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Communique

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Dear Business Colleague,

Complimentary Articles, Business Case Discussions, and Responses to Frequently Asked Business Questions featured in monthly issues of the one-page, and fast-read **BSI Communiqué** are the collective effort of the Accredited Senior Executive Associates in providing practical and comprehensive solutions to the most common needs of the small and mid-sized businesses.

For more information on Business Support Initiative, please click below:

Business Support Initiative

Sincerely,

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Article Collection 2010

Increasing Sales; Art & Science!

In a competitive market, inevitably, one of the fundamental elements in both ensuring the survival and securing the growth of small and mid-size businesses is stability of their sales and continually increasing them. Although many observations in real cases have shown that majority of the key decision makers of small and mid-size businesses are totally aware of this fact, yet only a small percentage are raising the bar in implementing strategies, which go beyond the traditional methods of sales.

In this regard, the basic questions are: **Is “Selling” an art or science?** and **What are the practical key factors in developing a successful sales strategy and mastering its execution?**



Rahmat Ushaksaraei
Accredited Associate of
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Our Response:

“My reasoning they may counter; my speech they may distrust, my apparel they may disapprove; my face they may reject; and even my bargains may cause them suspicion; yet my love will melt all hearts liken to the sun whose rays soften the coldest clay”. - “The Greatest Salesman in the World” by OG Mandino

Undoubtedly, all successful sales stories will have one factor or the other that collectively leads us to believe that selling is partially an art, which one needs to master.

Furthermore, where all logics fail, although the art of selling may be different from one person to the other, the successes are always thriving on the hidden, common, and powerful underlying element of “being genuine” in delivering the sales messages.

In reality, this concept is not too far from realizing and appreciating the importance of the basic building block of a successful sales that emphasizes: *“Until we know that one truly cares about us, we do not care what he/she knows or offers”*. If ever in doubt, to discover this phenomenon in your business, review your previously executed sales campaigns and measure the performance of your sales entity in relation to the individuals, who were involved.

Now, if selling is an art, why we keep coupling it with the word “Strategy”?

To answer this question, we would need to analyze sales

from a scientific point of view. To assist us in this process, let’s think about the following question:

If the same product or service is sold by two different individuals at the same price and with the same quality, why would we choose one over the other?!

The mystery lies in how our brain process issues and the science behind it that is well explained by the concept of **Herrmann Brain Dominance Instrument (HBDI)**. This revolutionary concept was developed by Ned Herrmann, a genius in the study of the brain theories, and it measures and expresses our unique individual thinking preferences.

Accordingly, by mapping our brains into four distinguished quadrants, and depending on our dominant brain quadrant, which translate into our behaviours, we would feel connected or comfortable with one and may distance ourselves from the other; in simple terms we refer to as “we clicked” with the person. So, even in developing a successful sales message, we need to consider the fact that it is required to simultaneously reach four different audiences, be acceptable by all, and impress them.

In summary, only by developing a coherent sales strategy that encompasses and appreciates both art and science aspects of the sales, favourable results will be achieved.

To reach us, please [click here!](#)

Communication; Limits and Boundaries!

For the large business entities, normally preset hierarchical principles mandate the communication of the business affairs internally. Furthermore, their external communications follow established protocols. Unlike this systematic approach, small and mid-size businesses normally take a common and more relaxed approach towards the issue of communication.

Although the issue of communication among small and mid-size businesses is needed to be considered totally dependent on their specific inherent natures and special internal setups, are there limits and boundaries that are required to be respected by all? Moreover, is there a common principle that may be adhered to by all?



Rahmat Ushaksaraei
Accredited Associate of
the Institute for Independent Business

Our Response:

Communication is undoubtedly the most important element in human interaction and first building block in developing relationship. Communication presents itself in many shapes and forms, and the dissemination of a message resulted by it relies heavily on a medium and a disseminator. Also, more importantly, one way or the other communication impacts our daily lives either directly or indirectly.

When it comes to small and mid-size businesses, the sensitivity of communication exponentially increases. In this regard, to analyze its importance and impact, although the communication for a business consists of two factions of internal and external, for simplicity of discussion we would focus on the internal one only.

