Business Intelligence

Volume 1 - 2007

TRANSFORMING
BUSINESS SMARTS
INTO
BUSINESS INTELLIGENCE

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PRESIDENT'S MESSAGE

Growth and Balance of every business entity are supported by 3 fundamental pillars of Cash, Sales, and Administration (CSA). A disruption, positive or negative, in any aspect of the 3-legged CSA structure systematically impacts the overall balance of a business. Therefore, efforts are required to be concentrated on continually professionalizing every approach to simultaneously balance these three elements in a business.

To discuss openly the most vital issues in continual success of small and midsize businesses, and to assist business owners and key decision makers in realizing their true business potentials and transforming their ***Business Smarts*** *into* ***Business Intelligence****, it is my great pleasure to personally introduce to you the* ***Business Intelligence****, a concise and informative one-page fast-read practical business article and is designed specifically for decision makers in fast paced small and midsize business environments.*

I would certainly hope that as key decision maker of a business, you would benefit from reading the contents of these diverse articles, view them as general guidelines, which are required to be customized to fit the profile of your business.

Sincerely,

Rahmat Ushaksaraei

Business Support Program

In dealing with complexity of issues on hand among small and midsize business entities in diverse sectors, it is often difficult to generalize an approach and rigidly apply it to even the most common problems.

Furthermore, research shows that although most key decision makers of small to medium size businesses are technically the top notch experts in their specific line of businesses, yet commonly disrupted by shortfalls of lack the skills, experience and time to be effective in various key aspects of management, as well as establishing the contacts and acquiring necessary resources required to maintain and grow their businesses.

To address this common concern, currently, among thousands of similar solutions globally, only a flexible program that is supported internationally by all expertise needed in the business that functions collectively as a single body is to set itself above the crowd.

Business Support Program, a unique business model specifically designed for small and midsize businesses is such unsurpassed solution, and is supported by continually growing 4500 Senior Executive Associates in all corners of the globe. This unparalleled approach allows a confidential one-on-one dialogue between a decision maker and a qualified expert, who understands business in its totality and is more than capable in guiding the decision maker step by step in discovering the hidden treasures in the business.

Articles

Business Intelligence

TRANSFORMING BUSINESS SMARTS INTO BUSINESS INTELLIGENCE

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Business Liquidity

Often faced with the following mind-boggling questions about their businesses, successful small and midsize business owners and key decision makers are indecisive in providing precise responses:

1- How much is your pre-tax profit and where is it invested and/or reinvested?

2- Considering the Book Value versus Market Value reality check, how much is your business truly worth in the market?

3- How would you get capital out of your business, whenever desired?

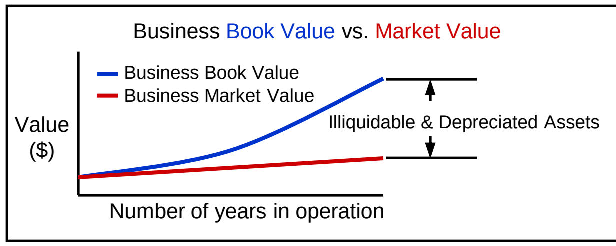
Aside from confidentially of these subjects, the natural tendency in deferring any admittance of personal shortcoming in being fully aware of financial aspect of business is normally coupled with shifting this delicate responsibility to either an internal or external body in charge of accounting practice. Although perfectly acceptable to assign the responsibility of day to day accounting activities to professionals, both differentiating between accounting and finance and being aware of repercussion of a passive approach to essence of these strategically drafted questions are absolutely vital to very existence of every business in the long run. This is why:

Where pre-tax profit, "Hard Earned Cash", of a business is invested, is a critical element in determining its health. This issue is due to the fact that after introduction of the Capital Gain in Canada in the 70s, the common practice has become to either distribute the pre-tax profit as bonus or continually reinvest it in business to take advantage of tax sheltering initiative. Naturally, although paying bonus is an incentive for maintaining existing investors and/or attracting new ones, and reinvestment in business is an excellent idea, how these financial activities are funded is a make or break factor in every business. To examine these issues further, let's ask the following questions:

a. If pre-tax profit distributed as bonus, considering the amount of tax deducted from it, would this be truly considered as a financially coherent decision?

b. In case of reinvestment in the business, would it truly increase the market value of business or merely inflate its book value? Furthermore, would it be logical to reinvest the "Hard Earned Cash" in business or seek funds from other external sources such as financial institutes and independent investors?

To address the latter question, let's review the following "Book Value versus Market Value" chart:



Experience has repeatedly shown that dominant perception among successful small and midsize business owners regarding tax sheltering of the pre-tax profit is limited to blindly reinvest it into business. As number of years in operation increases, commonly, this financial practice merely leads to business Book Value inflation. Simultaneously, within the same operation years, business Market Value, i.e. its true value, may remain on a very moderate growth path and almost flat. Moreover, reinvestment entails purchasing of various commodities inside/outside of business functional parameters and subsequently increasing business assets. Frequently, the omitted logical fact is that, over years, value of these assets are to be intentionally depreciated to maintain the tax shelter advantage and therefore they are considered illiquidable. Consequently, the forgotten reality is that at any given point over life span of such business, its true market value is much less than what it is auctioned for. Additionally, the response to common question of "why such issue may be deemed important, as long as such business remains in operation?" is to refer to very notion of starting a business in the first place; i.e. "generating profit" , which translates into "increasing its market value" in the financial language. Furthermore, the importance of this critical element is entwined with the question of "Hypothetically, at will, how a business would get its capital out of it?". Unfortunately, negative side effect of above mentioned common practice escalates to a point where, once again, due to capital being locked in with tax sheltering activities, not only its release is limited but also its value will be insignificant; almost at zero.

