

Beginning In Business

What Makes A Business Successful?

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[Client Name]

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1. The High Failure Rate Should Make You Concentrate On Success

- There have been various surveys carried out to ascertain the failure rate of small business. It is generally agreed that over a five (5) year period, four (4) out of five (5) businesses fail and that over the next five (5) years, there is a further failure rate of around 80%. This means that the actual success factor, over a ten (10) year period, is around 4%.
- Failure includes many things including going broke
- Whilst there can be some debate as to the actual level of failure in small business, there is no doubt that the failure rate is very high
- This failure rate should instill in all small business operators a high degree of diligence to achieve success in their small business

2. Characteristics Of Successful People

It is worth considering the characteristics of successful people. They include:

- Keep on knocking, knocking, knocking, and knocking on doors.
There is a myth that successful people are lucky! They're not! Successful people fail more than failures! The difference is they keep on knocking. For example - Colonel Sanders is reported to have approached approximately 1,000 restaurants before he was able to get a buyer for his special recipe. It's also reported that Walt Disney approached 203 Banks before he got his loan for his animated cartoon characters. They kept on knocking!
- Don't take failure personally.
Successful people have a number of beliefs. They write them down and visualise them and then read them every day. Try to visualise what the future is going to be in your business.
- Develop vision.
Most successful business operators have developed a vision of where they want their business to go, even if it means that they are headed in the other direction to everyone else. One of the key attributes to a successful business is to be different - but be different in accordance with a plan.
- Develop action.
To be great - your actions must be great! Make actions a little bit different. Take stock of what you are doing in your life or in your business. Look at all successful people. Their actions were different. They showed persistence, belief, vision and action. You only have to get one of these right to be more successful than most other people.

3. Develop A Mission Statement

To be successful in business, you need to have thought through your vision for your business and then to have committed to paper your Mission Statement.

What do you wish to achieve in your business and in your life as a Business Operator?

4. List Your Disadvantages

Whilst you are developing your vision and writing down your Mission Statement, write a list of all the disadvantages associated with your business and yourself. Then think about how you can turn them into advantages. Something on which you can focus. Can they be turned into a Unique Selling Proposition? Remember most people in business fail. Therefore your disadvantages are probably also your competitors' disadvantages. In every disadvantage there is a potential advantage. All it needs is for someone to think about it and then develop a strategy to overcome the disadvantages and make them unique selling propositions for your business.

5. Prepare A Written System

- One of the distinguishing factors of a successful business, as compared to other businesses, is that most successful business operators have taken the time and effort to sit down and write out a detailed system as to how the business will operate. The best way to do this is to think as if you were running the business as a "franchise" and you were going to sell your system to someone else, who is then going to have to go to a city hundreds of kilometres away and operate the business according to your "franchise system".
- To enable this to happen requires the "Franchisor" to sit down and write a detailed summary of everything that happens in the business
- This should include what the Proprietor does and what every employee is meant to do. By forcing yourself to do this and then adopting that system within the business, you will give yourself an outstanding chance of becoming a successful business operator.
- The benefit of having a system is that you should be able to reproduce excellence in your business on every occasion that you service a customer. Not just occasionally!
- The system will identify priorities that must be attended to on a daily, weekly, monthly or spasmodic basis

6. Planning Is Essential

- Successful businesses prepare plans. Plans for business people are the same as maps for tourists. If you don't know where you are going, how are you going to know when you get there? How are you going to be able to take corrective action during the year, if you don't have a pre-determined strategy as to what you are trying to achieve? Regular, prompt planning for businesses is a way of overcoming poor performance.
- Every business should have a profit target and a pre-determined gross profit margin, so that the sales that will need to be achieved to earn the profit margin are known at the beginning of the year and a strategy can be put in place to achieve those sales

7. Know Your Market

Every successful business operator has a clear understanding of what is happening in the market place. You need to develop systems whereby a variety of market intelligence information is gathered, so that as far as possible, you stay in front of the game and are able to determine market trends.

8. Marketing Plan

- Once you know your desired Net Profit, Gross Profit Percentage and therefore Sales and your market and the demographics of your customers, it is possible to prepare a Marketing Plan, which will help you achieve your overall targets. Marketing strategies need to be determined well in advance so that the necessary organisation required to be undertaken for various marketing initiatives, can be properly implemented.
- Look at every opportunity that presents itself for the development of your Marketing Plan, including:
 - Christmas
 - Easter
 - Local Shows
 - Field Days
 - Valentines Day
 - Anzac Day
 - Local Event Celebrations
 - The business' birthday
 - Sporting Events

and develop an appropriate theme for the marketing of your business during those particular occasions.

