Entrepreneurship Management

Creating and Starting the Venture

Q) New Business Idea

7 Steps for Generating New Business Opportunities

Entrepreneurs often live with the hope that if they build it, customers will come. But in today's economy, it takes a lot more than hope to get people to purchase your products or services: New business-building practices are a must if you want to expand.

Another necessary element is a clear-cut plan for growth. But many entrepreneurs get obsessed with creating the perfect plan. Or they never get around to putting one together. Crafting a plan is necessary, quick and effective. And we can show you how to do it. The following seven steps should take you no more than four hours to complete-a small price to pay for a tremendous upside. The result? A road map that will infuse new energy, enthusiasm and vision into your company's growth plans. So let's get started.

Step 1: Focus on your core product.

A very successful e-newsletter entrepreneur has built his business around this mantra: "Prospects buy when they trust your value is applicable to them and believe your company is stable." This strong position allows him to constantly check up on the services and value he's providing his customers. Keep this statement in mind as we go through the rest of the seven steps, because internalizing this mantra is the key to a solid plan.

It's common in small, service businesses that the entrepreneur feels he or she must do everything the "big guys" do to compete. The truth is, small-business owners can really never compete in the same way. So it's essential for small businesses to differentiate themselves by focusing on the unique capabilities and core products they bring to prospects. Specialization is the entrepreneur's greatest asset.

Step 2: Keep your pitch simple.

The last time you asked someone at a party what their company does, did you get a clear, concise response? Or did your eyes glaze over by the time they got to the end of their explanation? My guess is, it was probably the latter. Now imagine that same pitch being presented to prospects who don't have a glass of wine in their hands to distract them! It's not a pretty picture.

What every company needs is a simple "elevator pitch." That's a short, concise message that can communicate your message to a prospect in 30 seconds or less. It explains the value your product or service provides so the prospect understands why it's applicable to them.

Try this little exercise to test your pitch clarity quotient. Ask someone who doesn't know what you do to listen to your pitch. Explain what your company does, and watch for signs of fatigue-eyes watering, lids getting heavy, and so on. Of course, you may have the perfect pitch. But if you don't, you'll recognize it right away from verbal and physical responses.

Step 3: Stay true to who you are.

Knowing who you are and what gets you excited (and bores you to tears) will help you reach your goals. Nothing can derail a growth plan more than discomfort and procrastination-it's simply human nature to procrastinate over things that cause discomfort. And there are dozens of daily business requirements that every business owner detests. If you're finding yourself putting things off, it's time to start delegating

Stay true to who you are and what you do best: Hand off those tasks that will blow you off course because you don't like doing them, so you don't! Stretch and grow your capabilities in alignment with your interests and expertise. If accounting is your nemesis, hire a bookkeeper. If your personal organization is out of control, hire a temp to set up a new filing system. Always make sure that you're focused on your priority "A" tasks and delegate your Bs and Cs.

Step 4: Map it.

Mapping your capabilities with your target clients' needs is an excellent way for you to determine your service strategy. You'll find that while you may be perfectly skilled in many areas, you're going after customers who don't need your particular expertise.

One common trait among many entrepreneurs is the urge to "cast a wide net" by being all things to all companies. In almost every case, however, a small business flourishes because it has a narrower service offering. Remember, a small company's value is that it can specialize in unique, top-quality services.

Develop a list of decision-making criteria that you expect your clients to use when choosing a provider in your industry. Then rank yourself (and be brutally honest) in terms of where you'd be positioned in each category. After this intense evaluation, make sure that your elevator pitch is still on target.

Step 5: Utilize marketing tools that work best for you.

When deciding on a marketing strategy, implement one that fits your personality and the customers you serve. For instance, if you're terrified of getting up in front of a crowd, don't schedule yourself to participate on a panel in the hopes of generating business. You'll derail your efforts if you don't perform well.

Identify the top two marketing tools you've used in the past that have worked for your company. Let's say that's cold calling and a Web site. Then start adding new ideas for a fresh perspective. When selecting your marketing tools, also evaluate them from a financial and cost basis. Decide what will yield the best return on your efforts. Each tool should lead to a revenue-producing result in one way or another.