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Good Debt Versus Bad Debt

One of the common patterns among successful small and midsize businesses is the systematic misperception about **Business Debt**. In today's ever evolving and challenging market, at the same time that running a debt free business may only be a myth, continual injection of funds on both short and long term basis into business is the very essence of maintaining an existing competitive edge and essential step in venturing into new opportunities. In this regard, although traditionally a well managed and financially balanced business was synonymous with a debt free one, in today's volatile market, the ability of a business in clearly distinguishing between **Good and Bad Debts** is a mandatory realization and the most critically important criterion in its financial stability.

In conjunction with striving to distinguish among variety of business debts, simultaneously, it is an absolute mandate for businesses to conduct a financial sole search in order to determine the root cause of common misperception about debt; i.e. discovering the critical element of lack of familiarity with the concept of **Cost of Capital**. Although at the first glance the relevance between concurrent issues of debt and cost of capital may not be apparent to naked eyes, an in-depth review not only reveals the relevancy but also outlines interdependencies. In essence, it becomes apparent that systematic misunderstanding of cost of capital and its impact on the financial status of every business is a common cause of jeopardizing its financial integrity in the long run. To perhaps further explore the role of cost of capital in either success or failure of a business and streamline the study of its effect, it is beneficial to consider the following hypothetical case:

If it is ever decided upon by a business to either reinvest in the existing venture or explore new ones, from a coherent financial point of view, which of the following Capitals is to be utilized?

1- The profit before tax; the **Source Capital** or simply referred to as **Hard Earned Cash**.

2- Funds obtained via either financial institutes or private independent investors.

Without any perpetuation, commonly, the immediate response by almost all businesses is the use of source capital. Based on common perception among businesses about cost of capital, the twofold analogies for justifying this approach as a financially logical one are as follows:

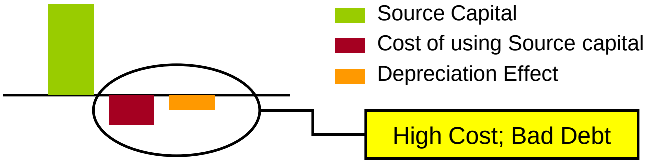
a- Upon utilizing existing internal financial resources, no additional debt is burdened by business. Furthermore, additional unnecessary debt imposed by principal loan and its obligatory cumulative interest, and the consequent continual cash out-flush are not to be endured by business either in short or long term.

b- In case of reinvesting, utilizing the internal financial resources increases the value of business and allow earning to be protected by existing tax sheltering umbrellas.

Without further dwelling on the latter reasoning as it has been addressed under Business Liquidity in the January issue, it is essential to ponder upon financial coherence of the first logic; i.e. **Cost of Borrowing**. In such case, without either accepting or rejecting borrowing as a logical financial decision, it is essential to concentrate on the adapted financial alternative by businesses; i.e. **Cost** of utilizing the Source Capital (Hard Earned Cash). In further understanding of impact of this approach, perhaps it is essential to conduct a reality check by both dissecting and reexamining the series of events:

I- By utilizing the Source Capital for any reinvesting purpose, contrary to intended goal of increasing the value of business, due to depreciation effect, this approach in fact decreases its inherent value. Consequently, invested capital is eventually considered as **Lost Capital** and therefore financially is translated as **High Cost** to business in the long run.

II- In order to qualify a Source Capital for a reinvesting purpose, a high percentage of tax is to be incurred; i.e. a high cost for utilizing business's own capital. Moreover, the overall tax amount (**Cost** of using **Source Capital**) is much higher than cumulative interest, which may have been resulted from any type of Cost of Bowring either from a financial institute or an independent investor. Pictorially:



Business Intelligence

Transforming business smarts Into Business intelligence

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Business Survival and Growth Kit

In today's evolving market, where exponentially increasing number of inflowing talented individuals in the field of independent business is a socioeconomic trend, it is becoming more difficult than ever to distinguish between entrepreneurial approach and an established small business entity. This issue is the added dilemma to concurrent continual debate about what the true definitions and boundaries of small and midsize businesses are. Without taking a philosophical approach towards variance in opinions about primary definitions of businesses, the astronomic emergence of entrepreneurial activities, small businesses and mid-size ventures in today's economy by some subject matter experts has been justified as a sign of a strong economy. It further suggests that this strength has resulted in an economical overflow, where it has opened new doors of opportunities to whom may be interested to grow financially independently. otherwise, a rather contrary view, suggests the new phenomenon as the result of instability of large corporations, where life long employment is merely a myth. Once again, regardless of contradicting social and economical views on this matter, the inevitable harsh reality is that according to the current realistic statistics, majority of entrepreneurs would hardly experience a second business year in operation, and despite their glorious business book values, the veterans of both established small and midsize businesses, merely manage to keep their heads above water by continually investing in their financially decaying business ventures.

