POWERFUL WAYS TO "START A NEW BUSINESS"

VOL: I

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INDEX

1. Basics Before Starting a Business

With an economy that continues to grow at a promising and blistering rate, coupled with favourable demographical shifts and suitable policies and regulation, India is riding high on the startup wave.

But unfortunately, 90% of the startup enterprises fail within the first five years (1). Therefore, it is also very important that startup business enterprises get off on the right foot. This article will attempt to reiterate the basic fundamentals of establishing a startup business.

1. Need / Problem Identification
The very idea of creating a product or service emanates from the fact that people have unfulfilled needs or unsolved problems; a gap between what is required and what is available. The first consideration in floating a business idea is to reason or figure out whether there is a need or a problem that needs to be addressed and if the answers lie in creating a specific product or a service.

2. Core product or service
The second consideration is envisioning or developing the concept of a product or service that could fulfill the identified needs or solve the specific problems. This gives rise to the idea of the core product. An entrepreneur must grab a clear understanding of this core product / service. The core product constitutes the primary benefits or the problems solved by usage or consumption of the product or service.

Some pertinent questions, requiring very specific and comprehensive answers, could be ,

– What is the primary purpose of the product?
– What basic needs will be fulfilled by using the product?
– What problems will be solved by using the product?
– How, when and where will the customers use the product?
– What are the requirements for using the product?

3. USP or Unique Value

Markets are competitive everywhere. If a startup enterprise has to make an impactful and long-lasting mark, it has to create an USP or some unique or premium value to its customers through its offering. Creative advertisements can help garner some attention for a while but it is short-lived. Moreover, promotional campaigns are not always economical. An USP or unique value can be created not just through the product but also through pricing, channels of distribution and elements of retail management like merchandising and shopping experience. A unique brand positioning will be fruitful in the long run only when it is consistently maintained and competitively defended.

4. Customers and Market Segment

An idea of a product or a service is conceived with an implied understanding and preliminary requirement that there are potential customers. In order to effectively and efficiently market a product, knowledge and understanding of customers and customer behaviour is crucial. The first step in this direction is the identification of the customers through market segmentation. Markets can be segmented on various grounds like geographic, demographic, geo-demographic, behavioral etc. Market segmentation helps businesses distinguish their customers from people in general based on shared features and characteristics. The selection of the right market segmentation strategy can help businesses identify and target the right market segment(s). Other important considerations are the total size of the market for the product or service and size of the targeted market segment.

5. Value-Chain

After the product concept is defined and customer segments have been identified, the next step is figuring out how the product or service will be created and how it will reach the customers – the value chain process. The value chain not only includes processes which add value to the product or its inputs but also include activities and operations through which this value is sustained and maintained. This is the value that has to be delivered through the channels to the customers for their usage or consumption.

6. Competition

Competition in the targeted market segment can be perceived as a deterrent and also as an indication of the presence of favourable business environment. However, it is important to assess the level of existing competition (both direct and indirect) in the targeted market segment. In the last two decades, the nature of competition has undergone significant changes. Products (in any category) are increasingly becoming homogenous. The focus of competition has shifted to services, quality, branding and promotion, technology and channels. The presence of intense competition does not leave much room for quick growth and expansion unless the startup comes with a really strong and hard to imitate USP.

7. Capital, ROI and Break-even

Not many private and institutional investors are willing to put their money into startup ideas and projects fearing loss of investment. Most of the startup enterprises are self-funded combined with borrowed informal loans from family and friends. Angel investors are rare. Every startup should have an investor presentation (*startup business plan*) ready all the time.

After capital sourcing, the next important financial consideration is whether the business will generate a healthy ROI to repay the liabilities and create surpluses. How soon a startup can achieve its break-even is something of great relevance to potential investors.

Once a startup has got its basics right at its infancy, it provides the enterprise with the vision, the guiding principles and the roadmap to devise business strategies and carry out business operations. These basics can help a startup realize the reason of its existence and provide a sense of purpose and direction throughout its life cycle. The significance of the forming stages of a startup enterprise often makes entrepreneurs turn to *startup business consultants* for professional expertise and guidance. Entrepreneurs can gain relevant business insights from the professionals of startup business consulting.

2. Starting a New Business

Getting a new business to take off can be a very challenging task. At the heart of every business lies an idea or a concept of a product or a service which is meant to fulfill certain specific needs for certain specific users and under certain specific conditions while generating profits for business.

In order to convert that idea into reality, a business plan or a blueprint is required. This blueprint is nothing but elaborate planning for all the business functions like marketing, finance, HR, operations, supply chain and logistics, IT systems etc. These functions work coherently and cohesively to create the intended product or service and make it accessible to its potential users. A generic business blueprint comprising of some of the key functions is discussed here.

