



Business & Marketing Toolkit



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About this Toolkit

This toolkit was created using the curriculum prepared by Blen Mandefro for the Creative Futures Business and Marketing Training Course for artists in Ethiopia. It was adapted for and revised during the eight-week training using the co-creation method in which the leader, facilitators, guest lecturers and students participated in the creation of the materials. The students came from five different creative industries – fashion, film, gaming, photography, and visual arts. The examples in this toolkit reflect these sectors.

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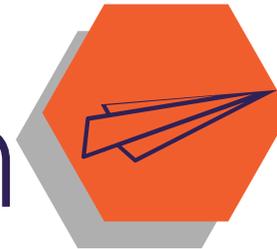
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This is not a complete guide on how to run a creative business. Rather, it is an introduction to some of the main concepts and tools of business. We suggest that you compliment this toolkit with online research/ classes, internships with local businesses, mentorships from local business professionals, and on the job experience.

Introduction



The Creative Industries in Ethiopia Toolkit was produced for artists who want to turn their art into a business. Because your idea alone is not enough to make money, this toolkit provides a guide through the necessary concepts of running a successful creative business.

The main aim of this toolkit is to give you the tools necessary to create a business model canvas - a strategic management template consisting of nine building blocks, which develops, describes and pivots your business model.

Upon completion of this toolkit, you will also have the tools to:

- Identify your value, mission, vision and key activities
- Understand the most vital aspects of marketing and sales
- Manage your business and finances
- Story tell your way into the marketplace

Each chapter of the toolkit includes:

- An introduction of the main chapter topics
- Business model canvas building block applicability
- Key questions answered by the section
- Tools to answer the questions
- Activities to practice how to use the tools
- Examples to guide you on how to use the tools

At the end of the toolkit, you will find a glossary with some of the most important and relevant technical terms related to business management.

Value Proposition & USP

(Unique Selling Proposition)

One of the first tasks in starting a business is to identify your value and uniqueness in the marketplace.

Value Proposition describes the bundle of products and services that create value for a specific customer segment and solve a customer's problem or satisfies a customer's need.

Value proposition is why customers buy your product or service.

Unique Selling Proposition (USP) is the aspect(s) of your product and/or services that make you different. It can include, but is not limited to, newness, performance, customization, convenience and usability, design, brand status, and price. Relatedly, brand status gives a business its unique identity and helps the customers to differentiate your business from other competitors.

You can use your value proposition and USP to:

- Identify a clear relationship between the customer needs and your offer.
- Create product specifications.
- Brand your product/services/business.

My value proposition:

Tool#1:

Research and Identification – one way to understand value proposition is to do online research of business websites. Looking at how they present themselves and what services they offer can give you an idea of their value proposition and identifying the value proposition of other businesses can help you identify your own.

Activity:

Read the information below on Yefikir Design and see if you can identify their value proposition.

Example:

Selam is a designer who began making jewelry for her friends who wanted jewelry that looked like those that their mothers wore but at affordable price. Her value proposition is that she provides jewelry using copper and nickel (cost friendly materials), replicating traditional designs with a twist and at an affordable price.



The Designer

Fikirte Addis is an internationally recognized Ethiopian fashion designer who has been showcasing her creations since 2009 when she helped organize a fashion show to raise awareness about child labour in the Ethiopian textile industry.

The Design

Ethiopian fabrics are well known for their sophistication, colorfulness and uniqueness. Yefikir design is mainly known for turning these fabric into tailored made and fashionable designs without losing its cultural touch for the modern day women.

The Company

Yefikir design, as a label, focusses on keeping indigenous Ethiopian textile knowledge alive while providing culturally inspired, cutting edge, yet modern wear for the modern woman.