Since every business is comprised of three main components of **CSA** (**C**ash/**F**inance, **S**ales/**M**arketing, **A**dministration), in the absence of a practical communication system, the simple issue of “who would need to know what” remains a mystery and often problematic. Moreover, even those small and mid-size businesses, which seem to benefit from semi-sophisticated hierarchical management systems, still show signs of great difficulties in keeping their communications in order; let’s see why!

When it comes to the issue of communication, extensive observations have shown that small and mid-size businesses are of two following distinctive types:

1- Too-Closed: Line of communication is either broken or intentionally closed. Mainly concerned with protecting the

secrets of a business, the common management style is that only the key decision maker and his/her limited close confidants are aware of the key business affairs.

2- Too-Open: Taken the concept of the “Open Communication” literally, too much information are floating around and everyone knows almost everything about even the most sensitive affairs of the business.

In a tangible analogy, if a business viewed as the combination of meshed gears, a too-closed communication is allowing it to run without lubrication. On the other hand, a too-open approach is equal to excessively lubricating it. Logically the first approach causes the gears to jam, and the latter allows slippage.

Considering these two opposing ends of the communication spectrum, one would agree that a practical and coherent communication practice is required to be a balanced approach. Within this balanced system, regardless of the number of staff onboard, a well thought of communication strategy is to be developed. This is to ensure both securing the valuable secrets of the business and yet continually keeping all parties within the business informed with the issues to a level, which is related to their functionalities and their contributions to the overall system.

In summary, since “no one plans to fail, yet majority fail to plan!”; where a communication plan would benefit a business in the long run, why would one hesitate?! Now; how is the communication in your business? Let’s talk!

To reach us, please click here!

The 7Ps of Services Marketing!

We all have heard about the '4Ps' of marketing, yet what is difference between marketing a product and marketing a service? Also, what are the '7Ps' for services marketing?



Ken Jure
Accredited Associate of
the Institute for Independent Business

Our Response:

We are all familiar with the '4Ps' of marketing: **Product, Place, Price and Promotion**. The nature of delivering service requires the consideration of **three additional 'Ps'**: **Physical evidence, People and Process**. Unlike goods, services are largely intangible, and potential customers cannot rely on product specs, colour, fit, feel or style or other tangibles. They must find other 'cues' about your service and its quality.

Physical evidence is anything tangible that a consumer can see, and touch. The physical facility you operate in – the 'servicescape' – is the most obvious cue. Customers will make judgments based on the appearance of your store or office. A high end restaurant with a pot holed parking lot may discourage customers from even entering. Likewise, a law office furnished with old worn furniture tells a potential client that the lawyer is not very good. Physical evidence also includes things like business cards, invoices and billing statements. They should have a consistent look and communicate your brand. And ensure your website is consistent with your other physical evidence – it too is part of the physical evidence.

All services depend on their people to deliver a good customer experience. Employees provide cues to service quality through their appearance, attitude and behavior. An excellent service can be ruined by poorly trained or demotivated employees.

Even employees that may have little or no contact with

customers can affect customer perception such as baggage handlers and the people cooking your cheeseburger. Thoroughly training employees and providing them with some level of discretion to resolve customer objections is important to ensure a better customer experience and keep your employees engaged in your business.

No customer wants to 'jump through hoops' in an apparently needless administrative process. Process is an important aspect of any service offering. The service provider should avoid designing a process that is solely to the provider's benefit. Customers and employees alike will look for short cuts to avoid delays or frustration. Cynical customers will view awkward processes as a sign of cost cutting or lack of interest in the customer's needs. Performing a service more quickly, efficiently and effectively can be a competitive advantage.

Every service needs to consider the '7Ps' in their marketing. By understanding how customers priority rank the 'Ps', a business can create a unique selling proposition to differentiate them from the competition. And don't believe that customers are only interested in price. A 2008 Harris Interactive report showed that consumers rated outstanding service as extremely important more often than they did price. Competing on price destroys differentiation and profits. With a sound marketing approach and execution, price becomes secondary to the customer.

Can I Franchise my business concept?

There is no doubt that Franchising is a proven growth strategy, but can any business be franchised?



Peter G Thompson
Accredited Associate of
the Institute for Independent Business

Our Response:

Our Response is provided in 2 parts. Part 1 of 2:

Definitely not; As a rule, a concept can be considered "franchisable" if it meets four basic criteria:

- 1- It can be reproduced**
- 2- It is profitable**
- 3- There is an added-value to the potential franchisee**
- 4- You have the financial resources to support a franchise system**

It is important to understand that, in most cases, potential franchisees are not entrepreneurs themselves. Typically, they are employees of other businesses wishing to improve their current situation and want to own their own business but realize they do not have required business or industry experience. They join a franchise system to provide them with guidance and support to achieve their goals.