9. Business Plan

The various planning that has been undertaken should culminate in the preparation of a Business Plan for the business. A Business Plan includes a detailed review of all aspects of the business, including:

- Strengths, Weaknesses, Opportunities and Threats (SWOT) confronting the business
- Product or Services
- Suppliers
- Competitors
- Customers
- Market
- Marketing Plan
- Staff
- Staff Training
- Management
- Management Meetings

- Capital Expenditure
- Profit Target
- Budgets
- Cash Flow Forecasts
- Contingency Plan
- Risk Analysis (an analysis of what can go wrong in the business and what can happen to the business operators, including death and permanent disablement)
- Check List to ensure that the various strategies that have been agreed to, as part of the Business Plan, are ultimately implemented

10. Succession Plan

- Every business should have a Succession Plan. What happens if something happens to the Principal of a business or a Key Person within the business?
- What will happen if an employee is unable to work next week? What is the strategy to replace that person? What is the long-term plan for the handing on or sale of the business?
- All of these things are important in determining whether a business is going to be successful

11. Do Your Homework

You need to know specific details on your customers. What are their demographics? Where do they live? Why do they do business with you? How do they differentiate your business from your competitors?

12. Install An Effective Telephone System

- One area that many small business operators fail to properly implement is an effective telephone system
- Sit down and write out a system of how the telephone is to be answered and some standard answers to the common questions that you receive to enable anyone answering the telephone to give consistent answers to questions asked by callers
- Implement a system whereby telephone message pads are utilised to record the details of telephone calls. Can someone else answer the enquiry?
- Implement a system to ensure that telephone calls are returned within a stipulated period e.g. two (2) hours, one (1) day and if the person is not available to return the call, make sure someone else does to tell the enquirer that they haven't been forgotten and to see if someone else can be of assistance

13. Create A “Professional” Approach

One of the benefits of implementing a system and planning your business operation will be that the business should be acting in a similar manner to every standard request that it gets from customers, suppliers and the general public. This will improve the business' image and will create an aura of professionalism in the business.

This is very important, as many small businesses are viewed as being “amateurish” in their approach in that staff don't know what is going on, they haven't been trained, they don't care and they give that impression to anyone who cares to make an enquiry.

Those businesses invariably fail.

14. Create A System For Creation Of Word Of Mouth Referrals

- Being professional in business is about creating systems and one of the most important systems is one which encourages and then allows you to follow through word of mouth referrals
- If someone is a new customer to your business, they should receive the “New Customer System”. If someone is an established customer, a separate system should be in place to handle their enquiries.
- Word of mouth referrals are the business' cheapest and best referrals. Yet there needs to be a strategy in place as to how these people are handled. Make them feel welcome. Give them an overview of your business. Give them a copy of your brochure. If necessary, give them a tour of your shop, factory or office. Tell them about your Unique Selling Proposition. Make sure they understand your after sales service. Don't assume anything! Don't take them for granted!
- This will not happen unless a system has been created to ensure that every new customer that walks through the door, especially one that has been referred from one of your present customers, is attended to adequately and that everyone of those customers walks out with all the information they require to form a positive opinion on your business

15. What Is Your Unique Selling Proposition?

- Why would people choose to do business with you? What makes you different from your competitors? Have you got more experience? Have you got more stock? Better after sales service? More technical knowledge? Better delivery? Do you add “real” value to the sales experience? Have you developed a system for the handling of word of mouth referrals?

What ever it is it is part of differentiating your business from your competitors and creating your own “Unique Selling Proposition”.

- To be a successful business - you need to develop some differentiation to your business which gives you a unique selling proposition
- Something that would inspire customers to want to do business with you

16. Try And Get Customers To Say “Wow”!

- Maybe it's the way your staff welcome visitors to your business premises. Do they show real care and concern from the initial interview or discussion with customers? Do you have follow up services after the customer has purchased the product? Do you offer a money back guarantee?
- If you are a tradesperson going into a customer's house - do your staff:
 - Wear “over shoes”?
 - Wear gloves?
 - Use drop sheets?
 - Tidy up any mess that they make?
 - Carry business cards?
 - Wear aftershave and deodorant?
 - Wear a uniform - with the name on the uniform big enough for customers - especially elderly customers, to read?
- A lot of businesses don't do this and this is why it's so important that you create a “climate” in which the customers are going to say “WOW!”. Invariably they will then refer people to you and as long as you have established your word of mouth referral system to handle any people that they refer to you, your business should be well underway to achieving its aim of being a successful business.

