to fail, driven by growth stories, complete commitment to growth, focus on customers, no focus on perfection, focus on the long-term results, and giving control to others.

Why Is It So Important to Manage by Numbers to Support Exponential Growth?

While you cannot tell everything about a business, its projected future or levels of success from raw statistics and data alone, the facts and figures surrounding the operation of your business are something you should be keeping a close eye on to drive and support company growth.

"There are only three measurements that tell you nearly everything you need to know about your organization's overall performance: employee engagement, customer satisfaction, and cash flow. It goes without saying that no company, small or large, can win over the long run without energized employees who believe in the mission and understand how to achieve it." - Jack Welch

Organizations apply different metrics in measuring growth. Success agency suggests some of the important metrics with which organizations track, measure, and monitor growth.

- Importance of Pricing: The most important decision affecting an organizations' profitability and growth is pricing. Accurately calculating the cost of services and understanding the value created from those services is key to optimal pricing. Most often, companies miss capturing value-based pricing instead of doing activity-based pricing.

- **Customer lifetime value:** This is basically how much money the organization will make from a customer throughout the lifetime of the relationship.
- **Cost of customer acquisition:** This indicates the cost organizations spend to improve their customer base. Understand the lifetime value of the customer, then determine how much your company can spend to acquire a new customer.
- **Revenue growth rate:** The revenue growth rate of an organization is the rate at which an organization's revenue grows, a direct indication of growth.
- **Churn rate:** Churn rate, which is otherwise known as attrition rate, is when an organization loses its employees. Hiring or replacing new employees can be very tricky, time-consuming, and expensive. Business owners need to focus on creating a culture that maintains not only high retention but also attracts new employees.
- **Sales Statistics:** Keeping a close eye on the rate of sales, average transaction value, most popular products, and services, monthly profit and revenue/profitability by a sales representative will keep you informed on how your company revenue and profitability is trending.
- **Marketing Strategies:** Determine which marketing strategies such as campaigns, webinars, sponsorships,

website traffic, inside sales, etc., generate the greatest return on investment. Most companies track lead sources in their CRM system to determine which marketing strategy is generating the most returns.

It's important that your company is always seeing an upward curve or at least a consistent straight line where sales are concerned – look closely at sales data, marketing data, and other statistics to identify quickly if you are on the right trajectory or anything is going wrong, so you can take necessary measures.

Statistics and data are crucial to maintaining a healthy, growing company – you just need to know exactly how to use them effectively.

Conclusion

No business can succeed in the long-term without a plan for company growth that runs far into the distant future. However, when creating this plan, we must remain realistic, keep statistics and data at the forefront of our decision making and avoid relying on company growth facilitated by unreliable factors or the involvement of third parties.

The most effective way to put a realistic and positive plan for the growth of your company into place is to tighten your control on business finances and get creative with your core team when maximising development and sales opportunities within your business.

Keeping the above advice in mind and adapting each point to fit in with your business model and long-term goals will allow you to do everything in your power to secure an excellent future for your company.

"Every success story is a tale of constant adaption, revision and change." —Richard Branson

Chapter #12

Exit Strategy Do you Intend to Sell or Grow Through Acquisitions?

"It`s human nature to be optimistic. Any fool can enter a market, it takes talent to exit consistently and profitably." - Jeff Cooper

Do you intend to sell your business? Or do you want to keep growing, potentially through acquisition? How and when do you know for certain that it is time to sell your business? How to prepare for an exit? What are the main questions you should ask before selling? What kind of exit options available out there? In this chapter, you will find the answers to these and much more.

Whatever exit option you decide, you will likely need to consider what you set out to do when you conceived of the company, what the status of the company is now and how malleable you and your business are. Think about what has changed since the launch. Think about the journey and how your vision and goals might have changed. Having a plan was necessary at launch, but much may have changed. You are not married to your initial exit plan. The best exit plan is the one that works for you now.

Selling a business is not like selling a bag or shoe. It involves strategic planning and evaluations, hence the need for an exit strategy. This is a planned approach to relinquishing ownership or terminating a situation that will either maximize benefit or minimize damage. People sell their businesses for a variety of other reasons: retirement, loss of interest, new and better opportunities, declining revenue, negative industry changes, partner disputes, and so on.

There are numerous advantages of having an exit strategy for your business: planned exits are more favorable than unprecedented ones, and if you set out on a more lucrative business venture, you can quickly liquidate your situation.

"One never knows what life may have in store for us, and it's always good to know where the emergency exit is." - Paulo Coelho

But before you rush into choosing an exit strategy, there are certain significant factors you should assess – they will help you determine if you should exit and if it is the best time to do so.