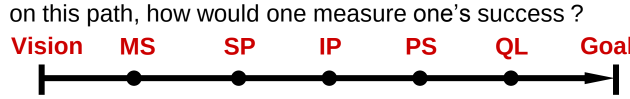
Considering above, in order to streamline our thought process in perhaps perceiving the underlying common sources of failures among entrepreneurial activates, and both small and midsize businesses, and adapting a Business Survival and Growth kit, firstly, one would need to analyze and define the common patterns. To embark on this adventure, let us categorize the very known ones:

Common factor 1: An in-depth study of new exponentially emerging entrepreneurial activities, struggling small and over tax-sheltered midsize businesses, reveals the common shortfall of lack of adapting an **Integrated CSA** (**C**ash, **S**ales, **A**dministration) business approach.

Capitalizing on one aspect of business solely or more than the others; i.e. adapting a one dimensional approach, currently is a dominant behavior among many businesses. In studying this trend, one should not omit the fact that this behavior is mostly a reflection of decision makers' attitudes within various business entities, where unfamiliarity with all aspects of Cash, Sales and Administration, merely permits them to rely on educated guesses rather than coherently prioritizing one element over the others within a specific business period.

Common factor 2: When faced with fundamental question regarding importance of the most vital criterion, having a coherent plan, business owners' sporadic responses range from "business is at its early stage or not seeking investment, and therefore it would not need a Business Plan" to "At the beginning and/or expanding of business, there was one developed and approved by a financial institute to secure an investment. Beyond that, there is no need for it". According to this business mentality, Business Plan is viewed merely as a short term activity synonymous with documenting necessary data in convincing a lender to grant funds to a business. In turn, disregarding a Business Plan as a dynamic document in guiding it throughout its lifespan is a common pattern among decaying business entities.

Common factor 3: Even among the most successful business entities, unfamiliarity with logical steps between Vision and Goal on a **Business Success Roadmap**, depicted below, and their interdependencies are a common issue. To stress its importance, one may ponder upon the undeniable fact, that, if not known where one is on this path, how would one measure one's success ?



Business Success Roadmap

In summary, for a business to survive constant impacts of realities of everyday business life, and to ensure growth continually, not just continuously, all common factors mentioned previously are required to be simultaneously considered and concurrently addressed. Furthermore, by establishing a rigorous process, **Learned Lessons**, and not just **Lessons Learned**, are to be employed ensuring a stable process. Moreover, success is attainable, if and only if, business is familiarized with foundation of **Business Survival and Growth** methodology to a degree that independently it is capable of pursuing business excellence by religiously practicing its pragmatic fundamentals in an **INTEGRATED** fashion.

Business Intelligence

TRANSFORMING BUSINESS SMARTS INTO BUSINESS INTELLIGENCE

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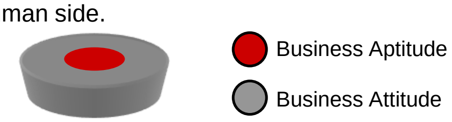
Business Aptitude and Attitude

To many mysteriously and to a few logically, all business entities, regardless of their sizes, and products that they produce or services, which they render, too often experience similar challenges. These common patterns are often systematic outcomes of everyday decisions made by leadership of businesses (Business Owner / Key Decision maker) in reaction to the realities of business life. consequently and Cumulatively, a business becomes a "True Reflection" of its leadership's perceptions and conducts. To explore this phenomenon, hypothetically, if inherent potentials of a business such as its technical ingenuity in introducing a suitable product or its superiority in rendering an exceptional service for the right mark and at the right time is referred to as **Business Aptitude**, then its approach in fully exploiting its potential and streamlining all corresponding efforts to fully blossom its abilities may be referred to as **Business Attitude**; commonly known as "Soft Side of Business". In this regard, if it is assumed that every business has the core Aptitude of becoming successful, then the vital defining factor in achieving this goal becomes its Attitude. This theory is not too far from reality, where with respect to the fundamentals of **Human Intelligence Management methodology**[1] of viewing humanity as a combination of Aptitude and Attitude, similarly, a business may be treated as a dynamic living combination of Business Aptitude and Attitude. Pictorially, the inner core Aptitude of a business entity is controlled, protected, and portrayed by its outer shell, its Attitude; i.e. its human side.



Now, providing one would accept this introductory argument, from the perspective of a business, why must such methodological approach have any significant impact on success of a business? In other words, logically, what is the defining factor in continual success of a business, the hard side; i.e. the superiority of its product or suitability of its service, Aptitude, or the inconsequential element of its soft side, Attitude?

To broaden our perspective, explore the trends, and bridge the gap between scientific world and tangible everyday business life, perhaps it would be appropriate to ponder upon an ordinary business phrase that states "People mainly do business with or buy from the people, whom they like". If reworded properly, it declares that "We buy ourselves in others", and if finally translated once back into technical terms, it affirms that "Preference in conducting business, our Attitude, is directly related to finding similarities, our own reflection i.e. similar Attitude, in someone else". Based on this simple yet realistic analysis, despite all coherent business rules, regulations, and policies in place, and although it may be practiced subconsciously, in your point of view, on an average what is the most fundamental element impacting thousands of business decisions made daily by majority of leaders of various businesses, Aptitude or Attitude?

Moving from this simple analogy to a perhaps more realistic analysis of businesses today, a detailed study of all existing commonalities reveals the considerable impact of element of Attitude on businesses. For instance, if true reflection of business leader's perception of surroundings that is mostly referred to as "Business or Corporate Identity" is observed closely, subconscious domination of Attitude is present everywhere ranging from selected "Business Name", "Logo", "Specific theme and colors for website and marketing brochure" to more complex aspects of the business such as "Defined niche market", and "Business and Marketing Strategies".