Step 6: Implement a plan of action.

Up until now we've been in the planning mode, but now it's time to dig in and put it to work. Your action plan will also give you the map you can use to measure your progress.

Establish goals that can be reviewed at three and six months. At incremental points within each three-month period, keep checking your plan to see if you're meeting your goals. If you find you're missing the target, ask why. Were the tools appropriate for your target customer? Did you integrate the strategy, or did you just focus on one of the tools?

And don't forget to plug in specific actions that you'll do every day to help you meet your goals. That daily strategy will keep the goals of the plan top of mind.

Step 7: Exercise the plan.

This final step is really straightforward: Just do it: Complete the daily actions, and then do something extra to accelerate your success plan. If you approach your plan and get butterflies in your stomach, either get over it or substitute an action that you're comfortable with so you stay on course. Don't let unplanned tasks waste precious time that should be applied toward reaching your goal. And most of all-enjoy the process.

Q) Sources of Business Idea.

8 Good Sources of New Business Ideas and Opportunities

There are millions of entrepreneurs throughout the world and their testimonies suggest that there are many potential various sources of new viable business ideas such as HyreCar, or sources of entrepreneurship ideas/sources of business opportunities. Some of the more useful great ways to generate business ideas are outlined below.

Hobbies/Interests

A hobby is a favorite leisure-time activity or occupation. Many people, in pursuit of their hobbies or interests, have founded businesses. If, for example, you enjoy playing with computers, cooking, music, traveling, sport or performing, to name but a few, you may be able to develop it into a business. To illustrate this, if you enjoy traveling, performing and/or hospitality, you may consider going into tourism – which is one of the biggest industries in the world.

Personal Skills and Experience

Over half of the ideas for successful businesses come from experiences in the work place, e.g. a mechanic with experience in working for a large garage who eventually sets up his/her own car repair or a used car business. Thus, the background of potential entrepreneurs plays a crucial role in the decision to go into business as well as the type of venture to be created. Your skills and experience are probably your most important resource, not only in generating ideas but also in capitalizing on them…

Franchises

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A franchise is an arrangement whereby the manufacturer or sole distributor of a trademark, product or service gives exclusive rights for local distribution to independent retailers in return for their payment of royalties and conformity to standardized operating procedures. Franchising may take several forms, but the one of interest is the type that offers a name, image, method of doing business and operating procedures.

In the 1980s and early franchising experienced tremendous growth, becoming a much- used method of going into business for the millions of enterprises that were starting up in the USA and Europe. In the USA alone, there are over 2,000 types of franchise businesses, accounting for over US$300 billion in annual sales revenue and about a third of all retail sales. Apart from buying a franchise, one can also develop and sell a franchise concept. There are many directories and handbooks as well as associations, including the International Franchise Association, which can provide further information.

Mass Media

The mass media is a great source of information, ideas and often opportunity. Newspapers, magazines, television, and nowadays the Internet are all examples of mass media. Take a careful look, for example, at the commercial advertisements in newspaper or magazine and you may well find businesses for sale. Well, one way to become an entrepreneur is to respond to such an offer. Articles in the printed press or on the Internet or documentaries on television may report on changes in fashions or consumer needs.

For example, you may read or hear that people are now increasingly interested in healthy eating or physical fitness. You may also find advertisements calling for the provision of certain services based on skills, for example accounting, catering or security. Or you may discover a new concept for which investors are required, such as a franchise.

Exhibitions

Another way to find the ideas for a business is to attend exhibitions and trade fairs. These are usually advertised on the radio or in newspapers; by visiting such events regularly, you will not only discover new products and services, but you will also meet sales representatives, manufacturers, wholesalers, distributors and franchisers. These are often excellent sources of business ideas, information and help in getting started. Some of them may also be looking for someone just like you.

Surveys

The focal point for a *new business idea* should be the customer. The needs and wants of the customer, which provide the rational for a product or service, can be ascertained through a survey. Such a survey might be conducted informally or formally by talking to people – usually using a questionnaire or through interviews – and/or through observation. You may start by talking to your family and friends to find out what they think is needed or wanted that is not available. Or, for example, whether they are dissatisfied with an existing product or service and what improvements or changes they would like to see. You can then move on and talk to people who are part of the distribution chain that is manufacturers, wholesalers, distributors, agents and retailers.