1. External environmental scan

Before functional planning is made, it is important to conduct an external environment scan to check the conduciveness of the environment in which a business will operate. Various elements of the business environment are demographics, socio-economic conditions, technology, laws and regulations, competition, socio-cultural fabric, proximity to the sources of raw materials, infrastructure and transportation connectivity, availability and mobility of workforce and so on. The relevant elements must be in favour of the conduct of business.

2. Marketing Strategy – From product to customer via market

Technically, the conceptualization of a business or product idea falls in the realm of marketing. Marketing strategy involves addressing several critical questions pertaining to the product, pricing, promotion, distribution, processes, customers, market segment, competition and positioning. Gathering data and information for devising a market strategy involve extensive market research and business intelligence.

1. What will be the core product or service? What needs or purpose it will fulfill?

2. Who are the potential customers and where are they located? (customer demographics)

3. What is the market size and targeted market share?

4. What is the brand / product USP and what will be the positioning strategy?

5. What are the different marketing processes involved?

6. What is the existing and expected level of competition?

7. What will be the pricing strategy?

8. What will be the channels of distribution?

9. What kind of promotional campaigns will be launched?

3. Finance Strategy – Managing the finance

Finance is another critical area for any new business. One of the biggest hurdles in the process of starting a new business is acquiring capital funding. Finding interested investors, to a large extent, depends on the attractiveness of the marketing strategy of a business. However, there could be other factors as well like general economic and market conditions, prevailing interest rates, sectoral performance, other investment opportunities etc.

In the backdrop of trying to sell ambitious business plans in order to attract investments, there is a necessity to back it up with a strong financial planning which extends to maintaining a sound financial health of business to remain afloat. Some of the most important considerations in building a sound finance strategy are mentioned here.

1. Determining the amount of capital requirement (over business life cycle) and capital structure

2. Identifying funding sources with optimized cost of capital and repayment terms

3. Pragmatic estimation of return on investment and calculation of repayment period

4. Expected time period for achieving break-even

5. Planning for working capital management

6. Cost analysis

7. Preparation of financial statements

4. Technology and information systems – Getting the right technologies
Use of technology and information systems can significantly enhance the functional performance of a business. But what is equally important is the adoption of the right technological tools and applications. In order to devise an effective IT strategy, entrepreneurs need to answer some pertinent questions related to the IT systems in their proposed new business.

IT and ITeS enabled automation and services have become an inseparable part of everyday business operations. For example, use of POS machines, barcode scanners, printers, monitors and CCTVs are very common in modern day retail and departmental stores. The increased usage of e-commerce, smartphones and the internet has pushed companies to launch mobile apps, create online channels of distribution and make their selling platforms compatible with popular payment solutions like net banking, debit and credit cards, mobile wallets, unified payment solutions, QR code technology etc.

IT systems are equally important for enhancing and facilitating internal operations. Business functions and processes are often inter-related and interdependent for day to day and strategic decision-making. This gives rise to the need for integrated data and information management tools and technologies like ERP, data analytics, IT networking, internet and cloud-based services.

There is no dearth of IT and automation tools. The question is the selection of the right technologies which will facilitate in executing business processes, operations, activities and help in business decision-making. Secondly, selection of IT tools and technology involve consideration of factors like cost of acquisition and maintenance, depreciation, replacement and upgradations.

5. HR Strategy – Having the right people on board
A good business plan is incomplete without a well-defined organization structure and organization design, a strong organization culture and the right people working on it. Every individual plays a certain role in an organization and his authority, responsibilities and accountabilities must be clearly spelt out. An entrepreneur must also ascertain the quantitative and qualitative aspects of the manpower requirements of business. In order to attract and retain productive employees, it is important to have a fair and competitive structure of compensation and benefits. Other important considerations in building an HR strategy are –

- Training and development programs to fine tune knowledge and skills
- Performance management system
- HR processes and audit
- HR manual comprising of rules and regulations like leave and attendance policies, exit formalities, dress code, discipline and decorum etc.

6. Compliance – Adherence to statutory norms

In order to start and run a business, entrepreneurs need to take several licenses and permissions from the concerned authorities. The regulatory framework also lays down the terms and conditions under which business operations can be carried out. An entrepreneur and his employees need to be conversant with these rules and regulations.

7. Supply Chain Strategy – Managing the logistics

A business enterprise needs to make sure that the products and services reach the customers and retail points in the shape and form as intended and in required quantities. Inputs to a product pass through various value addition points to become the final product which again passes several hands to reach to end customers. Ensuring a smooth supply chain process from manufacturing to the store involves management of distributors and suppliers network, channels of transportation, storage and warehousing and information systems.

Starting a new business and getting it to run smoothly can be a humongous and challenging task. But the quality of efforts exerted at the initial stages of business planning can significantly reduce the level of complexities involved. Having the right functional strategies can help an entrepreneur keep the coast clear and smoothly roll out a new business project.