Criteria #1: The business can be reproduced

Don't launch an unproven business and certainly don't expect a franchisee to do what you are either unwilling or financially incapable of doing yourself.

As a rule, before considering franchising to expand, your concept should be operational for at least three years with a second unit opened with similar success as the first one.

It must be able to be wholly replicated .

Criteria #2: The business is profitable

The second criterion is about return on investment and profits. It is extremely difficult to franchise a business that is not profitable.

Before launching a franchise system, careful analysis must be made to ensure that there is enough profit for both parties. The balance of profitability for the franchisor and franchisee is a fine line but franchising is a symbiotic relationship and one party cannot take advantage of the other one and expect to survive.

Criteria #3: Added-value to potential franchisees

Some franchise offers seem to suggest a franchise is something that anyone with a reasonable mind can do by themselves. The problem with that is, of course, perception. Why would a franchisee pay an initial fee and ongoing royalties for a business that they can start themselves?

The "added value" can be training, support, brand value, pricing, marketing or consumer experience. You may think a doughnut is a doughnut but there are key differentiators: so what attracts potential franchisees to one brand as opposed to others? **Response Continued in May 2010**

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Peter G Thompson
Accredited Associate of
the Institute for Independent Business

Our Response:

Our Response is provided in 2 parts. Part 2 of 2:

Criteria #4: Are you the right fit as a franchisor?

Another common misconception that would-be franchisors have is that capital will come entirely from franchisees. This perception is incorrect. There will be a requirement to get your 'franchise act' together before attracting people to your concept. You will need to invest in analysis, legal documentation, marketing documents to present your concept, advertising to promote your franchise, and resources to handle inquiries, training and support. When candidates come to you and before they are willing to invest, they will expect that you have everything set up to run this business.

So having met all the criteria, do you launch your business as a franchise? A couple of more questions to ask yourself first:

- **Are you the type of person that needs to be in complete control all the time?**
- **Are you the type that cannot stand to share anything with anyone else?**

If, in your mind, people are a necessity that you could do without and you dream of the day when you could clone yourself, franchising may not be your thing.

Franchisees are partners in your business. They have invested their time and, in most cases, a lot of their own money to own a business. If you cannot accept that franchising is about relationships, sharing ideas and working together, this business model is not for you.

As for what type of business can be franchised, there is great news. Franchising has expanded over the years from restaurants to a large segment of retail and services. Today, there are "bricks and mortar" systems in areas such as food, retail, automotive, business-to-businesses, pets, beauty and more. Home-based franchises provide "blue collar" and "white collar" services ranging from maintenance, cleaning and accounting to teaching, training and internet services. The Canadian Franchise Association (CFA) website lists over 46 categories of franchise offerings in addition to an "Other" category!

The bottom line is that franchising is now a worldwide industry with 17,500 franchise systems, 1.2 million franchisees and 12.5 million employees generating US \$1.4 trillion annually.

It is definitely worth considering franchising as a growth strategy for businesses in Canada, provided of course that you meet the criteria.

The importance of Launch Plan in a business!

Although the importance and value of a pragmatic Business Launch Plan is apparent to all experts, unfortunately, among small and mid-size businesses, it is one of the most disregarded and underappreciated elements.

To perhaps dissect this issue further, the main questions are as follows:

- 1- What is a Business Launch Plan?
- 2- Why is a Business Launch Plan important?
- 3- What are the impacts, If Launch Plan is omitted?



Rahmat Ushaksaraei
Accredited Associate of
the Institute for Independent Business

Our Response:

1- What is a Business Launch Plan?

In its most simplistic form, a Business Launch Plan is a macro level Road Map in taking a business concept to market. In a format of fishbone diagram, it normally contains a clear set of achievable targets, a realistic starting point, macro level key dates including the critical ones, and activities and tasks with assigned bodies, who are responsible for accomplishing them. In its more sophisticated form, for each task the **5Ws** (**What**, **Why**, **When**, **Who**, and **What Cost**) are also well defined.

2- Why is a Business Launch Plan important?