It would be useful to prepare beforehand a set of questions which might be put on a questionnaire or used in an interview. Given their close contact with customers, channel members have a good sense of what is required and what will not sell. Finally, you should talk to as many customers as possible – both existing and potential customers. The more information you can get from them, the better. Besides talking to people, you could also get information through observation.

For example, in deciding whether to open a shop on a particular street, you can observe and count the number of people going past on given days and besides talking to people, you can also get information through observation.

For example, in deciding whether to open a shop on a particular street, you can observe and count the number of people going past on given days and compare these to other sites. Or, if you are interested in an area frequented by tourists, you ma be able to set up or market products from a craft business. Or you may have noticed that there is no decent restaurant or hotel on a tourist route or in a given town. One way of ensuring that you are not negligent in this area is to be alert at all times to needs and opportunities to do business.

One entrepreneur apparently went round at every cocktail party asking if anyone was using a product that did not adequately fulfill its intended purpose. Another monitored the toys of a relative’s children looking for ideas for a market ruche.

Complaints

Complaints and frustrations on the part of customers have led to many a new product or service. Whenever consumers complain bitterly about a product or service, or when you hear someone say 'I wish there was … "or "If only there were a product/service that could … ", you have the potential for a business idea. The idea could be to set up a rival firm offering a better product or service, or it might be a new product or service which could be sold to the firm in question and/or to others.

Brainstorming

Brainstorming is a technique or creative problem-solving as well as for generating ideas. The object is to come up with as many ideas as possible. It usually starts with a question or problem statement. For example, you may ask "What are the products and services needed in the home today which are not available?" Each idea leads to one or more additional ideas, resulting in a good number.

When using this method, you need to follow these four rules:

- Don't criticize or judge the ideas of others
- Freewheeling is encouraged – ideas that seem to be wild or crazy are welcome
- Quantity is desirable – the greater the number of ideas, the better
- Combine and improve upon the ideas of others

Q) Use of Business Plan

Business Plan: 6 Major Uses of a Business Plan by An Entrepreneur

A business plan can be used by an entrepreneur for a variety of objectives. It is primarily used to get funding but there can be a number of other uses too.

Some major applications of the business plan are discussed here.

1. Equity Funding:

A venture capitalist or an angel investor will very rarely commit an investment to a start-up without perusing its business plan. The venture capitalist will primarily use the business plan to gauge risks and forecast growth prospects. The investor will never restrict analysis of the business to just the business plan but it will always remain an important reference point.

2. Bank Finance:

A banker obviously concentrates on the ability of the business to repay the debt and on the availability of collateral or other securities. Banks look for at least some specific issues to be addressed in the business plan. For example, a bank needs projected balance sheets and profit and loss accounts for the first five years.

3. Alliances:

An entrepreneurial firm may need to form alliances with other firms to reach new markets, develop new products, or create common facilities. Other firms may want to know more about the business before committing to any long-term arrangement. Sometimes, a business plan can help convince a well-established retailer or distributor to commit to the start-up.

4. Recruitment:

A good business needs support from experienced top-level employees. A business plan will help them understand what they are getting into. Of course, showing the business plan to the rank and file is not necessary.

5. Explain the Business:

A business plan helps in planning. While writing the business plan, it is likely that the entrepreneur was able to detect many shortcomings in the original business idea and these shortcomings could be overcome by thinking through and plugging the gaps.

Later, this plan can serve as a guide or manual to help in business and strategy formulation.

6. Miscellaneous Uses:

Very often, an entrepreneur seeks moral support from friends and family. A business plan can be a good way of presenting your business to your father, mother, wife, and colleagues. By going through it, they will have a better appreciation of what you are setting out to do.

Q) Creating a Business Plan.

How to Write a Business Plan

Creating a business plan will help you achieve your entrepreneurial goals. A clear and compelling business plan provides you with a guide for building a successful enterprise focused on achieving your personal and financial goals. It can also help persuade others, including banks, to invest in what you are creating.

1) Analyze the potential markets for your business.