3. How to Choose Your Business Partner?

History has witnessed that business partners who have successfully built and run some of the largest corporations in this world, starting right from the garage space, did not seek each other; they kind of stumbled upon one another in their respective journeys of life. And after their businesses became successful and popular, people sliced up as to what went right between them.

However, such analysis may not help recreate history when it comes to finding the right business partner. What we can do is take a shot at some of the favourable traits and conditions under which we can expect to find the right business partner for us.

1. You stumble upon one other
In our professional as well as personal lives, we come across many individuals and professionals from different fields and different backgrounds. We might have worked with them, even for a short stint of time but long enough to know them professionally and to some extent, personally. They could be also our friends or classmates from college or university or just acquaintances. These individuals are some of the brightest prospects in which we could find a suitable business partner and we do not meet them out of a planned encounter; they already exist around us, somewhere.

Larry Page from Michigan and Sergey Brin from Russia met as Ph.D. students at Stanford University, California.

They did not start off as friends. A common research project on web search engines brought them together which eventually went on to become the groundwork for Google (1A) (1B) .

2. You complement one another

Every individual is unique in terms of his skills and expertise. But such skills may not always be enough to take a brilliant idea off the ground by converting it into a successful business. Because of this lacking, invariably in every individual, there's a need that as business partner(s), we complement our skills and expertise with individual(s) who could take care of the other aspects of the business. And when a group of individuals with unique but complementary set of skills and expertise, required for accomplishing a common goal or a vision, comes together, it completes the core team at the top.

Steve Wozniak was brilliant with his technical expertise at designing computers. Steve Jobs, on the other hand, had the business acumen; somebody who wanted to change the world. The pair complemented each other in the right way, at the right time to build one of the largest and innovative companies of all time – Apple (2).

3. You all are qualified and have professional exposure

There are several successful entrepreneurs who never graduated from college and yet their businesses left a mark in the world. But talking about business partners in today's business environment, qualification somehow becomes a common decisive factor. Professional knowledge and exposure become critical amongst business partners as they would be sharing a common vision and taking important decisions on the functions of management like planning, organizing, directing, staffing and controlling and most importantly, they have to deliver competently in their respective areas of expertise.

4. You share similar morals and values

The notions of what should be and what should not be; what is right and what is wrong; what is acceptable and what is not acceptable; the yes and the no, to a large extent, explains why human beings differ from one another. The minor differences in morals and values between two individuals usually do not appear on the surface. But in the course of life and business, situations do arise which expose the strong underlying variances in the morals, ethics and values of business partners. It is obviously not a good sign for business when such difference of opinions between business partners reaches irresolvable levels. That is why it becomes important to ensure that future business partners share similar morals and values at both professional and personal levels.

5. Trustworthiness

In execution of day-to-day and short-term business functions, a lot of decisions have to be taken by business partners independently in their respective areas of work. In the presence of mutual trust, each partner can freely and independently take these decisions to the best of their domain expertise in the best interest of business.

However, in the absence of this mutual trust, even the day-to-day business decisions have to be routed through protocols involving consent of other partners making the business decision-making process lengthier and time-consuming.

Trustworthiness of an individual is often manifested in his communication etiquettes, consistency of opinions and performances, seriousness (not finicky) about details etc.

6. Independence and sense of responsibility

An individual can be honest, truthful and professionally skilled but without a sense of accountability and responsibility, he may not be an ideal business partner. A good business partner needs to possess the ability to independently manage his areas of work and general business functions with a sense of responsibility and accountability. One of the best ways to glimpse into an individual's leadership skills and independence is to observe the person in his current role or by carrying out minor projects. The scope of this observation should also include his discipline, decorum and level of commitment to his current projects.

7. Due respect for each others

Due respect for others is a sign of good will and strength of one's own character. As business partners, mutual respect is extremely important for healthy professional relationships in the core team. Without mutual respect, crossing of lines and authorities is bound to occur in a business which may create internal feuds and disagreements. An individual's demeanor can speak volumes on the kind of space and respect he reserves for a fellow individual.

The factors discussed above do not act in isolation and often overlaps one another. Finding the right business partner is not a one-way phenomenon. As partners in business, the one who is right for you also needs to be reciprocated by you being the right for them. Apart from professional skills and expertise, there's a lot that needs to match from human perspective as well. It is always a good idea to have a rough mental sketch of who you want as your business partner.

4. Five Most Powerful Ways to Create a Brand

For budding entrepreneurs, branding is a tough nut to crack. Even if you can manage to pour in heavy investments to your business, you can't get the surety that your brand can hit the bull's eye- reaching out to the customers! Unless your brand name is strong to face a plethora of competitors, you will soon be lost amidst the crowd, before you eventually perish. This post gathers top 5 most powerful ways to create a successful brand in the market.