Now, the essential question is that generally how aware businesses are of this vital concept? Furthermore, how various programs are designed to recognize it within a business and scientifically take advantage of it? In this regard, statistics show that among large corporations less than 1% consciously have developed professional programs to study and streamline the necessary processes as part of "Leadership Mentoring", "Strategic Planning", and "Effective Marketing". Among small and midsize businesses, unfortunately, this percentage is very insignificant and almost zero.

So, if absolutely vital to the success of the business, what measures are required to be considered by leadership of a business to Define, Measure, Analyze, Improve, Control, and continually reassess the Business Attitude? As leader of a business, Think About It!

1- Human Intelligence Management methodology has been developed by Rahmat Ushaksaraei. All Rights Reserved.

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Business Commonalities

In offsetting the realities of everyday business life, in spite of numerous scientific efforts by various school of business thoughts to develop a one-cure for-all remedy for small and midsize businesses, majority have fallen short in introducing coherent solutions. Learned lesson from these unsuccessful attempts may inspire one to view the issue from a more practical perspective. As result of this change of approach, decision makers of small and midsize businesses then would be equipped with customized and practical survival and growth kits, which include all applicable sets of tools based on practical advice.

In setting this course of action, one is to view the issue from a totally new angle, where its fundamentals suggest that *"We can't solve problems by using the same kind of thinking we used when created them - Albert Einstein".* To comply, perhaps a more coherent attempt may pivot around the idea of striving to first define problematic commonalities among small and midsize businesses without attempting to jump into any immature conclusion by analyzing them in secluded laboratories out of touch with realities.

Pragmatic reviews of various cases for small and midsize businesses have outlined following primary challenges in no specific order. In this regard, once again, although considering the fact that one shoe may not fit all and intensity of any of the outlined issues may differ among businesses, undeniably, every small and midsize business is challenged with them to an unspecified degree:

No	Primary Challenge
1	Inability to focus on generating new business
2	Spreading time across multiple projects / roles
3	Dealing with limited resources
4	Running business more efficiently
5	Not having enough time to focus on personal passions

Combined with elements of complexity, competitiveness, and volatility of various markets that may dictate allocation of additional time and energy by key decision makers of small and midsize businesses, fundamentally, these primary challenges are reflection of the element of "Business Attitude"1. Otherwise, providing all these scattered various pieces of puzzle, namely primary challenges, were put together to complete the overall picture, what would they be collectively portrayal of?

To explore any commonality, let us dissect each primary challenge by providing its particular practical business translation:

Primary Challenge	Translation
Inability to focus on generating new business	**Decision Maker is multi-tasking** and undertaking roles that otherwise may not be suitable.
Spreading time across multiple projects / roles	**Decision Maker is multi-tasking.**
Dealing with limited resources	To compensate for lack of proper resources, **Decision Maker is multi-tasking.**
Running business more efficiently	Due to lack of self sufficient system and/or appropriate responsibility delegation, proper resources, **Decision Maker** is the centre pillar and therefore **multi-tasking.**
Not having enough time to focus on personal passions	Due to lack of proper system in place, **Decision Maker is multi-tasking** and is allocating even personal time to offset inefficiencies.

Reviewing the above, although it is evident that "Decision Maker's Multi-Tasking" is a Common CAUSE, it is vitally important to go beyond the CAUSE, and specify a single SOURCE for it. Exploring the single commonality and addressing it at its various stages of progression is the most vital key in either success or failure of every business. Considering its importance, in your opinion, what is this Common SOURCE in every business?

1- Business Aptitude and Attitude, Business Intelligence - April 2007 issue.

Business Intelligence

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Marketing and Branding; Myth or Reality?

As one look at similarities among marketing campaigns in similar industries, an interesting emerging factor is the common idiom and language employed by many to define the superiority of a product or service over other ones in market. Dwelling longer on this issue and digging deeper reveal that it seems all marketing themes are driven by the same school of thought; i.e. a mimic. For instance, think about the word “Leader” and its application in the world of marketing. If one select either a single product or service and slice through number of firms rendering the service or producing the product, one would easily realize that it has been claimed by almost all that one way or the other they are the “National and/or International Leader” subject matter of the service or producer of the product.

As a self promotion, although it may be acceptable by any business to perceive its product / service as number one in market, it defies every laws of nature, where simultaneously all are “Leaders”. Otherwise, from any simple logical perspective, upon comparing services rendered and products produced by all, only one may be truly fit to wear the crown of “Leadership”.

Moreover, to compensate for ineffectiveness of traditional marketing practices, although some industries have introduced “Branding” as a trendier slogan, in essence, has it really paved a new path or just has added another coat on top of the existing ones?

Considering the above argument, to add some common sense to practice of marketing / branding, one may need to take a pragmatic approach by asking the vital question of: “what is the main purpose of marketing / branding?” Although it may seem a trivial approach, responding to this profound question streamlines many efforts that otherwise only may produce passive results. To focus our thoughts, let’s imagine that all would agree on one point that the target of any marketing / branding campaign is to finally entice end users of a service or product to either adapt or acquire it. Accordingly, we may need to take an untraditional approach, where it recommends to analyze this issue from perspectives of end users.

This decisive and conscious change of perspective, also known as Reverse Engineering in some business sectors, is synonymous with defining an achievable target, and simply analyzing the necessary steps backward to where one is today. Providing steps mapped out properly, going forward towards the goal would be far more successful than walking blindly in various directions without ever nearing the objective. In this regard, to set your business apart from the crowd, considering your target market, what are the pragmatic basic steps backwards to the specific service rendered or product produced by your business? Think about it!