Consider which segment of the local (and/or international) population will be seeking to use your products or services. This needs to be more than mere guesswork and involves doing accurate and intelligent research. You need to analyze secondary research collected by outside observers, as well as getting primary research that you collect yourself, with your own methods and observations. Consider the following areas of inquiry:

- Is there a viable market for the product or service you want to sell?
- How old are your potential customers?
- What do they do for a living?
- Is your product or service attractive to a particular ethnic or economic population?
- Will only wealthy people be able to afford it?
- Does your ideal customer live in a certain type of neighborhood or area?

2) Establish the size of your potential market.

It's important to be as specific as possible in regard to your market and your product. If you want to start a soap business, for example, you may believe that every dirty body needs your product, but you can't start with the entire world as your initial market. Even if you've developed such a universally needed item as soap, you need to identify a smaller, more targeted customer group first, such as children under eight who might like bubblegum scented bubble bath, or soap made for mechanics. From there, you can analyze demographic information more specifically:

- How many car mechanics are in need of soap in any given community?
- How many children in the United States are currently under the age of eight?
- How much soap will they use in a month or a year?
- How many other soap manufacturers already have a share of the market?
- How big are your potential competitors?

3) Identify your company's initial needs.

What will you require to get started? Whether you want to buy an existing company with 300 employees or start your own by adding an extra phone line to your home office desk, you need to make a list of the materials you'll need. Some may be tangible, such as five hundred file folders and a large cabinet in which to store them all. Other requirements may be intangible, such as time to create a product design or to do market research on potential customers.

4) Prepare product samples.

If you're going to build a better mousetrap, you may have constructed a prototype out of used toothpaste tubes and bent paperclips at home, but you'll need a sturdier, more attractive model to show potential investors. What exactly will your mousetrap look like? What materials will you need? Do you require money for research and development to improve on your original toothpaste tube and paper clip construction? Do you need to hire an engineer to draw up accurate manufacturing designs? Should you patent your invention? Will you need to investigate federal safety standards for mousetraps?

5) Research possible locations for your business.

Call a real estate broker and look at actual retail spaces in the neighborhood where you'd like to open your restaurant. Make a chart of the most expensive and least expensive sites by location and square footage. Then estimate how much space you require and how much money you'll need to allow for rent.

6) Determine your start-up cost.

Make a list of all the tangible and intangible resources you need to get your business going. The total estimated price of all of these items will become your start-up cost whether you're buying highly sophisticated computers or simply installing a new telephone line on your desk. If there's any item in your estimates that seems unreasonably high, research other alternatives. But keep in mind that it's better to include every element you truly need along with a reasonable estimate of the cost of each item, so you don't run out of money or default on your loans. Be honest and conservative in your estimates, but also be optimistic.

Don't aim for the best of everything at the beginning. You can forgo the expensive trimmings of an office of a more well-established company and stick to the basics at the beginning. Get what is affordable, works and is actually needed and don't buy frills.

7) Put yourself in the shoes of potential investors.

Ask yourself, "If I were going to invest X amount of dollars into a concept or idea, or even a product, what would I want to know?" Gather as much helpful and credible information as you can. Depending on your product, you may need to search long and hard for relevant information.

Don't lose heart if you discover some, or even all, of your ideas have been adequately covered by the market. Don't ignore this reality; instead, work with it. Can you still do a better job or provide a better widget than your competitors? In many cases, it's likely that you can provided you know the market well and how to add value in ways your competitors are not doing. In other cases, it may be a case of focusing more narrowly or more broadly than your competitors are doing.

8) **Identify potential investors.**

Banks and other funding sources don't lend money because people with interesting business ideas are nice. They follow specific guidelines, such as the Risk Management Association (R.M.A) database, which are designed to ensure that they will make money by investing in or lending to your business. Lenders will typically look to the company's Capital, Capacity, Collateral, Conditions, and Character or what is known as the 5C's of lending when underwriting a loan. You'll need to have covered all these bases well before seeking funding.

Q) Types of Business Plan

6 Types of Business Plans

Business plans guide owners, management and investors as businesses start up and grow through stages of success. A business owner or prospective business owner writes a business plan to clarify each aspect of his business. A business plan includes objectives to anticipate and prepare for growth. Savvy business owners write a business plan to guide management and to promote investment capital. Types of business plans include, but are not limited to, start-up, internal, strategic, feasibility, operations and growth plans.