1. Marketing

Once you have established your business, it's time to work on the 'face' of your business. In the words of Seth Godin, 'Remarkable marketing is the art of building things worth noticing right into your product or service'.

To make your brand to stand ahead, it has to be a combination of excellent customer service, contended employees and innovative services.

Customer service professionals are the 1st point of contact for the customers, so if your customer service is doing well, it lays the foundation for a strong brand, in the making. Using the social media platform is another way of marketing your brand. As of today, 2.5 million people are on social media globally and hence putting up a website, and having accounts on the social platforms give you a 'free' advertisement and construct your brand.

2. Public Relations and Tie-ups

PR assist the brand to showcase their stories of life in the most authentic way, which majority of the time, is accepted widely by the target audience. You have to plan the PR activities as they help to portray your innovative thoughts and ideas in the best possible manner.

You have to associate with your audience as they play a pivotal role in making the brand's name along with identifying the key messages that will resonate with them. A PR campaign should try to interact with the stakeholders, business people and media to build a proper image of your brand.

3. Creating your Own Identity

To have a positive impact in the consumer's mind, you have to think 'out of the box' idea which is creative and are new to consumers. People would start relating to your brand if they find something new in the offering and that's what ensures that your brand is 'talking' in the market.

Your brand value is totally dependent on your actions; don't be shy in taking difficult decisions at the start of your business, unless you get a platform it would be very hard to sustain.

If you tend to follow your peers only, in no time, you will fade away! So create your identity by doing something unusual and unexpected

4. Accept Feedback

Your initial journey will be full of unexpected activities, which sometimes can be frustrating. When you are new to the market and trying to make an inch of space, you are bound to get negative feedbacks and statements.

However, always remember, customers are intelligent, they keep an eye on how you react or face the market, and the way you prevent your brand image from being tainted, is what attracts and creates your customer base.

Where ever possible, be professional and never cross the lines. One small act of negative publicity and draw curtains to your brand, business, and future. Put your efforts to find resolutions, setting up your business should be your priority. So, work with an open mind and let your brand do the talking on your behalf.

5. Strategies to Learn from Big Business Failures- I

In life or business, the best lessons are learned not just from the success stories but also from the saga of failures and struggles. This is the reason why so much emphasis is laid down on analysis of case studies in business schools. In this article, three prominent business case studies are selected for introspection and analysis to help present day business owners and entrepreneurs get relevant insights on managing their businesses and formulating effective strategies and avoiding blunders.

1. Blockbuster

Blockbuster, founded in 1985 by David Cook, was a movie and video game rental service company headquartered in Dallas, Texas, United States. Blockbuster was the undisputed market leader in video renting services in the United States. It had a wide network of retail stores across the country and a customer base that numbered in millions. Blockbuster went public and its control was acquired by an investment group who sold it to Viacom for $8.4 billion in 1994. Blockbuster went bankrupt in 2010. In between, the company engaged in several purchases and sale of complementary businesses and it also experienced several changes in its own control, management, and ownership. [(1), (2), (3)] But the problem with Blockbuster was not the lack of stability in its control or management or its buying and selling of other related businesses. The hitch was in its revenue model which began to heavily rely on late fee penalties. Customers were subjected to late fees for delayed returns. This was something that did not go well with its customers.

As competition started to emerge in the form of companies like Netflix and Redbox, the company quickly started to lose its customer base. Some of the competitors provided subscription based services that did away with late fee penalties.

Lessons Learned

Even though Blockbuster was registering a healthy inflow of revenue, most of it was coming from penalizing its customers. This is a severe blow to a very fundamental idea that price is the consideration which a customer agrees to pay for the value of a product or a service. Here, in this case, what the customers were made to pay exceeded the value they derived from the consumption of the services because of the applicability of late fee penalties. Cases like these also highlight the importance of the tools and software of retail analytics and business analytics in modern day businesses. With the help of the analytical reports and insights on business performance, companies can better understand the trends and changes in customer behavior and revenue patterns vis-à-vis changes in business policies and business environment.