The reason is twofold:

a- Defining all key elements is a reality check that an objective is well understood, is time-bound and is within reach. In specific, inclusion of the 5Ws ensures accountability for the responsible individuals and measurability of their performances.

b- If designed properly, a business launch plan allows gaps and shortcomings to surface early enough. Consequently, addressing the gaps, often referred to as risks, allows to proactively mitigate them before their emergences or at least minimize their impacts, if appeared later on.

3- What are the impacts, If Launch Plan is omitted?

Considering the essence of discussion so far, it is evident that omitting to design and implement a coherent launch plan will be the basis for delay or failure in introducing even the most suitable product or service to a targeted market.

Now, would you have a product or service that has been launched, being launched, or will be launched shortly?

- In case of the launched product or service, what was the rate of emergence of unexpected and unaccounted for surprises? Did the launch plan consider the **3F** (**Form**, **Fit**, **Function**) criteria? Was it launched, when market was ready or enormous unexpected marketing costs were burdened after fact to create the market bubble?

- In case of the one being launched now, overall, is it on target and all tasks are being completed on time, on budget, and within expected quality or some are being left behind because the time is running out?

- In the case of the one that will be launched shortly, what is the result of the market intelligence analysis? Is it supporting the launch of the product or service and the defined activities within? Are the tasks realistic and assigned adequately? Are the performances measurable?

If in doubt, please [click here](#) and let's talk!

Six steps of launching a product or service!

In coaching some of the most talented businesses, more than often, I am fortunate enough to contribute to the launch of a new product or service into a market. Commonly, the existing trend among all cases are :

Either the product /service is already in the market and numerous unfinished and critical tasks are tailgating it or launch is dragged to a point that it totally misses the opportunity of an adequate market penetration. Considering this issue, the key questions are:

- Is there a process for launching a product or service into a market?
- What are the key elements of such process?



Rahmat Ushaksaraei
Accredited Associate of
the Institute for Independent Business

Our Response:

There is absolutely a process for launching a product or service, and it entails the following macro level steps:

- 1- Market intelligence analysis
- 2- Launch Plan development including Gates
- 3- Market test & feedback analysis
- 4- Initial launch & feedback analysis
- 5- Ramp-up & feedback analysis
- 6- Full launch & feedback analysis

By merely scratching the surface of this important issue:

- **Market Intelligence:** Gathering realistic information about nature of the targeted market, its acceptance level, likes and dislikes, and many other factors are extremely critical activities before attempting to introduce a new product or service. Although unlike the case of large business entities small and midsize businesses are not required to undertake large scale and expensive market intelligence projects, under no circumstance this step may be omitted.

- **Launch Plan and Gates:** In addition to the importance of the Launch Plan, which was discussed in the June 2010 issue, the added value of such plan is amplified, if it includes prescribed checkpoints, referred to as Gates, where coherence of the plan and its direction are verified.

- **Market test & feedback analysis:** In introducing a product or service to a market, statistically, this is one the

most overlooked steps among small and midsize businesses. Developing a simple market test plan, executing it carefully, and monitoring the early results are logical elements in ensuring that the time is absolutely right for penetrating a market. Furthermore, if handled properly, it defines early shortcomings, which overcoming them exponentially increases the overall chance for success.

- **Initial launch & feedback analysis:** Considering the natural elapsed time between market test and actual launch and changes in the market that occur during this timeframe, the importance of initial launch becomes more evident. In this regard, initial launch and its feedback analysis will be an actual test for the suitability of product/service and the right timing for its introduction.

- **Ramp-up & feedback analysis:** Similar to any process, picking up speed before accelerating is the norm. Launch process is not an exception, where important details will be put to test of reality. Generally, adjustments to the plan will be required in order to make it more pragmatic.

- **Full launch & feedback analysis:** If all previous steps are conducted adequately, actual full launch will be an easy ride, yet presence of full alertness is needed to monitor adherence to the launch plan and ensuring to implement quick adjustments, if necessary.

Any question? Please [click here](#) and let's talk!

Sales Increase?!; Be careful, what you wish for!

In response to the question of **What is your most important business wish?**, it is almost a cliché response by all key decision makers of small and mid-size businesses that **Sales Increase** is at the top of the list.

Financially, although an absolutely desirable and acceptable response, what are the fundamentally important issues that a business would need to be concerned with, when making such a wish?