Factors to Consider Before Deciding on An Exit Strategy

Unstable Political Climate

Political-related changes are often beyond your control and can have significant effects on the salability of your business. A hike in tariffs, lifting of existing ones, and imposing or withdrawing

sanctions can directly affect the value of a business, making selling favorable or unfavorable. So also, can immigration, privacy laws, wars and civil unrest, and international politics.

The best you can do is to pay close attention to the news, particularly events that can affect your business, and watch for evolving trends. Keep an eye on industry publications as they might provide information on the impacts of the current political climate on businesses such as yours. An analysis of the past can sometimes provide useful insights. Harmonize the profit history of your firm with the US and world history to discover which, if any, changing situations present new opportunities and prosperity for you. If your business thrives in stable conditions, then now might be the right time to sell.

New Technology

Technological advancement is another factor to consider when deciding whether to sell your business. Are you up to date with automated tasks, artificial intelligence, social media marketing, cloud services, Blockchain, and the like?

How much of this kind of technology should you keep or grow your customer or client base? You need to determine what those to whom you market your products or services expect and assess your ability to meet those expectations. And examine what your competitors are doing in the way of implementing technology.

You can find an expert consultant to evaluate the level of technology your business needs to stay competitive. If, after all your probing, you discover that technology is leaving you behind, it might be time to get out.

Your Business's attractiveness

An effective approach to improving the attractiveness of your business to potential investors is diversification. This means your business should have multiple kinds of income or types of customers. Also, your business should be growing. It needs to show it can remain profitable despite economic downturns or political unrest. Planning is crucial when preparing a business to be sold as it ensures that the growth history and audited financial statements present the business in the best light. Until you have all these figured out, now might not be the best time to sell your business, especially to get the best deal possible.

The state of the broader business market

True, the performance of a business has a very significant impact on its value, but most business owners don't realize how much of an impact broader economic factors can have on the sale of their company. Everything from the demand for acquisitions to raw material pricing, to the debt market, can have a impact larger than you may think on your company's value. Thus, making it difficult for a business to "outgrow" an economic downturn. For instance, a business that might trade at 8.0x EBITDA in a strong

M&A market may only trade for 5.0x in a down market. This gap in valuation is very difficult to bridge even if the company's performance is substantially better by the time the down market occurs. A business owner should consider which economic factors may affect their business and consider the climate of the broader market when planning when to sell a business.

Post-Sale Plans

If your business is showing a profit and has all the indicators of sustained growth, the decision to sell might become tricky. This is where you reevaluate yourself, your motivations, your plans, and your abilities.

How important is owning a business to you? Creating a product or service that meets a need, particularly if you started a niche business? Consider what you'll do after you sell, your other types of skills, how you will replace the value your business offered to you, and if you are ready to retire and rest your laurels. If you don't have the answers, then now is probably not a good time to get rid of your business.

Also, give some thought to your investment plans. What will you do with the proceeds from the sale? Do you want an investment in which you are involved in its operations or management or would you rather have passive income that allows you the time to pursue non-business activities? Do you have the background knowledge to attain either goal? If not, selling now might not be wise.

Business Costs

If you started the business from scratch, you probably invested everything you had, financially and otherwise, into it. And now you are tired of the responsibility, stress, and other demands the company makes on you, and you feel you can't go to work one more day. You burned out, and you want out immediately.

Owning and managing a business can take a great toll on you and your family. Your business is providing a livelihood, but is it at the cost of enjoying life and spending time with your family? Or have you confronted the challenges of your present company and grown bored with it? Are you eager to start another company? Perhaps you want to earn your living with something less demanding and rigorous. If owning a business is detrimental to your life, liberty, and the personal pursuit of happiness, then it's the perfect time to find a buyer.

"Always start at the end before you begin. Professional investors always have an exit strategy before they invest. Knowing your exit strategy is an important investment fundamental." - Robert Kiyosaki

How to Prepare for An Exit

Now that you've decided on selling your business, the next step is to prepare for an exit. Here are things to consider:

- **Set Clear objectives:** While maximizing the value of your business is a common and crucial objective of the sale process, it isn't the only one. Think about what else is critical for you to achieve, like maintaining the culture you built post-sale, making sure your employees are taken care of under new management, confidentiality considerations, etc.
- **Ensure your financials are clean:** Bookkeeping often poses a problem to most businesses. Business owners usually take cash from the business in unconventional ways, or they claim personal expenses against the business. In other cases, invoicing or bookkeeping comes with its own peculiar rules and procedures. Have clean books. Follow GAAP standards and maintain fiscal responsibility while ensuring that you have sufficient reserve capital to pay off liabilities. Most importantly, be sure not to mix up your personal and business financials. There are ways you can legitimately integrate personal expenses into your business operations, but you need to be clear about how you monitor expenses.
- **Show steady Revenue and EBITDA growth:** Your net profits should be consistent for a specific period, ideally at least three years. Thus, avoid any wild revenue swings as much as possible. Remember that

constant growth in net profit will translate into reduced risk for a prospective buyer.