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2. Kodak

Founded by George Eastman in 1888 and headquartered in New York, Kodak is a renowned brand in the world of cameras and photography. Kodak generated huge revenues from photography consumables – films, chemicals and papers. It dominated the US market till 1976. The company faced stiff competition from its Japanese counterpart Fujifilm after undermining it for a while. Fujifilm became the official film partner of the LA Olympics of 1984. Kodak developed digital cameras as early as in 1975 but refused to launch the same fearing threat to its existing photographic film business. With rising competition from Fujifilm and increasing need for diversification to digital, Kodak planned its foray into digital photography from the early 90s and by 2005 it ranked no.1 in digital camera sales in the U.S but its film business (where it was enjoying high-profit margins) fell 18% in the same year. In the next five years, Kodak was surpassed by Sony, Canon, and Nikon etc. By this time, mobile phones with the camera started to grab market share from these giants. (4)

Lessons Learned

Kodak was nearly a century old company when it first saw traits of rising competition and changing technology. Being a market leader for such a long time, it failed to capitalize on its position. Kodak's problem area was that it was very slow in responding to the changes in its environment. By letting go of the opportunity to diversify itself with a digital product line (digital cameras and digital photography), which would have been a huge technological leap, Kodak missed out on remaining years ahead of its competition.

Of course, this would have entailed some time and investment in research and development and necessary changes in its business model for the migration process. Given the edge of digital photography and Kodak's market share, it would not have been very difficult for Kodak to market its digital product line. Technological advancement is a brutal truth that hardly leaves any business untouched. Business owners and entrepreneurs need to keep themselves updated of the developments in the field of science and technology that might impact their business. Paving ways to embrace technological advancements is one of the crucial considerations of business planning.

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3. Hummer

Hummer was a well-known brand of SUVs originally designed by AM General Corporation in the early eighties for the US army. In 1992, the civilian version of Hummer was launched. In the late nineties, General Motors purchased the brand name while AM General continued with the manufacturing. By 2006, Hummer began to be sold and exported through intermediaries in 33 countries. (5) Problems started to arise with Hummer with the rising prices of oil and gas. It started to be increasingly perceived as a fuel guzzler amidst rising global awareness of environmental issues.

Lessons Learned

Hummer used to be a powerful brand symbolizing strength, endurance, toughness and an all-terrain all-weather vehicle. But at the end of the day, it had little or no practical use for civilians. It was designed for the military. Sooner or later the fad had to fade as Hummer was a high-maintenance and high-fuel consuming vehicle. Hummer, at the best, was a niche market product. Even with its value and utility, its rising usage cost significantly hampered its market demand. The three case studies discussed in this article brings to the forefront two important elements of business management and strategy formulation – customer cost and adoption of advanced technology. Businesses need to bear in mind that apart from the purchase price, a customer also has to incur usage costs and post-usage costs to extract the intended value from a product or a service or to complete the consumption process. Secondly, businesses need to plan for and adapt and migrate to advanced technologies to remain competitive and match pace with generational shifts.

6. Business Expansion Plan for Small Entrepreneurs

Business expansion may seem like an uphill task for small-scale business enterprises. But expansion is essential for a business; not just for growth but also for survival. No business has ever become a great business without growth and expansion, even if such growth is gradual but consistent. And for growth, every enterprise needs a solid business expansion plan.

1. Nature of expansion sought, Selection of expansion strategy
The nature of business expansion can be of two types – organic and inorganic. In organic strategy, a business enterprise strives for growth and expansion with self-sustained efforts. Organic strategies include market penetration, product development, market development, diversification and franchise development. In inorganic expansion strategy, a business enterprise makes use of external agents in the form of mergers, acquisitions, alliances or joint ventures.

Selection of growth and expansion strategy depends on several internal and external factors. These factors include reasons for seeking expansion, financial capabilities, accessibility to markets, USP, operational feasibilities, profitability, distribution and logistical support, competition and so on.

2. Functional analysis
At the beginning of devising an expansion plan, a business enterprise needs to conduct a functional analysis to assess its own standing, readiness for expansion and selection of expansion strategy. This analysis is crucial because an entrepreneur or a business owner must make a realistic assessment of its stronghold with the existing products and existing markets and its operational and organizational abilities.

The information output from a functional analysis is important because it lets a business enterprise assess its own strengths and weaknesses and make necessary improvements and improvisations in a business expansion project.

Marketing analysis should help a business clearly understand who are its customers, which market segments it is catering to, what needs its products and services are fulfilling, what features makes its products stand out in the market (USP), capitalized market share and market potential and how the marketing processes are executed. Additionally, marketing analysis also brings to the fore the people and agencies involved in a marketing process – customers, employees, distributors, suppliers etc. Marketing analysis will help a business enterprise assess its success and operational efficiency with the existing products in the existing markets. Marketing analysis could reveal whether a business requires an expansion or improvisations in its marketing processes.

Another important functional analysis is the assessment of the financial health of business. Clearly, availability of financial resources is a crucial consideration in planning for a business expansion. But there are other important financial considerations pertaining to business expansion like capital requirement and funding, the cost of capital, profitability and return on investment and break-even analysis. Financial analysis will help a business enterprise determine the financial feasibility of undertaking an expansion project.