Rahmat Ushaksaraei
Accredited Associate of
the Institute for Independent Business

Our Response:

To answer this question, let us go back to the basics and consider the building blocks of a business. Regardless of produced product or rendered service, at macro level and in its most simplistic form, a businesses is made of three equally important and interactive components of **Cash**, **Sales**, and **Administration**; **CSA** for memory hook. Pictorially:



- **Cash**
- **Sales**
- **Administration**

Considering the above simple analogy, just imagine, if Sales increases; i.e. gear marked as **S** turns much faster than normal. Unless, the other two gears, **C** and **A**, are capable of adjusting to the higher speed of the gear **S**, they will either wear out or be heavily damaged by this new condition. As a result, the entire system will come to halt.

Now, let us expand this simple static model to a dynamic and complex entity such as a business.

If sales increases, business will automatically experience higher level of demand and expectation from it. This sudden change may be felt by the business in many forms or shapes such as increase in volume of customer service, production, inventory, staff, paperwork, e-mail and other forms of both internal and external interactions with

suppliers and contractors. Internally, the new condition further may translate into need for more sophisticated systems, software, knowledge and expertise. Collectively, the Administration aspect of the business will be jolted off balance and business is required to implement necessary adjustments to adapt to the new condition. If a business is not proactively prepared, chaos will dominate it.

This new adaptation will also automatically increase the cost of Administration side of the business, directly impacting both cash flow and finance statuses. Consequently, the business is required to develop realistic measures to compensate for the increased business overhead and imbalance in Cash/Finance aspect.

As I have witnessed personally in many occasions, unless the business has reserved funds or credits to divert the Cash/Finance imbalance, the new circumstance will heavily hit it to a level that it will not be able to meet the deadlines on time, on budget or at the expected quality level. Unfortunately, such outcome in many occasions will result in overall customer dissatisfaction and consequently impacts the business reputation and future Sales.

Finally, since increasing sales is vital to continual growth of a business, from an infrastructure point of view, how prepared is your business for it? If in doubt, please **click here** and let us talk!

The DNA of a business and common challenges!

Among Small and Mid-Size business entities, regardless of the nature of business, volume of business interactions, and the generated revenue, are there common challenges among them?

If yes, what are these challenges, how are they related to the DNA of a business, and what are the corresponding solutions to overcome these issues?



Rahmat Ushaksaraei
Accredited Associate of
the Institute for Independent Business

Our Response:

Absolutely yes to the common challenges!; Expressed by the North American key decision makers of businesses themselves, the common denominators in response to multiple choice and multi-options questions are as follows:

Primary Challenges	Factor
Inability to focus on generating new business	35%
Spreading time across multiple projects / roles	27%
Limited qualified resources	23%
Difficulty with running business more efficiently	23%
Not having enough time for personal passions	23%

Since above responses were provided by key decision makers of established businesses, the interesting trend is that no matter how many people are within a business system, the entire responsibility is being shouldered directly by the key decision maker. A natural phenomenon within all Small and Mid-Size businesses, feeling the sole responsible party by a key decision maker is the most common and top ranked challenge.

In many cases, it may be felt appropriate for a key decision maker of a business, who has founded it on his/her own or in partnership with others, or has been assigned to the

position due to his/her talent, to feel a great degree of commitment. Yet, one overlooked matter is that a sense of being the sole responsible party for every minor action within a business, in itself, hinders the process of self sustaining it. In specific, one would need to appreciate the fact that devising a well-oiled self-driven business mechanism must be the goal of every business venture, which is striving to ensure continual and repetitive success.

To overcome this major challenge, we need to take a closer look at the DNA of a business. In doing so, building blocks of any business are **People** and **Processes**. These two fundamental blocks are dynamically and bi-directionally linked with the single parameter of **Information**.

Understanding the dynamic interactions between the elements of **People**, **Process**, and **Information** allows a business to develop the most sophisticated and customized internal/external system and its corresponding information flow roadmap. It further permits a business to root cause any possible gap within the system and to bridge it with appropriate solution. This simple three-dimensional approach is a proven solution for every business in developing a flawless communication system, which is the key common attribute among all successful businesses.

So, in your business, where are you at with the simple yet profound elements of **People**, **Process**, and **Information**? If in doubt, please [click here](#) and let us talk!