While exploring this concept, let’s consider the subsequent question that if so simple and coherent, why majority of existing marketing / branding campaigns are either go over budget without attaining measurable results or become a grinding wheel in that they merely exhaust vital business intelligence that otherwise would have been useful elsewhere? To explore this issue further, let’s consider the following simple example: If a crowd of 100 people were asked to picture an “Apple” in their minds, what would be the chance that all would picture a “Green Apple”? Logically, the maximum percentage for “Green Apple” be the prime choice is limited to 100 divided by as many different known types of apples. Now, if the same crowd were shown a “Green Apple”, what would be the possibility of everyone exactly guessing whether it is sweet or sour? In reality, unless everyone has a piece to taste, chance is merely 50% for both cases. Interestingly enough, even upon tasting it, based on each person’s perception regarding sweetness and sourness, final result may vary significantly.

Although the specifics of the phenomenon of human behaviour is beyond the scope of this article, the enormity of its impact on success of any marketing / branding activity is an omitted factor among even subject matter experts. Otherwise, for our purpose, the above example depicts a simple analogy between any marketing / branding activity and broadcasting the word “Apple” to an audience with each and every member having a specific degree of perception about the item and an unpredictable reaction to it. Furthermore, parallel to patterns of similarities among the audience’s reaction, simultaneously, sharp differences will be also evident.

So, in your opinion, is marketing / branding reality or myth? Is it an art or a science? Is it an off-shelf remedy suitable for all or a case dependent activity? Finally, what are the undeniable keys to its success? Think about it!

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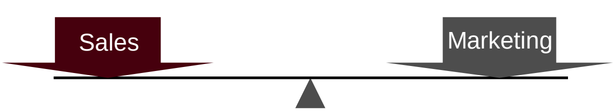
Sales & Marketing; Friends or Foes?

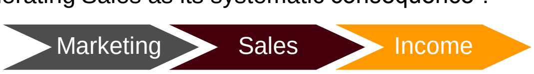
As the result of realities of everyday business life, decision makers of small and mid-size businesses too often struggle with concepts of Sales and Marketing, take them literally, experience costly failures, and eventually loose control over these crucial elements in their businesses. As it was not challenging enough, in an ever evolving market, a trendier concept known as “Business Development” has been introduced into business dictionary. This new phenomenon is intended to offset some of the shortfalls of traditional Sales and Marketing approaches, and is being constantly promoted by some practitioners as a key difference between a dynamic Sales and Marketing and other older methodologies. Otherwise, study shows that some of continual misfortunes with Sales and Marketing among businesses are merely the consequence of their own misconceptions regarding these two sensitive elements and their interdependencies. To dissect this matter, firstly and without any prejudice, let us merely outline current common perceptions among businesses:

Perception 1: Although considered as independent elements, both Sales and Marketing are viewed as necessities of business. Also, their relationship is regarded as a counter-balancing act. Therefore, importance of focusing on one at any given time is dictated by measuring which other one has already tilted the business balance scale to its favour. Thereafter, focus will be shifted to the other side in order to bring business scale back to balance:



Business Balance Scale

Perception 2: Business has a one directional approach and historically argues the importance of Sales versus Marketing. Generally, one side believes that “Marketing is the backbone of business and is the key factor in generating Sales as its systematic consequence”:



On the other hand, the opposing side insists that “a strong traditional Sales approach maintains a business, and if it is done properly Marketing is not required”:

Perception 3: A more non-traditional approach views Sales and Marketing as continually complementing elements of product / service life cycle into the market:

Now, considering these three perceptions, to clarify uncertainties and paving a new pathway, let us view Sales and Marketing from a totally different perspective. To comply, by utilizing a reverse logic, let us focus our attention purely on “effects” of their absences in everyday business life. This is accomplished by providing response to questions such as: “What is the impact, if either Sales or Marketing is omitted by a business?”. The answer:

Sales: Even for the most superior product and/or service rendered by the most technologically advanced business, it is obvious that absence of Sales will not generate any business income. Undeniably, business will experience a **tangible** impact throughout.

Marketing: Due to its **intangible** nature, unless after-sales survey is conducted, impact of Marketing is not readily measurable. In other words, unless in each and every case that Sales occur an in-dept analysis is conducted to relate it to a single and/or compound Marketing activity, it is almost impossible to narrow down the contribution of Marketing. Considering this fact, in your opinion, what would be the impact, if Marketing is totally disregarded by a business?

In summary, to depict the delicate interdependencies between Sales and Marketing, it would be useful, if one view a **business** as an **orchestra**. Then, the **symphony** that it plays is its **product/service**, all the **musicians** and their **musical instruments** combined represents its **Sales**, and the **conductor**, who despite nonparticipating role in playing an instrument orchestrates pleasant delivery of the notes to the audience, is its **Marketing**.

Considering what was discussed so far, the remaining fundamental question is that how interdependencies by a business are to be set between the two vital elements of Sales and Marketing to ensure success? Think about it!

Business Intelligence

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Element of Time within a Business

In conversing with the key decision makers and business owners of small and mid-size businesses, regardless of the nature of the products produced or services rendered, I am often asked to provide an unbiased and educated guess regarding the duration of certain activities within their business. Generally, the main inquisition involves an estimated duration for rectifying an existing issue, embarking on a particular business initiative, or launching a new product / service for a specific market.

To put a tangible spin on the issue of “Time/Duration” in achieving an objective:

1- Initially, a response to the following question is sought from the decision maker: “Considering current status, what are the targeted start and desired completion dates?"