3. Business expansion plan

The next stage is the preparation of the blueprint for business expansion. Business expansion plan involves preparing detailed functional plans. Some of the key functional strategies and their essential elements are highlighted below.

a. Marketing strategy

- What products and services will be offered?
- Which is the target market? Who are the potential customers and where are they located?
- What is the total size of the market? What is the targeted market share? Is it profitable?
- What is the level of competition in the new product category or in the new market?
- What are the pricing methods to be adopted?
- How will the brand name, products, and services be promoted? What will be the channels of promotions?
- What are the marketing processes involved?
- What will be the channels of distribution?
- Who are the suppliers and distributors?
- Is there a suitable and accessible logistical support and infrastructure?
- Marketing SOPs and process management

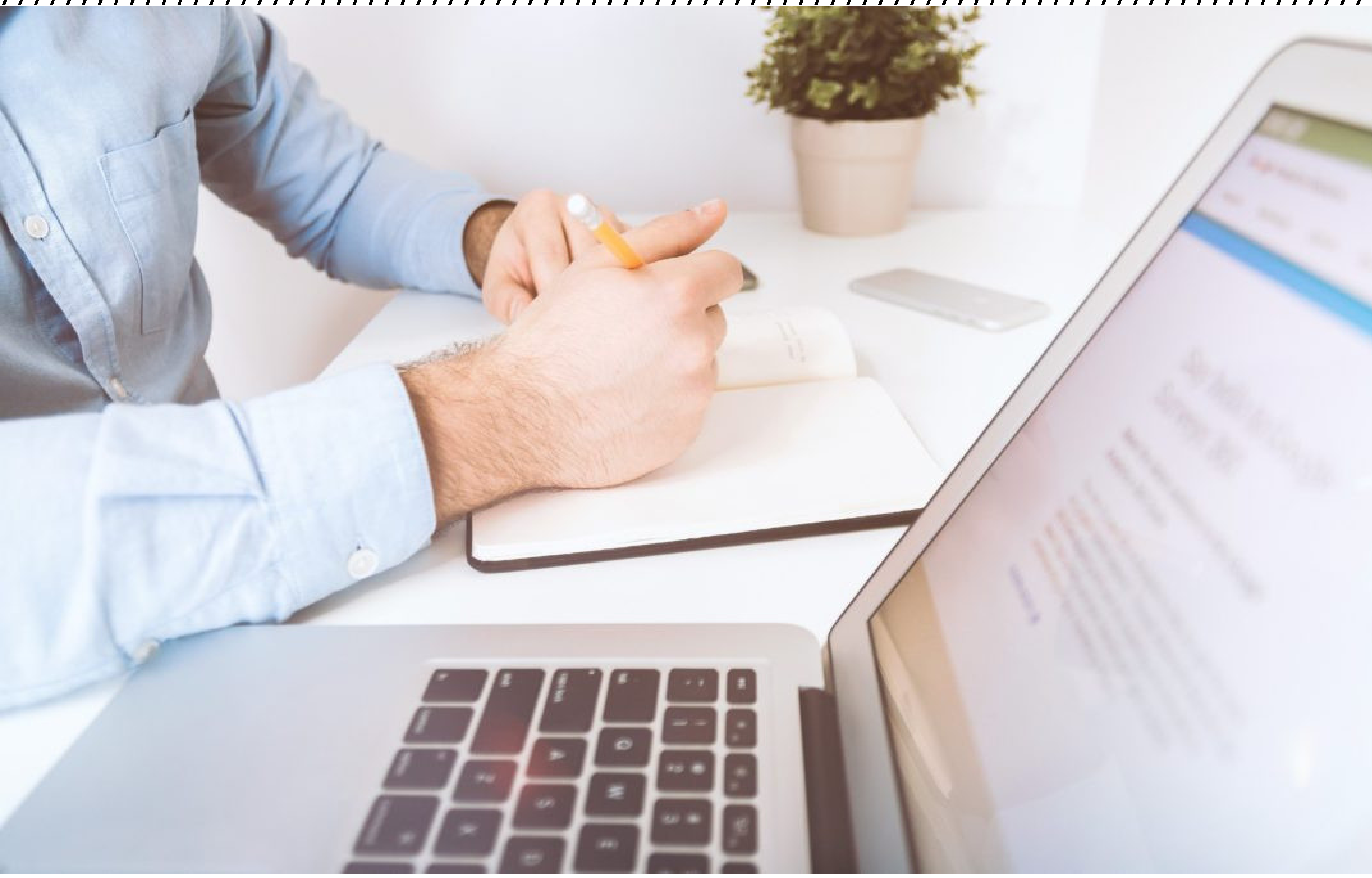
b. Manpower Planning

- Manpower assessment (Qualitative and Quantitative)
- Manpower requirement (Qualitative and Quantitative)
- Recruitment strategy
- Training and development programs for new products and services and new markets
- HR SOPs and process management

c. Financial Strategy

- Capital requirement, cost of capital, sources of funding
- Return on investment and break-even analysis
- Working capital management
- Cost analysis
- Inventory turnover
- Anticipated profit and loss statement and balance sheet
- Finance SOPs and process management

Small scale business entrepreneurs can easily embark upon its growth ambitions by professionally planning and executing its business expansion. But this growth and expansion usually do not happen overnight. The dynamic business environment only makes it further complicated. However, with the right functional strategies, process orientation, and disciplined performance, business growth and expansion is not such a distant dream.