- **Well-defined client contracts:** Besides showing stable revenues with consistent growth, you also want to show that your source of revenue is stable. If possible, execute long-term contracts that represent recurring revenue. Also, ensure that the contracts make them easily transferrable. Your contracts show your revenue stream, and you want to be sure that their value can be easily transferred to a potential buyer.
- **Lock in your most valuable employees:** Beyond taking care of your workforce, you need to consider safeguarding key employees as they also part of your corporate assets. Remember that without strategic managers and employees committed to making your business succeed, you don't have a business. You can protect your key employees with good contracts that assure returns for company loyalty. Including a stock accumulation clause that gives employees stock that vests over time are a good start; the longer they are with the company, the more stock they earn. You can also increase bonus distributions over time as an incentive to retain employees. Your employment contracts should also include a non-solicitation clause that prevents employees from raiding the client list and either starting their own company or taking the

business to the competition if the company is sold. A non-competition clause might also be necessary.

- **Execute systems that guarantee reliable performances:** Today, too many small businesses rely on people instead of processes. When evaluating your key employees, you want to think about those individuals who offer strategic value to your operation because of their unique ability to work with clients, market the firm, close sales, or perform some other mission-critical function. An employee isn't "key" simply because they hold the keys to the filing cabinet. Assess the tasks that your employees are performing to determine if they can be done more efficiently by implementing systems. Ask yourself the crucial question, "Is your business at risk because of one particular employee?" If the answer is "yes," consider how you can minimize that risk by replacing that employee's job with an automated system.
- **Demonstrate solid sales and marketing:** Many small businesses depend on the owner as the biggest sales producer. If so with your business, you need to make sales and marketing a successful, independent operation that can function on its own. Here, again, injecting automation can help. Hire sales and marketing staff or even outsource your sales support, thus implementing a lead generation and sales

process that doesn't depend on you. The goal is to establish a solid sales machine with a stable, predictable new business pipeline that will show a prospective buyer that your business will generate income into the future.

- **Consider risk management:** Minimize risk and protect your company's assets and intellectual property (IP) in such a way you can make it transferrable. Ensure you have solid employee and consulting agreements in place. If your business depends on IP, make sure it is protected by trademarks and patents and that it can't be acquired by your employees or contractors.
- **Look at your business from the eyes of a buyer:** The most likely buyers of your business will typically pay the highest price; discover who they are and how they assess value so you can prepare your business to maximize valuation and competitive tension on sale. Remember that the highest price doesn't mean they're the right buyer to meet your overall objectives
- **Protect your sales proceeds:** All proceeds made from selling your business will be after-tax; have the right tax structure for sale. Also, create a wealth strategy for protecting your post-sale meets retirement and succession goals.

Choosing an Exit Strategy

"He who hesitates is not only lost, but miles from the next exit." - Ian Mcewan

There are different exit strategies and a variety to choose from. Merger and acquisition (M&A) is the most common exit strategy used by businesses across various industries, but depending on your mindset and circumstances, it may be far from the best option for you. Here are the most popular exit options and their advantages and disadvantages:

Initial Public Offering (IPO)

The most critical feature of this exit strategy is the ability to identify and negotiate the price of the sell, whereas selling to the public (an IPO) would value your company relative to the industry. Usually, IPO company valuations are much higher as compared to the private (NON-IPO) companies. IPOs provide opportunities to raise capital by offering shares to the public through the primary market. IPO can be a dream exit strategy for the founders and early investors and realizing most profits on their investments.

An Initial Public Offering (IPO) seems to be an ultimate goal for many startup companies or entrepreneurs with a worthy objective and many benefits, but it also comes with many risks and disadvantages. IPO may not be suitable for every company, as it is very expensive and rigorous with stringent eligibility requirements, regulatory compliance, and reporting. However,

IPOs provide access to the capital for enormous opportunities to grow your business with publicity and credibility, and it's much easier to attract top talent by offering stock options as an incentive.