Start-Up Business Plans

Detail the steps to start a new business with a start-up business plan. Include sections describing the company, the product or service your business will supply, market evaluations and your projected management team. Provide a financial analysis with spreadsheets describing financial areas including, but not limited to, income, profit and cash flow projections.

Internal Business Plans

Internal business plans target an audience within the business. Write an internal business plan to evaluate a proposed project. Describe the company's current state, including operational costs and profitability. Calculate if and how the business will repay any capital needed for the project. Provide information about project marketing, hiring and tech costs. Include a market analysis illustrating target demographics, market size and the market's positive effect on the company income.

Strategic Business Plans

A strategic business plan provides a detailed map of a company's goals and how it will achieve them, laying out a foundational plan for the entire company. According to the website, Clean Washington Center, a strategic business plan includes five elements: business vision, mission statement, definition of critical success factors, strategies for achieving objectives and an implementation schedule. A strategic business plan brings all levels of the business into the big picture, inspiring employees to work together to create a successful culmination to the company's goals.

Feasibility Business Plans

A feasibility business plan answers two primary questions about a proposed business venture. According to the University of Colorado Leeds School of Business, feasibility plans attempt to determine who, if anyone, will purchase the service or product a company wants to sell, and if the venture can turn a profit. Feasibility business plans include, but are not limited to, sections describing the need for the product or service, target demographics and required capital. A feasibility plan ends with recommendations for going forward.

Operations Business Plans

Operations plans are internal plans that consist of elements related to company operations. An operations plan, according to BPlans.com, specifies implementation markers and deadlines for the coming year. The operations plan outlines employees' responsibilities.

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Growth Business Plans

Growth plans or expansion plans are in-depth descriptions of proposed growth and are written for internal or external purposes. According to BPlans.com, if company growth requires investment, a growth plan may include complete descriptions of the company, its management and officers. The plan must provide all company details to satisfy potential investors. If a growth plan needs no capital, the authors may forego obvious company descriptions, but will include financial sales and expense projections.

Q) Description of Business.

How to Write a Description for a Business Plan

Writing a cohesive and succinct description of your business for a business plan is a mandatory step in operating a successful venture. It comes up when talking to financial advisors, legal teams, investors and clients. Ask yourself a few simple questions to begin forming a clear vision of your business objectives. You want to be confident that anyone reading or hearing it will know what your business involves quickly and easily.

It’s easy to feel intimidated when writing a description of a business plan. How do you summarize your passions, hopes and dreams? Yet it is vital. Being clear about the nuts and bolts of your company allows people to feel you are more than the owner. It allows people to see you are a visionary. Allow people to see your thought process, and they get a sense of why your business will be successful.

Define Your Identity

What is the name of your business and who are you? To whom does your business appeal? Determining who you and the name of your business is the first step to being clear about clientele demographics.

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Define Your Intentions

Be clear about the intent of your business. What services or talents are you offering? Directly addressing the scope of what you can provide clients is key here. This is also a good time to include a summary of at least one short-term goal and an overarching long-term goal.

Define Your Mission Statement

Why will you stand out? The answer is essentially your company's mission statement. Say why you are offering what you are and what allows your business to stand out from its competitors.

Define Your Timelines

When did your business open or when do you plan to open it? Approximately when do you see certain goals and objectives being met? Write an overview of how you plan to meet your necessary deadline or deadlines.

Define Your Tangibles

Is your business virtual or does it have a brick-and-mortar location? Include the physical address if it's relevant, and links to its online presence – website and social media. Is there a reason why you are basing the business in the city you've chosen? Adding that detail can make people relate to your cause.

Define Your Systems

Tackling and developing the process you will follow to create a successful company that can sustain itself as well as grow may be the most important part of writing a description of your business plan. This summarizes how, exactly, you plan to not simply survive in the competitive market, but thrive. Spell out why the business structure have you chosen – partnership, LLC, sole owner, etc. – is the type best suited to what you want to do. Consider also how your academic or practical background helps you in your chosen field. How do you plan to reach the goals you have set? If you have business advisors or mentors helping you achieve your business goals, this is the time to mention them.