7. Five Most Important Roles of a Business Owner

Owning and managing an organization is a huge responsibility as the entire business operations are dependent on the owner who calls the shots. As an owner, the person has to be aware of every operational activity undertaken on a daily basis along with supervising the managerial decisions, meeting with prospective clients, overviewing the cash flow and of course engaging in people management activities. In general, business owners are responsible for the growth, stability, direction and daily operation of the business.

Hence, the role of a business owner becomes very critical as the person has to utilize his time in the best productive manner to attain the business objectives at a constant pace. This article is all about emphasizing the most important roles that a business owner should undertake for continual business operations. However, before that, it’s vital to define who is a business owner and how different he’s from an entrepreneur as both of them has similar characteristics but with striking differences.

Business owner vs Entrepreneur

Not every entrepreneur is a business owner. They might have started as an entrepreneur but once they are settled in managing their existing business, be it a new venture, a family business or even buying a franchise, they are Business owners as they own the business and work solely to run their current business.

An entrepreneur on the other hand, creates a vision for a new business model, they innovative business ideas, and acumen but they don’t settle in one business or continue to run it over the years. Therefore, both are very lookalike, however, are miles apart by their virtue of work.

1. Designing the framework

All the activities undertaken by a business owner are very diversified in nature. A business owner has to wear the architect’s hat as he designs the framework of the business which is undoubtedly the most important role. He formulates the master plan of the business along with defining new services, products, business plans, and new business models. These tasks are of high relevance to the business and hence must be taken very seriously by the owner.

If the owner is able to align the system and internal processes as per the nature of the business, it helps to minimize the efforts the owner has to put in every day.

It’s all about how efficiently and effectively the owner is able to define his framework on the drawing table and executes the tasks with sheer accuracy which results in cutting down his time and efforts in a big way. Developing an SOP is a part of the owner’s job role which proves very helpful for the employees in future.

2. Employee management

The business owner knows about his business well and therefore he’s the best coach or mentor for his employees. It’s important to invest in the personal and professional growth of your team members as it increases productivity and enhances the level of teamwork. The owner has to educate his employees about the working guidelines, sharing best practices, and conducting refreshers sessions about the updates in the SOP. An ideal owner should believe in ‘macro’ managing things like defining the organizational chart, believing inconsistent ‘success factors’ and managing supervisors.

Building and nurturing your team is an integral component for achieving business goals and therefore a business owner has to monitor if the employees correctly follow the system or still there is a scope of training and utilizing the staff to get the best results.

3. Marketing

Even if you have the costliest gem of this universe until you showcase it your friends and relatives, nobody will ever come to know. The same logic applies to the business front too. Even after devising the best business model, you need marketing and sales to drive your business.

Depending upon the nature of the business, the owner has to design a proper marketing strategy and use multiple platforms like print advertising, public relations, online marketing, networking, or even cold calling. A good way is socializing at events and sharing your business cards with your prospective clients. Use of social media platforms such as Twitter, Facebook, or even emails can also be effective means of promoting your business in today's modern era. However,

The owner should be very sure and convinced in finalizing the type of marketing as it can make or break your future as this task is dynamic in nature.

4. Financial management

One aspect where an owner has to play a key role is financial management which in actual terms is much more than doing accounting! Although your accounting person can manage the daily tasks like day-to-day accounting, check writing and reviews, it's the owner's job to foresee and provide the financial stability to the business. You are accountable for reviewing the quarterly financial performance, annual forecasts/budgets, and audits. It's the owner's role to manage the organization's financial resources in the best way to achieve its objective of getting maximum returns. It includes mapping the financial and non-financial resources with the business goals to ensure the running of the business is improved.

Irrespective of the size of the organization, the owner should have an idea about how to raise the capital, investment areas and lastly how to utilize the flow of money into the business. You can take a help of a tax consultant for taking the allowable deductions and paying your taxes on time.

5. Communication

As an owner, it's your duty to get the job done and without having a positive communication system in place, this is never possible. You have to make sure that your viewpoints and directives are understood and recognized at all levels. It's important to communicate effectively to create the right balance between you and your staff. Your decisions, viewpoints, and corrective measures, everything should be communicated to the concerned person or team. Also, discuss the same with your supervisors to ensure you are not missing something important. Allowing stakeholders to provide a positive feedback and incorporating the changes is the best form of 2-way communication which has to be initiated by the owner.