17. Why Would People Do Business With You?

- You can't take customers for granted. Even though you may have installed a system you have to make sure that it works. Continually check the system. Test, test and test again to find out the best procedures. What gets the best response from customers?
- Use testimonials from satisfied customers. Ask your customers how you could have improved on your service. What else could you have done?
- These are the things that will encourage people to do business with you and become customers and ultimately clients of your business

18. Establish A Customer Advisory Board

- Successful business operators are continually seeking feedback from their customers. One of the best ways to do this is to invite a group of customers to meet with you every two (2) months to discuss the services being provided by your business.
- Ask them the question - “How can we improve on the service that we are giving you?” “What else would you like us to do?” “How do we compare with our competitors?” “In what areas are our competitors better than us?”
- Write these items down, then review your system to see what changes can be made to keep the “WOW!” experience for your customers

19. Build Personal Contacts

- Small business needs to establish niche markets whereby a different type of service is offered from what big business is offering to their customers
- To do this, you need to build personal contacts with your customers. Use any excuse to communicate with your customers at least six (6) times per annum. Sometimes by mail. Other times by telephone. Write letters to your customers advising them of any new products or services. Invite them to pre-sale previews, seminars on products or services. Advise them of new trends in the market.
- Keep them informed. Do not assume that they will continue to deal with you unless you are a very active communicator. Encourage your staff to telephone customers (from names prepared on a roster) to advise them of any new products available or services being offered.
- The key thing for a successful small business is to create a very close relationship built on personal contacts with the business' customers

20. Show Them That You Care

- Many Big Business Managers claim that one of the advantages of small businesses is that Small Business Managers/Staff can get closer to their customers and show them that they care. Unfortunately, not all small business operators do this.
- On your customer database you should have full details of the address, telephone number, facsimile number, e-mail and web address of every customer. Use it to make contact with your customers so that you can show them that you do care about them - that you want to inform them of the product or services that you have. Show that you want to keep them abreast of new developments and new products in the market in which they are interested.
- It is very difficult for big business to develop that rapport. They are envious of small business' ability to have this rapport. Have you developed it in your business?

21. Remember The Power Of Word Of Mouth

- One of the best referrals you can get is from a satisfied customer. Make sure that a new person entering your store gets a unique experience from their visit to your business.
- The benefits of word of mouth referrals can be disastrous if the experience does not match the referral. What you then create is a very "dissatisfied" person, who will utilise word of mouth to criticise your business and this will give you significant problems.

22. Develop A Loyalty Ladder

- The secret of business is converting people through various stages in the loyalty ladder from initial viewers - who visit your business premises, through to “Advocates of your Business”
- The key is to convert “viewers” into “prospects”, from “prospects” into “customers”, from “customers” into a higher category called “clients” and then ultimately into “Advocates” - people who openly endorse your products
- This does not happen by accident! It only occurs in successful businesses - because the business operator has instigated a system to ensure that every viewer is treated as a VIP and a significant number of them are converted ultimately into “Advocates of the Business”.

23. People Want You To Lead And Educate

- People have come to your business, because they require something that you have. You need to show leadership, as they want to be led. They want to be educated in your product or service by accepting that you are the expert. But don't talk in jargon. Don't talk above their heads and don't be a “smart Alec” with them.
- They wouldn't be there unless they wanted to spend some money on a product or service similar to yours. Make sure you convert them into a customer of your business.

24. Know Your Target Market

- Successful business operators know their target market with a passion! They know the demographics of their key customer groups. They know their likes and dislikes. They know their interests.
- You need to develop an empathy with your target market. You need to be able to “walk in their shoes” to understand their likes and dislikes.
- If you want to sell to them, you have to passionately understand how they think and what turns them on
- This is one of the key factors that distinguishes a successful business from an unsuccessful business
- Know Thy Market!

25. Think Like The Customer

- If you truly know your target market and the demographics of your customers, you will be able to think like the customer and not the owner of the business
- Have a good close look at your business and the systems operating therein. Ask your Customer Advisory Board are they satisfied that the customers' wants are being catered for.
- Are you giving your customers the WOW! experience?

26. Avoid The Curse Of Assumption

- One of the worst things that a Small Business Operator can do is assume that s/he knows everything or assumes that the customer knows all there is to know about your business
- Customers are receiving thousands of different advertising and marketing messages a day. Just because they visited your business two months ago, doesn't mean that they have recalled a lot about your business. You need to continually communicate with them and make sure that they are still getting messages directly from you so that you are not incorrectly assuming that they will automatically come back to you next time they need that type of product or service.
- Make sure that the flow of information and messages to them has been such that they will not think of any of your competitors, when they next think of the product or services being provided by your business. This won't happen if you assume they will merely come to you.

27. Instil A Belief That You Can Be Trusted

- People want to deal with people they can trust, who deliver what they promise, who turn up on time, who charge what they have quoted, deliver the product on which they have quoted and who offer a good after sales service
- If you can do that, you can add value to the cost of your product

28. Price – From The Customer's Point Of View

The price from a customer's point of view is the selling price charged for the product or service, plus the perceived added value developed for your product or service through trustworthiness, after sales service, the sales experience, friendliness, ongoing communication, money back guarantee and the "we care" attitude.