Pros: Raise capital to grow business or buy other companies, publicity, and credibility, exit opportunity, attract top talent by providing stock as means of incentive

Cons: Expensive and time-consuming process, Stringent regulatory requirements and disclosures, market pressures, potential loss of control.

Merger and Acquisition

A merger or acquisition business exit strategy involves selling or merging your company with, a company with similar or aligned goals to your business. Depending on who you merge with or sell your business to, this approach could mean flexibility in terms of your involvement, or the freedom to walk away.

As you might have guessed, this process can take a long time, if it happens at all. According to BizBuySell only 20% of businesses listed for sale actually get purchased. If it's your dream to merge or get acquired, consider a Plan B just in case.

Pros: a clean break from your business, terms, price, and other details of your merger or acquisition can be negotiated

Cons: time-consuming, costly, and perhaps even unsuccessful. Businesses may cease to exist as it once was—with a range of possible consequences associated with this action.

Management Buyouts

A management buyout (MBO) involves selling a portion or all of a business to an executive team or employee.

Management buyouts (MBOs) and management and employee buyouts (MEBOs) resemble other kinds of M&A for the most part, except for the fact that you're already familiar with your prospective buyer. Whether as your colleagues or investors, your management team and existing employees know your business up and down, through and through. Thus, the company you built will remain in the right hands. Plus, you may avoid the intense scrutiny of an external due diligence investigation, the need to focus on sweetening the deal for your buyer to the same degree.

However, MBOs and MEBOs don't magically finance themselves. Your internal buyer will probably need to take out a loan, refinance their property, or commit to a long-term payment plan as opposed to an instant buyout in full. These arrangements can lead to monetary and emotional strain for all parties and may even drive the business to downsize or restructure during the transition.

Pros: Less challenging and adversarial than other forms of M&A, easier transitions, greater peace of mind.

Cons: External capital may be necessary, may place current and new owners under financial duress.

Successions

When considering transitions in leadership, some business owners go beyond management buyouts and decide instead to entrust their companies to friends or family members. Selling or transferring company ownership to your heirs is often the simplest, most straightforward option available and it's most common among family businesses, where a current owner's children have worked or have at least been accustomed to, from an early age.

For an owner who chooses this alternative, personal gain is less important than the family's future and the continuation of a legacy. Typically, successions are not moneymakers, but they may be rewarding nonetheless in a personal sense—so long as they don't result in inner struggles among other relatives and key employees who might feel left out by the decision.

Inheritance and estate taxes also pose opportunities and barriers. By implementing the right financial plan, you may save a significant amount by bequeathing your business to the next generation, but you'll also increase your risk of an IRS audit. You'll want to be careful and make sure all of your paperwork is in order.

Pros: Legacy preservation, friends and family gain a valuable investment, potential tax savings, easier on employees, fewer business disruptions.

Cons: Not as lucrative for the owner, the possibility of bitter interpersonal problems, potential huge tax risks

Employee Stock Ownership Plan (ESOP)

An employee stock ownership plan (ESOP) allows owners to transfer their businesses to members of your staff through a trust fund. Employees make tax-deductible contributions to the fund and earn equity in the company.

Sometimes, business owners use ESOPs as sources of financing while transitioning out of their roles and mentoring their successors. If you opt to remain involved with your company as you plan your retirement, an ESOP may give you the flexibility and security required.

Also, when your team owns the business they work for every day, they're more likely to improve their productivity and take more responsibility for the company's continued success.

However, ESOPs are complicated. The option is exclusively open to certain types of businesses (corporations, not partnerships or LLCs), subject to numerous state and federal regulations, and expensive to set up and maintain. Because they often use borrowed funds and must repurchase departing employees' stock, ESOPs can put companies in debt or negatively affect cash flow.

Pros: A variety of tax benefits, including tax savings, sense of ownership among employees, increases productivity, easy to maintain leadership during the transition into retirement

Cons: Complex and costly, not applicable to all types of organizations, lower transactional value.

Finally, it is crucial and wise to evaluate all variables and consider every factor when deciding on whether selling your business is the best move. If you sell, remember that an exit

strategy is not an overnight process. As your business moves through different stages of growth, it's good to keep your exit options in the back of your mind. This continual notion will affect the decisions you make along the way. The idea is to always be planning ahead based on your desired outcomes for yourself and your organization.

Whichever exit strategy you choose, remember that you don't need to do it alone. Maximize your success by seeking advice and working with financial experts like Northstar Investment Bank. They can help you sell your company at the best price and with the highest cash exit. Statistics show that over 50% of business owners who try to sell their business themselves fail, thus underlining the need for professional assistance.