8. Five Most Powerful Reasons to Hire a Management Consultant

Association with a management consultant can help a business enterprise minimize the risks involved in the implementation of solutionsHiring management consultants is commonly considered as a practice restricted to big domestic companies or MNCs. However, that is not true. Even small and medium scale business enterprises can significantly benefit from the services of the management consultants. The role of management consultants is not just confined to providing advice and they can play different roles in different areas of business at different points of time according to the requirements of a business enterprise. These include both short-term and long-term associations, for a specific purpose or for a wider scope. From fulfilling informational requirements to being partners of growth, present day management consultancy encompasses a wide range of functionalities which could prove to be game-changer for business enterprises.

1. Data and Informational Requirements
A business enterprise makes use of a wide range of data and information pertaining to its environment. These include data pertaining to market segments, customer demographics, competition, availability of required manpower, logistical infrastructure, the network of supply and distribution and so on. For a business enterprise, this data and information are crucial for functional planning, to devise strategies and to facilitate business decision-making.

For example, data and information requirement becomes extremely relevant in marketing management where tons of quantifiable data has to be processed to determine the size of the market, identify the market segments and understand customer demographics, estimation of available market share and so on. Digging out such huge volumes of data involves conducting extensive market surveys and it is a time-consuming process.

Providing an organization with the relevant business data and information is one of the basic but critical services rendered by some of the management consultants.

Data and information are crucial for functional planning, to devise strategies and to facilitate business decision-making.

2. Problem: Diagnosis, Identification and Definition

A problem well-defined is a problem half-solved. Problems and situations which arise in the course of business are manifested through smaller symptoms which are often not considered as worth reporting or are ignored or quick-fixed by managers and executives so as not to disrupt the flow of operations. However, that only makes the situation worse as the underlying fundamental problems continue to establish its roots until one day it begins to surface as something major. Even after the problems are being identified, an improper assessment may result in efforts and resources being poured into the wrong solutions.

With their core expertise and experience of dealing with various problems and situations faced by several business enterprises, management consultants can quickly assess a situation through the symptoms and track the source of the problem. Professional management consultants conduct systematic diagnoses of the problem areas helping them identify and define the problems with much more accuracy and efficiently than the host business enterprise.

A problem well-defined is a problem half-solved.

3. Solution: Design and Implementation

Many business enterprises with an efficient and skilled management and ownership at the top are able to correctly diagnose the existing or emerging problem areas that need to be addressed to ensure that the business operations run smoothly and gain or continue with the momentum necessary for growth. However, the owners of small and medium-sized business enterprises are often constrained by lack of time, expertise and professional assistance to design and implement the solutions.This is where management consultancy comes into the picture. By joining hands with a competent management consultant, a business enterprise can expect to find the best professional solutions and their implementation to get rid of the diagnosed problems.Association with a management consultant can help a business enterprise minimize the risks involved in the implementation of solutions; risks which a business enterprise always remain vulnerable to when they choose to go alone.

5Association with a management consultant can help a business enterprise minimize the risks involved in the implementation of solutions.

4. Long-term Associations

Management consultants can play a much bigger and enhanced role than just meeting the short-term requirements of a business enterprise. Management consultants can be long term partners of growth in the journey of a business enterprise. During its life cycle, a business enterprise may have to undertake several new projects and activities like product and market development, franchise development, ERP implementation, SOP development, employee training and development programs, process management, modernization and so on. These heavy-weight projects require not just professional expertise but also an associate a business enterprise can entrust the responsibility to who exhibits the sense of ownership for these projects. With long-term associations, both the parties begin to realize each others' potential and strengths. In the long run, both the parties share a rich learning curve and experiences to mutual growth and benefit.

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5. Overcome Internal Resistance For Change

Every business enterprise, irrespective of its size and operations, must adapt to changes in its environment. Changes often find internal resistance in organizations and it is never easy for the owners to incorporate changes while keeping the motivation and morale of the employees unaffected. Sometimes change could be resisted even by the co-owners or the business partners. But when bringing a change becomes a necessity and it is being stiffly resisted, involving a management consultant can make a significant difference in overcoming this resistance. The recommendations in favor of the desired changes coming from a reputed and professional management consultant as a neutral and outside party can influence the opinion of the people (resisting the change) towards reconsidering their positions.

Every business enterprise, irrespective of its size and operations, must adapt to changes in its environment.

From a short to a long-term association, there are multiple ways in which an organization can benefit business-wise from its alliance with a competent management consultancy firm. Such alliances can significantly enhance the strategic and competitive position of a business enterprise and equip it with the necessary professional expertise required to address specific problems or to undertake growth and expansion projects.