Tool#2:

Elevator pitch - developing an elevator pitch helps to identify and assess your value proposition. An elevator pitch is a short sales pitch that defines a process, product, service, organization, or event and its value proposition. It should be concise, to the point, unique, clear and compelling. Like Einstein said, "if you can't explain it simply, you don't understand it well enough." An elevator pitch includes the following components:

The Problem:

The Solution:

The Target Market:

Your Value Proposition:

Your USP:

Testimonial:

Your Elevator Pitch:

Activity:

Fill out the sections of your elevator pitch outlined above. In doing so, you will identify your value proposition. You can find information on identifying your USP in the next tool section.

Example:

An elevator pitch from a video gamer may look like this:

Every child wants to play video games and every parent is tired of yelling at their children to stop playing video games. We have developed a first of its kind interactive educational video game app in Amharic that teaches children Ethiopian history because we believe that video games should be fun, engaging and educational at the same time. We also believe that it should be free! Now, instead of fighting your children to stop playing games, you can encourage it. Ababa Tesfaye gave our game to his grandchildren and he said that they love it!

My unique selling proposition (USP):

Tool#1:

Research – in order to know how to distinguish yourself and what makes you unique in the market place, you have to have a good understanding of what exists. Researching your market and your competition will give you perspective on what is needed and how you can make your business, product or service unique.

Activity:

Dedicate a significant amount of your time doing **market research**. You can do research online, go to bazaars, stores, factories and any other place where you can learn more about your competition. Create detailed documentation of what is in the marketplace so that you can find out what is missing and what you need to do to differentiate and improve your product or service. Also, pay attention to the branding of competitors in your market segment or similar companies. Find out more about branding on the pages XXXXX.

Example:

The USP for the video game in the example in the section above is a video game that teaches Ethiopian history in Amharic that is fun, culturally relevant and educational, creating an interactive way to learn Ethiopian history.



Conclusion:

Identify an existing need and make sure that your value offering fulfills the need identified

Research the market in order to get a good idea of what exists, what is needed and how to distinguish your product or services

The longer you are in business the more you will understand about your value offering and USP. Come back to both often and make changes accordingly.

Now that you've gotten an idea of value proposition and USP, which is at the core of your business, you can move onto mission, vision and key activities which will help you to picture the development of your business and make strategic decisions on how to roll it out.

Mission, Vision & Key Activities

The key activities of a business work to guarantee your USP and deliver on your value proposition. It is important to identify and outline your key activities and plan your business accordingly.

The activities of every business include: 1) product and service design, 2) customer discovery, 3) supply chain design and management, 4) developing key business strategies (i.e. marketing), 5) securing financial and human resources, and 6) planning and managing business activities.

You can identify your own specific key activities by thinking about what you want to achieve, your value and uniqueness in the marketplace.

In the same way that your value proposition and USP are important in guiding your business, so too is your mission and vision:

- Mission – what you do.
- Vision – what you want to do or become in the future.

Once you have identified your mission and vision and have your value proposition and USP, you can outline what you need to do to make everything come into fruition.

My mission and my vision:

Tool#1:

Journaling – one of the best ways to figure out your business' mission and vision is through journaling, which allows you the means of self-reflection. Think about why you want to start your business, what you want your business to do or achieve, and where you want your business to go in the future.

Activity:

Along with identifying your business' mission and vision, it is important to align it with that of your personal vision and mission. Take some time to reflect on both your personal and business vision and mission. If they contradict, you know that you need to make a change. You are the owner of your business and your personal vision and mission need to align with that of your business. Organize your thoughts by completing the table below.

	Mission:	Vision:
Me:		
My business:		

Example

Bethlehem is a recent art school graduate and filmmaker. Below is her vision/mission table. You'll notice that while Bethlehem's personal and business mission and vision are not necessarily contradictory, they do reveal that she desires much for her personal life and running a business may not give her the time to be able to do everything that she wants to do. She has to figure out if she can realistically achieve all that she desires and change her perspective accordingly.