Q) Management Team.

Build Your Management Team

In the early days of running your own business, it's natural to try to do as much as possible yourself. It's the most cost-effective, comfortable, sensible way to do things in the beginning. But as your enterprise grows, you'll find yourself stretched thinner and thinner. Eventually, you'll find you just can't continue to oversee operations and sales and accounting and fulfillment and marketing--and hope to continue to grow your business.

When you reach this point, it's time to think about bringing other high-level managers on board to help you out. You need to build a senior team that's able to manage all the critical areas of your business to take it to the next level.

Building your team demands matching jobs to people's strengths. That means giving people responsibilities according to skill level, not based on how close a friend they are, or how closely related they are to you, or whether you just like their sunny personality. That includes you as well--don't give yourself an impressive title and job unless you're right for the job. The fact is, many smart entrepreneurs hire their own boss when they realize their skills lie elsewhere in the company.

When it comes time to hire an executive team, you'll need to find people to fill the following roles:

Chief Executive Officer (CEO)

The fact of the matter is, the CEO is the boss of everyone and is responsible for everything. They determine the company's strategy. They hire and build the senior team. They make the final call on how resources (read: money) get divvied up, and they're the one whose face appears on the cover of *BusinessWeek*--whether that's in front of a grand jury on ethics charges or in front of a 3,000-foot yacht, wildly successful, and richer than a Betty Crocker, triple-chocolate fudge cake.

The CEO's skills must include strategic thinking, the ability to rise above the daily details and decide where the industry and business are headed. They must then be able to decide the company's best route for navigating the future market conditions. They have to be able to make good bets.

The CEO's key skill, however, is in hiring and firing. The right management team can cover a CEO's shortcomings. A CEO may be able to set strategy, predict the future and control the budget, but if they don't hire the right team, they have to master it all themselves. So they need to be able to identify and hire the best, fire the ones who don't work out, and run the show in between.

You know you need a professional CEO when you're mired in the details for way too long and can't pull yourself out. CEOs think about where the organization is going, the people and processes needed to get there, and how they'll work in the current market. If you like details rather than strategy, either shift your thinking or hire a CEO to do the job for you.

- **Chief Operating Officer (COO)**

A COO handles a company's complex operational details. Think about UPS moving three billion packages in the two weeks before Christmas: The company's COO insures the business can deliver day after day. He figures out just what needs to be measured so he can tell if things are going well. Then his team creates the systems to track the measurements and takes action when the company isn't delivering.

In a one-location retail business, the store manager is effectively the COO. When you expand to multiple locations or when ensuring smooth operations becomes a big part of your business, it's time to hire someone who revels in measurements, operations and details.

- **President**

No one knows just what a president does. I've asked dozens of executives, and everyone's answer is different. Some say a president oversees staff functions--human resources, finance and strategy--while the COO oversees daily operations. Others proclaim that the president is a synonym for COO, especially in smaller companies. Yet sometimes, the president fills gaps left by the COO and CEO. Or sometimes, the title goes to someone you want at the strategy table but who doesn't have an obvious C-level title. In any case, you should think long and hard about whether you need someone to fill this title, or if your company is fully covered with a CEO and COO.

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- **Chief Financial Officer (CFO)**

  Plain and simple, your CFO handles the money. They create budgets and financing strategies. They figure out if it's better for your business to lease or buy. Then they build the control systems that monitor your company's financial health. The CFO is the "bad guy" who won't let you buy that really cool videoconferencing equipment and makes you pay down a commercial loan instead. While you mope about it in your office, the CFO will be busy figuring out which customers, business lines and products are profitable, so next year you can afford the really cool videoconferencing equipment.

  Believe me, you'll know when you need a CFO. Do you lie awake at night dreaming about numbers? No? Then you need to bring someone on board who does. You want a person whose dream birthday gift is a calculator and a blank book of ledger paper. Money is your business's blood, and in entrepreneurship, cash flow is everything. You don't know the difference between cash flow and profit? Run--don't walk--to the nearest phone and go find yourself a CFO.