2- The duration provided from the above question is multiplied by a magic factor of SIX.

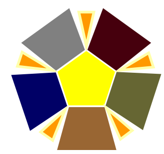
3- The result of this multiplication is the estimated duration for achieving the goal.

Often puzzled by this response, most decision makers usually request justification. Simply put, the presented logic is that in a small and mid-size business:

a- Regardless of both the number of employees at various levels and the internal Human Intelligence structure, at the end of the day, all final decisions are made by the key decision maker; i.e. the business owner.

b- Therefore, a decision maker is simultaneously a “CEO”, a “VP of Finance”, a “VP of Sales & Marketing”, a “VP of Administration”, and finally a “Family Person”, e.g., a spouse or a partner, a father or a mother, a son or a daughter, a brother or a sister, or a friend to someone. So, collectively, a decision maker is a **FIVE Dimensional Interactive Decision Making System** dealing with details of all five elements. Now, as we know, most people can not concentrate on more than one issue at any given time. Moreover, during the process of shifting focus from one issue to the other, we tend to naturally dissipate time and energy; i.e. the sixth element.

Consequently, at each and every moment, a decision maker is a **SIX Dimensional System** that is logically capable of allocating 1/6 of his or her overall capacity to an issue. In other words, a multiplication factor of SIX is required to portray the real total time spent by a key decision maker of a business in completing the entire task. Pictorially:



- Decision Maker
- CEO
- VP - Finance
- VP - Sales & Marketing
- VP - Administration
- A Family Person
- Dissipated Time & Energy

So, in today’s ever evolving market, it may not come as a surprise that the majority of businesses are struggling with either resolving simple business issues or introducing new initiatives to their specific markets at the desired rate.

In response to this challenge, possible countermeasures among small and mid-size businesses are as follows:

1- Group 1: Business consciously continues on the same path until it reaches a complete halt. Eventually, it experiences total failure in responding to market. As a result, business has no other choice than closing its door.

2- Group 2: In a totally reactive mode and without considering the complexity of soft side the business, Human Intelligence Management[1], it merely acquires personnel to fill existing gaps in the overall business jigsaw puzzle. In the long run, this approach contributes to increased overhead costs without producing measurable, tangible results; it does not address the decision maker’s original dilemma of multi-tasking.

3- Group 3: Key decision maker devises a logical plan of action where, with assistance from experienced and professional sources, the business acquires a time-limited and coordinated flow, in and out of the business, of the right kind of expertise. During this process, if and only if necessary, permanent positions will be created to address inherent issues on a long term basis.

Now, considering the above sensitive arguments, as the key decision maker of a business, where would you and your business stand today? Where does your business need to be tomorrow? What is being done about it? Think about it!

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Managing Business Relations

In contrast with adequate and abundant time, energy, and resources allocated by large corporations to Public Relations, majority of key decision makers of small and mid-size businesses are commonly challenged with managing their basic business relations. Generally, this challenge ranges from preserving current business relations with existing clientele, internal parties, and outside sources to developing new ones. On the contrary, among few small and mid-size businesses with successful track records in public relations, it is a norm to develop business relations even at its most simplest form and nourish it to its full blossom. In other words, nurturing business relations is viewed by serious businesses as a long term investment, and maintaining its health as a critical element in ensuring a prosperous Return On Investment (ROI) in a long run. Pictorially:

- Key Decision Maker
- Clientele Business Relation
- Outside Source Business Relation
- Internal Parties Business Relation
- Return On Investment (ROI)

Among both struggling and newly emerged small and mid-size businesses, this simple yet essential rule is too often overlooked. The depth of this business misbehavior is to a level that based on a conducted study, almost less than 1% of key decision makers, who attend a business and/or lead generating networking event would either send a courtesy follow up note or respond to one. In this regard, although it may be quite acceptable for a key decision maker to prioritize his/her activities and/or filter communications, the irony is in their continual dissatisfaction with slow growth of their businesses where "others are reluctant in referring potential business opportunity to them!"; i.e. almost omitting the known phrase that "*One harvests what one grows!"*

Now, although developing and managing business relations may seem as trivial activities, since they heavily rely on fundamentals of Human Intelligence Management[1], to perhaps refocus our thoughts, let us concentrate on the following questions:

1- What is the importance of a Business Relation?

In an ever evolving, ever changing, and globalizing economy it becomes more apparent than ever before that *whom one may know* is as important as *what one may know*. Considering this inevitable change of trend in any market put under magnifying glass, the common undeniable factor among successful businesses is the qualitative, not quantitative, aspect of their circle of influences. In summary, in this day and age, business relation is a make or break factor.

2- What is an appropriate Business Relation?

A business relation deals with soft side of business known as human aspect. To ensure the success and longevity of a business relation, this sensitive interaction is required to be structured on the very essence of humanity; i.e. on the element of *sincerity.* In other words, if it is not a *genuine* intention, business relation merely serves as a short lived interaction with short term return. Simultaneously, setting short lived expectations, and mistakably taking a business relation as another blind marketing and/or business promoting opportunity, may not be a viable option. Therefore, a business may not be disappointed with a cold response to a systematic and lifeless sending of even the most expensive gifts on various occasions.

3- To what degree, a Business Relation is required to be maintained?