29. Trust Is Important

People buy from people that they can trust. Tell them the truth and make sure you deliver on what you promise.

30. Employ Dedicated Staff

- Small businesses will not become successful businesses unless they employ dedicated and well trained staff
- Remember that the people who control how much money you are going to make are your staff
- If they give a customer or potential customer a bad sales experience, they will do irreparable harm to your business

31. Get The Best Staff

- It doesn't matter if you have to pay a few more dollars to get the best employee. The difference in cost between an excellent employee and a mediocre employee is not that much, but the difference in the bottom line of your business can be quite dramatic.
- In fact it can be the difference between success and failure
- Successful businesses employ the best staff available. They create systems to encourage staff to perform. They employ cheerful staff who smile and greet customers. They train the receptionist or the front desk sales person to be the "Director of First Impressions". They make sure that these staff are specially trained so that they can talk about all aspects of the business, make people feel at ease, encourage them to want to deal with your business.
- Supply your staff with uniforms especially in retail and service industries. The use of staff uniforms can significantly differentiate the business from its competitors and gives your business an air of professionalism.

32. Embrace Staff Training

- Successful small businesses embrace staff training with a passion. They spend a lot of their planning time in devising staff training that works. They ask for their staff's input. They develop a network of business colleagues, professional advisors and customers who are prepared to participate in staff training sessions.
- Staff training might be held for one (1) hour per week to fully brief the staff on all aspects of what is happening in the business
- They encourage the staff to contribute articles at training sessions. They work hard to make staff training an enjoyable experience, because they understand that the success of their business depends on them having a well informed, cheerful, outgoing, "can do" type of employee.
- Staff training should not be seen as something that the Government has recommended be undertaken or that Industry Associations or Professional Organisations are saying you should do

- A successful business embraces staff training because they realise that a well trained staff can make a significant contribution to the bottom line profitability of the business

33. Encourage Up-Selling And Cross-Selling

- This will not occur unless a deliberate system has been implemented to train staff on ways to up-sell and cross-sell, without the customer believing that they are being “taken for a ride”
- In staff training sessions, discuss the type of products or services that can be added to the basic product or service as part of the up-selling or cross-selling service
- Make sure your staff are aware what other sections of the business can do for the customer. Don't keep them in a vacuum.

34. You Must Have Self Belief

- One of the key factors brought to a business by its Owner or Manager is leadership
- Another key factor is self-belief. If you don't believe that you will ever be successful - you never will be successful.
- If you don't display a winner's attitude - don't expect your staff to act like winners!

35. Understand The Leader's Role

- The business leader's role is to act as Coach, Facilitator, Mentor, Planner and Leader. You can't do it all yourself. You have to develop effective delegation skills so that you can properly perform your role.
- At times you will have to act as a cheer leader - throw some enthusiasm in when the going gets tough
- Think of the role that the Football Coach has to play at half time - when his team is behind. He has to pick his players up, refocus them and motivate them to get out in the second half and try and win the game.
Business is basically the same.

36. CEO's Role

Is to make sure the customer gets the very best, that staff are adequately trained and motivated, that the business is properly planned and administered and that the bottom line profitability target surely will be achieved.

37. Don't Be Afraid To Make Mistakes

- The person who has never made a mistake has never made a decision and therefore will get nowhere
- Mistakes should be viewed as your best friend - as they are part of life's learning experience
- The secret is to learn from those experiences

38. Find Something Positive In Everything You Do

- It is essential that you get some joy and fun out of your business experience because you are going to have to put in a lot of hard work and there are going to be some "dry gullies"
- It is essential therefore that you work hard, play hard and enjoy life
- Give yourself some time for relaxation. Make sure that you have an annual holiday and get away from the business.
- If you have properly trained your staff and adequately delegated and have set up a succession plan, you should be able to go away from your business for a holiday of more than two (2) weeks each year without making daily telephone calls back to see how the business is going

39. Continually Learn

- We are living in an age of rapid development of information. Business operators cannot stand on the footpath and watch the world go by. Be an active participant in the utilisation of new information and technology.
- Develop a policy of reading business magazines, newspapers and books so as to improve your business skills
- Continually work to a programme of ongoing education for yourself and your staff

40. Attitude For Business Success

Attitude for business success is very important. It ranges from the initial planning and research that goes into a business, developing adequate systems, deliberately setting out to give your customers a WOW! experience, employing capable staff and then adequately training, motivating and rewarding them and at the same time performing the role as leader, coach, motivator and cheer leader to keep the team on track.

This is what is required to make a business successful.

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