- **Chief Marketing Officer (CMO)**

  Recently, companies have been bringing in a marketing expert at the C-level rather than as just a vice president. The reason is simple: Many current business battles are battles of marketing, so *corporate*strategy often hinges on *marketing* strategy. The CMO owns the marketing strategy--and that often includes the sales strategy--and oversees its implementation. The CMO will know (or learn) your industry inside out and helps you position your product, differentiate it from your competitors' products, enlist distributors, and make sure customers learn to crave your product.

  If your business's success depends mainly on marketing, you need a CMO. That might be you--but only if you have time to keep up with competitors, oversee the marketing implementation, and still do the rest of your job--and do it well. Otherwise, you need to look for the person with the sunny disposition, Blackberry in hand, keeping up on what's hot and what's not.

- **Chief Technology Officer (CTO)**

  I'm a techie from way back, so I'm pretty opinionated about CTOs: Many of them just don't belong in the C-suite. A CTO should keep up with technology trends, integrate those trends into the company's strategy, and make sure the company keeps current when it's necessary. They should not be buying new toys and leading-edge technology just because it's the latest, greatest thing out there.

  You need a CTO if technology impacts your business or industry strategically. (If you're in tech yourself, or your industry relies heavily on technology, that means you.)

  Here's a quick test to find out if your CTO can link technology and strategy: Ask your CTO how a company's chosen programming language choice affects strategy. If the answer sounds more sophisticated than "It makes it easier to find programmers," your CTO just might know how to think strategically.

Q) Marketing Plan.

How to Create a Marketing Plan

Firms that are successful in marketing invariably start with a marketing plan. Large companies have plans with hundreds of pages; small companies can get by with a half-dozen sheets. Put your marketing plan in a three-ring binder. Refer to it at least quarterly, but better yet monthly. Leave a tab for putting in monthly reports on sales/manufacturing; this will allow you to track performance as you follow the plan.

The plan should cover one year. For small companies, this is often the best way to think about marketing. Things change, people leave, markets evolve, customers come and go. Later on we suggest creating a section of your plan that addresses the medium-term future--two to four years down the road. But the bulk of your plan should focus on the coming year.

You should allow yourself a couple of months to write the plan, even if it's only a few pages long. Developing the plan is the "heavy lifting" of marketing. While executing the plan has its challenges, deciding what to do and how to do it is marketing's greatest challenge. Most marketing plans kick off with the first of the year or with the opening of your fiscal year if it's different.

Who should see your plan? All the players in the company. Firms typically keep their marketing plans very, very private for one of two very different reasons: Either they're too skimpy and management would be embarrassed to have them see the light of day, or they're solid and packed with information . . . which would make them extremely valuable to the competition.

You can't do a marketing plan without getting many people involved. No matter what your size, get feedback from all parts of your company: finance, manufacturing, personnel, supply and so on--in addition to marketing itself. This is especially important because it will take all aspects of your company to make your marketing plan work. Your key people can provide realistic input on what's achievable and how your goals can be reached, and they can share any insights they have on any potential, as-yet-unrealized marketing opportunities, adding another dimension to your plan. If you're essentially a one-person management operation, you'll have to wear all your hats at one time--but at least the meetings will be short!

What's the relationship between your marketing plan and your business plan or vision statement? Your business plan spells out what your business is about--what you do and don't do, and what your ultimate goals are. It encompasses more than marketing; it can include discussions of locations, staffing, financing, strategic alliances and so on. It includes "the vision thing," the resounding words that spell out the glorious purpose of your company in stirring language. Your business plan is the U.S. Constitution of your business: If you want to do something that's outside the business plan, you need to either change your mind or change the plan. Your company's business plan provides the environment in which your marketing plan must flourish. The two documents must be consistent.

The Benefits of a Marketing Plan

A marketing plan, on the other hand, is plump with meaning. It provides you with several major benefits. Let's review them.