"As much as you might love running your business, you must have an end-goal in the plan. At the very least, an exit strategy keeps you from turning your business into a glorified job – working from home, but with longer hours." — Kevin J. Donaldson

Conclusion

"Innovation is the ability to see change as an opportunity – not a threat." Steve Jobs.

There is so much to consider when it comes to starting, maintaining, growing, and then reaping the benefits of your business. There are endless considerations, and the planning and strategizing can seem overwhelming. What we hope to accomplish here in this book provides a roadmap through these many considerations to make them more bearable. Information and preparation are valuable in business, and you cannot launch an enterprise without guidance and foresight. The more legwork you do beforehand, the less stressful your journey will be once you embark.

Many businesses do fail, and many others, perhaps, do not fail on paper as much as they fail to meet the expectations of their creator. Running and growing a business is hard, and it takes an enormous amount of time, energy, and resources. It can have a huge impact on one's mental and physical health, too. If you engage in this endeavor, you must be prepared. Otherwise, mitigating these obstacles and coping with these stressors will be next to impossible.

There are elements of luck in every endeavor, but everything you do will come down to will and effort. Planning and strategy

win over random acts of chance far often. In this guide, there are countless resources. Available to you, the business owner, there are countless more online, at local chambers of commerce, from government organizations, nonprofits and more. Use them!

Dealing with Unexpected Events

It is impossible to discuss any business and planning guide without confronting the unfortunate reality that conducting certain businesses in times of uncertainty looks very different than it did in recent months and years. There is a new set of parameters, regulations, and circumstances we all must contend with as producers and consumers face a rapidly shifting business climate. The most important thing to think about is what new opportunities may emerge from the crisis.

"Entrepreneurs are simply those who understand that there is little difference between obstacle and opportunity and are able to turn both to their advantage." - Victor Kiam

The best, most important thing you can do is remember your mission, work hard and try to make the most of the situation. Brighter days are ahead, and you can only control what you can control. Try not to beat yourself up for things outside your sphere of influence.

A Final Thought About the Path to Success

As we have reiterated several times here in this guide, the path to success is long and winding and will take you in many directions. One of the best parts about being a business owner is taking that journey without knowing exactly where it will go. Yes, we have repeatedly pointed out the importance of planning, but in the end, you do not know what lies ahead as you embark on your entrepreneurial journey. This is one of the most beautiful parts of experience.

We sincerely hope this book was helpful. As you go forward, no matter what stage of planning or growth you are in, we wish you the best of luck. Prosperity is afoot! Go, seek it out and enjoy it. You have earned all you have, and all you will come to have.

Finally, we will part in consideration of the immortal words of one of the greatest statesmen in a generation, Sir Winston Churchill. His wisdom spans business, politics, economics and most every facet of civilized life. His words ring true, especially today during these challenging times.

"Success is not final; failure is not fatal: it is the courage to continue that counts." – Winston Churchill

About the Author

Dr. Gaddam is a seasoned entrepreneur, angel investor, and author. Dr. Gaddam's greatest accomplishment lies in raising ERP Analysts, Inc (www.erpa.com). from a two-person organization to a multi-million-dollar firm. ERP Analysts, Inc. has been recognized as one of the fastest-growing companies by Inc. 5000 for ten years, Deloitte Fast 500, & Business First Fast 50 for several years. ERP Analysts is recognized as the "Best Places to Work" in Ohio for several years.

Dr. Gaddam, supported by his friends and colleagues at ERPA, founded an NGO "Sponsor Kids Foundation" (www.sponsorkids.org), which encompasses the organization's goal to make a positive impact in the lives of over a hundred destitute children across the world, and supports them up to their under-graduation level.

Dr. Gaddam's passion for training entrepreneurial skills to the young generations and to support the first responders motivated him to create a college sponsorship fund for the children of first responders (www.dublinpfs.org), and its operations are run by a group of high school students.

Dr. Gaddam is the author of multiple books "The Entrepreneurial Guide: The Key Principles of Building and Growing Your Business", "The Future of Disruptive Technologies: Impacts on Business, Workforce, and Societies", "Destination

Success: Discovering the Entrepreneurial Journey" and co-author of "Roadmap to Success."

Dr. Gaddam graduated with a Doctor of Management (DM) from Case Western Reserve University, MBA from the Ohio State University, and the Owner President Management program (OPM 43) from Harvard Business School.

For more information about his books and articles on entrepreneurial and disruptive technology topics can be found at www.destinationsuccess.us

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