Considering it as a genuine friendship, business relation is a life long two way commitment, which is required to be tailored and groomed specifically and case by case, where not one remedy is a cure for all. Also, considering its long term ROI aspect, the degree of return is proportional to the level of sincere efforts put in to it. This undeniable criterion in fact is utilized by successful key decision makers of small and mid-size business entities as a guideline in maintaining the required degree of interactions.

Now, considering above arguments, how well are your Business Relations structured and maintained?

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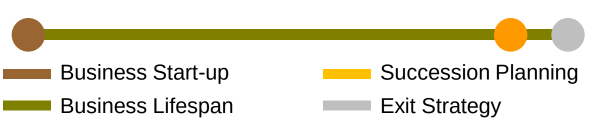
Scare of Succession Planning & Exit Strategy!

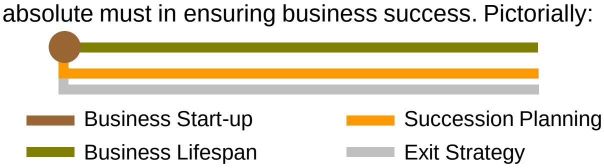
To majority of small and mid-size businesses, conversing about **Succession Planning** and **Exit Strategy** is synonymous with discussing the contentious topic of **Funeral Arrangement**. Consequently, engaging in these sensitive business necessities is avoided throughout the lifespan of a business until the **Right Time** is finally here. Now, at this mythical *Right Time*, although it would be absolutely acceptable, if reacted efficiently and adequately, the unfortunate common story among businesses is the failure to address all necessary issues on hand. As a result, commonly, inherent potential of a business is undervalued and consequent inevitable financial impact on the business is enormous.

As a complementing factor, conducted study regarding efficiencies of businesses at such right time has revealed similar results. In specific, when the issues of succession planning and exist strategy became serious topic of discussion for businesses in various sectors, in 100% of independent cases, it was either too late for planning prosperous gateways or became almost impossible to revive true values of the businesses.

In essence, the practiced business model, which supports this mentality would not view either succession planning or exit strategy as a dynamic and interlinked component of a business roadmap to success. On the contrary, these elements are merely viewed as eventual, isolated, and unfortunate business milestones, which reaching them are prolonged and delayed as much as possible. Pictorially:



On the other hand, among minority successful small and mid-size business entities, dealing with succession planning and exit strategy is synonymous with preparing a **Business Will** rather than arranging a funeral. Followers of this business model view succession planning and exit strategy as intricate, parallel, and overlapping components of a business, which start immediately right after, if not at the business startup. Also, these elements are viewed as absolute must in ensuring business success. Pictorially:



To explore these phenomena further, let us dwell on the following questions:

1- What are Succession Planning and Exit Strategy?

As their names suggest, inherently, they are plans and strategies. Similar to any standard plan or strategy, they are comprised of sequential, pragmatic, and logical events with a coherent scope, initial starting point, inherent milestones, dynamic quality check points and loops, phase closures, and time-based achievable goals.

2- Are Succession Planning and Exit Strategy reactive or proactive planning?

Similar to any plan, succession planning and exit strategy may be of either reactive or proactive nature. The degree of their effectiveness in either case is totally different. In a reactive mode, any plan is trailing the events that have either occurred or have been occurring. Therefore, it is continually striving to catch up with the events and control their impacts. On the contrary, in a proactive mode, by logically anticipating them, the plan is preceding the events that are still to happen. In terms of effectiveness, to show the difference, perhaps the famous quote of "No one plans to fail, yet many fail to plan" is a simple analogy describing this phenomenon. In such case, proactive mode prevents one from "failing to plan", otherwise "failing to plan" forces one into reactive mode of dealing with outcomes.

3- Are Succession Planning and Exit Strategy isolated milestones / incidents in lifespan of a business?

Although in majority of cases they are treated as such, in reality, they are intertwined and extended elements of a dynamic **Business Plan** and are required to be revisited, reviewed, and modified as often as necessary in order to be realistic portrayals of a business during its lifespan.

4- When is the *Right Time* for initiating Succession Planning and Exit Strategy?

The *Right Time* for initiating succession planning and exit strategy is at the time of preparing a business plan for a business start-up. If omitted, an accelerated approach is needed to be implemented to compensate for the lost time.

Now, considering above, at what stage is your business?

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Business Partnership; Art or Science?

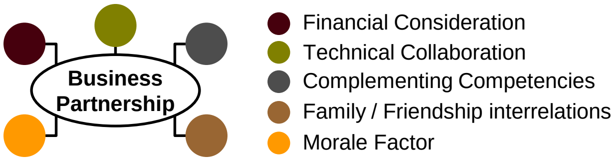
Among Small and Mid-Size Business (SMB) enteritis, the number of successful businesses inherently structured as Business Partnerships are almost equal to the ones with partnership as their weakest business links and main cause of their eventual failures. Furthermore, studying the related cases makes one wonder, if forming a business partnership is a science or an art. To examine this phenomenon and formulate a pragmatic roadmap for forming successful business partnership in each and every case, one may strive to first outline various common patterns found among businesses today. To do so, let us consider the following question:

Among SMBs, what are the common fundamental reasons for forming business partnerships?

Although forming a business partnership may be a combination of various elements, if dissected enough, the single dominant reason is one of the following:

1- Financial Consideration
2- Technical Collaboration
3- Complementing Competencies
4- Family / Friendship Interrelations
5- Morale Factor

Pictorially depicted below, these categories are further defined as follows:



1- Financial Consideration: Inadequate funds to start a business independently, or limitation of cash flow in securing growth of an existing one or embarking on a new venture is the basis for forming a business partnership.