Rallying point: Your marketing plan gives your troops something to rally behind. You want them to feel confident that the captain of the vessel has the charts in order, knows how to run the ship, and has a port of destination in mind. Companies often undervalue the impact of a "marketing plan" on their own people, who want to feel part of a team engaged in an exciting and complicated joint endeavor. If you want your employees to feel committed to your company, it's important to share with them your vision of where the company is headed in the years to come. People don't always understand financial projections, but they can get excited about a well-written and well-thought-out marketing plan. You should consider releasing your marketing plan--perhaps in an abridged version--companywide. Do it with some fanfare and generate some excitement for the adventures to come. Your workers will appreciate being involved.

Chart to success: We all know that plans are imperfect things. How can you possibly know what's going to happen 12 months or five years from now? Isn't putting together a marketing plan an exercise in futility . . . a waste of time better spent meeting with customers or fine-tuning production? Yes, possibly but only in the narrowest sense. If you don't plan, you're doomed, and an inaccurate plan is far better than no plan at all. To stay with our sea captain analogy, it's better to be 5 or even 10 degrees off your destination port than to have no destination in mind at all. The point of sailing, after all, is to get somewhere, and without a marketing plan, you'll wander the seas aimlessly, sometimes finding dry land but more often than not floundering in a vast ocean. Sea captains without a chart are rarely remembered for discovering anything but the ocean floor.

Company operational instructions: Your child's first bike and your new VCR came with a set of instructions, and your company is far more complicated to put together and run than either of them. Your marketing plan is a step-by-step guide for your company's success. It's more important than a vision statement. To put together a genuine marketing plan, you have to assess your company from top to bottom and make sure all the pieces are working together in the best way. What do you want to do with this enterprise you call the company in the coming year? Consider it a to-do list on a grand scale. It assigns specific tasks for the year.

Captured thinking: You don't allow your financial people to keep their numbers in their heads. Financial reports are the lifeblood of the numbers side of any business, no matter what size. It should be no different with marketing. Your written document lays out your game plan. If people leave, if new people arrive, if memories falter, if events bring pressure to alter the givens, the information in the written marketing plan stays intact to remind you of what you'd agreed on.

Top-level reflection: In the daily hurly-burly of competitive business, it's hard to turn your attention to the big picture, especially those parts that aren't directly related to the daily operations. You need to take time periodically to really think about your business--whether it's providing you and your employees with what you want, whether there aren't some innovative wrinkles you can add, whether you're getting all you can out of your products, your sales staff and your markets. Writing your marketing plan is the best time to do this high-level thinking. Some companies send their top marketing people away to a retreat. Others go to the home of a principal. Some do marketing plan development at a local motel, away from phones and fax machines, so they can devote themselves solely to thinking hard and drawing the most accurate sketches they can of the immediate future of the business.

Q) Risk and Contingencies

Where business opportunities have been identified, risks are usually associated with capitalizing those identified business opportunities. It is important to identify any risks associated with setting up a business. This also applies in the case of an existing business that intends to expand, diversify or grow. The identification of risks helps you come up with contingencies to mitigate the risks. Risks include financial risks, market risks, operational risks, human resource risks, economic risks, technological risks and other risks. Given below is a list of factors to look at when identifying and assessing risks.

Types of risk

1. Financial Risks

- Poor or high gearing ratio
- Poor profitability
- Loan non repayment

- Low gross profit
- Interest Cover
- Debt/ Equity ratio
- Debtors
- Financial sensitivity
- Solvency problems
- Liquidity problems
- Contingent liabilities

2. Market Risks

- Threat from substitute commodities
- Threat from suppliers
- Threat from customers
- Threat from new entrants
- The direct competition
- The indirect competition
- Seasonal fluctuations

3. Operational Risks

- Occupational heath and safety risk
- Time
- Quality
- Reliability
- Environmental risks

4. Human Resource (People) Risks

- Recruiting and retaining quality employees
- Incidence of fraud
- Incidence of mistrust
- Incidence of strike actions
- Loss of key personnel

- Diversity Management
- Management vulnerability
- Labor relations problems

5. Economic Risks

- Global economic conditions
- Regional economic scenario
- Interest rates
- Exchange rates
- Inflation rate
- Petrol prices
- Food prices

6. Technological Risks

- How dynamic the technology is
- The cost of the technology
- The availability of technical support
- Security risk
- Loss of information
- Compatibility risk

7. Other Risks

- Barriers to entry
- Business planning
- Business Instability