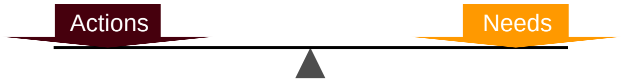
2- Technical Collaboration: To attend needs of a specific market via producing a product or rendering a service, technical / knowledge based collaboration among common expertise is a factor in considering business partnership.

3- Complementing Competencies: To address all aspects of a business, various expertise are needed, which may not be possessed by an individual. Therefore, in engaging other complementing competencies, adapting a business partnership is viewed as the logical solution.

4- Family / Friendship Interrelations: Often enough, for no other reasons than family / friendship ties, this factor becomes the essence of forming a business alliance.

5- Morale Factor: In some cases, as one would feel more secure in not taking the plunge alone, likeminded parties find added confidence in embarking on a business journey via collaboration.

Now, without disputing the advantage of one category over the others, generally, their common objective is to address the needs of a business. In other words, when a business is considered as a scale, among all necessary actions, forming of business partnership is an activity, which is designed to counter balance certain inherent business necessities. Otherwise, any imbalance jeopardizes the integrity of the business as a whole. Pictorially,



Generally, **Scientific** macro **Needs** of all SMBs are **CSA**:

1- Cash (Finance)
2- Sales (Sales / Marketing**)**
3- Administration (Technical aspects & soft side)

From above, it is evident that regardless of the type of a business partnership, its main purpose is ought to be simultaneously addressing the corresponding elements of CSA in order to maintain the business balance. So, in formulating a pragmatic set of criteria for a successful business partnership, what would happen, if one reverses the process and lay the foundation of a partnership based on acquiring necessary intelligence and expertise for encompassing all areas of CSA needs? Digging deeper, would not this approach be one of the elements of a continually evolving Business Plan? Think about it!

Finally, the remaining mystery is that,

Why not all scientifically formed business partnerships are successful?

Study shows that reasons are rooted in **Artistic** nature of a business partnership and are direct impact of commonly omitted element of Human Intelligence Management, which is an essential factor in finding the right partner(s).

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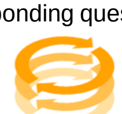
Leading versus Managing a Business

Despite the numerous assignable titles such as President, CEO, COO, CFO, Principle, Principal, Managing Director, Managing Partner, and Owner to the Key Decision Maker of a business, undeniably, decisive success factor is the major role that the person behind the title plays in the business. In specific, specially among small and mid-size businesses, the direction that a business may take is inevitably a reflection of the key decision maker.

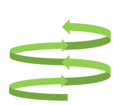
Consequently, considering the importance of such role in today's ever-changing market, coherently, one may ponder upon the key characteristics that a successful key decision maker possesses, strive to formulate its fundamental elements, test and try it, and eventually master it.

In this regard, study shows that commonly the key difference between successful and unsuccessful key decision makers of small and mid-size businesses is in the "Style" of engaging in the business. Specifically, either one "Lead" a business or "Manage" it. In this regard, the word of caution is that facts and fictions regarding the concepts of Management and Leadership are so intertwined that from one hand they are considered synonymous by many and from the other they are viewed as two opposite poles of a magnet. Yet, the obvious distinctive and often overlooked difference between two is that: "*Management is two-dimensional and Leadership three-dimensional.*"

To formulate this basic difference, explore its vital importance, and gain a profound understanding about it, let's consider the following depictions and their corresponding questions:



Management (Layered)



Leadership (Spiral)

1- Specific to small and mid-size businesses, what are the definitions of Management and Leadership?

Management: Includes adapting all necessary measures to exploit total potential of a business at a given phase (layer) in order to secure the business growth.

Leadership: Encompasses many aspects of a comprehensive Management with specific talent in connecting business layers in order to create a spiral path.

2- What are the distinctive differences between Management and Leadership?

In a Management style of approach, the business growth path is viewed and treated as individual layers. Although sequential, these phases are disconnected. Therefore, the path for success still remains flat and two dimensional. Furthermore, it often requires significant time and energy to realize the next layer, recognize its viability as a business growth direction, align all necessary elements within the business, and take the leap to reach it.

Compare to Management, Leadership entails the vision, potential, and ability of breaking through layers, and connecting them at the right time in order to create a continual three dimensional spiral business growth path.

3- Among small and mid-size businesses, what are the significant characteristics of Managers and Leaders?

Among thousands, some of the key characteristics are:

Manager	Leader
Task and detail oriented.	Goal and Objective Oriented.
Quantity , Profile, and Experience Oriented.	Quality and Achievement Oriented.
Very busy & hardly interested in exploring opportunities.	Always available & eager to explore opportunities.

4- Is a business required to disregard its Management and blindly replace it with Leadership?

Absolutely not. Although Leadership is regarded as an essential complementing factor to Management, it is never to replace it in the day to day business activities. Simultaneously, the fine line is that although a business may be privileged with a very strong Management, which makes it very successful at any given layer of its growth, the deficit would be in the "breaking through" characteristic that is a well defined charisma of Leadership.

5- Is there a cross-over opportunity between the two?

Yes; at the same time that one may relate this issue to the famous myth that "*Leaders are born, not made!*", realities have proven otherwise. Furthermore, to secure a long term continual business success, for a key decision maker of a business, who lacks a board of advisors, being able to cross over and become a Leader is an absolute must.

Finally, what is your role in the business, Manager or Leader? How would you gauge it? Think about it!

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