	Mission:	Vision:
Me:	To make inspiring and educational films. To paint, create sculptures and write.	A life of flexibility that includes: film, art, financial stability, and a lot of travel.
My business:	Abyssinia Productions creates inspirational and educational films and provides training for aspiring filmmakers.	Abyssinia Productions hopes to become the standard for high quality film production and a leading film training program in Ethiopia by creating socially conscious and aesthetically pleasing films.

What are the key activities that fulfill my value proposition and USP?

Tool#2:

Make a list – the trick to making a list of key activities is making sure that your list correlates to what you want to achieve and what kind of products and services you want to deliver. When making your list, think about how to deliver your value proposition and achieve your USP.

Activity:

See the **sample elevator pitch** from the previous section below. Guided by the pitch and in particular the words in bold, make a list of key activities necessary for delivering on this pitch.

Every child wants to play video games and every parent is tired of yelling at their children to stop playing video games. We have developed a first of its kind interactive educational video game app in Amharic that teaches children Ethiopian history because we believe that video games should be fun, engaging and educational at the same time. We also believe that it should be free! Now, instead of fighting your children to stop playing games, you can encourage it.

Ababa Tesfaye gave our game to his grandchildren and he said that they love it!

Example

Selam is a photographer who is looking to sell high quality and affordable prints in hand sewn leather frames from her collection entitled "Chasing Shadows, Carving Light" Possible key activities include: researching market and comparable businesses, finding a leather supplier, producing leather frames or finding someone to make them, taking the pictures, choosing the ones to print, finding and printing quality images, etc.

Tool#3:

Key performance indicators (KPIs) – are a measurable values that demonstrate how effectively a company is achieving key business objectives. You can develop quantifiable measures to evaluate the success of delivering on your USP.

Activity:

Use the sample USP list below as a guide to identifying the key performance indicators that relate to your USP and the key activities that you would need to undertake to make it happen:

Customer Service

How many loyal customers? Customer Retention?

Convenient

Where can a customer find it easily?

Effective

How fast? For how long?

Quality

How long can it be used for?

Example

Below is an example of some key performance indicators and key activities using customer service as a sample USP.

USP	Key Performance Indicators	Key Activities Needed to Make it Happen
Customer Service	Customer retention Overall satisfaction Response time Delivery time	Staff training on best practices in customer service Creating and administering a survey for evaluation purposes Creating mechanisms for and performing customer follow-up Creating and administering a tracking system of response and delivery time



Conclusion

Make sure that your personal mission and vision align with that of your business

Determine your key activities by thinking about how you can fulfill your value proposition and USP

Now that you have an idea of who you are and what makes you different, you can move on to thinking about marketing your product and business. See the next section on marketing.

Marketing

Marketing is an integrated process by which businesses create customer interest in products or services by building strong customer relationships and creating value for their customers. Marketing communications are focussed on the customer's perspective it will help you to understand how to address and which channels to use for advertising.

Key marketing activities include:

- Communicating your value proposition
- Market segmentation
- Collecting and analyzing market data about competitors, suppliers and customers and turning that into market intelligence and strategy – i.e. creating your USP
- Collecting and analyzing market data about competitors, suppliers and customers and turning that into sales intelligence and strategy – placement, promotion, pricing, and packaging

Is marketing worth it?/Value of marketing

Tool#1:

Customer acquisition cost (CAC) – acquiring customers is a vital part of business. However, if you are working with a limited budget, you have to figure out how much to spend on marketing by comparing the money spent to the customers acquired. The customer acquisition cost is a ratio/tool used to figure out how much money you should spend on marketing by focusing on the resources that a business must allocate (financial or otherwise) in order to acquire an additional customer.

CAC = All costs spent acquiring more customers (marketing expenses) divided by the number of customers acquired in the period that the money was spent.

Activity:

Calculate your customer acquisition cost using the equation above to figure out if your marketing efforts are worth it.

Example:

If you spend 5,000 birr on marketing for three months and get 100 customers in that time frame, your CAC is: 5,000 divided by 100, which equals 50 birr.

Who are my customers?

Tool#2:

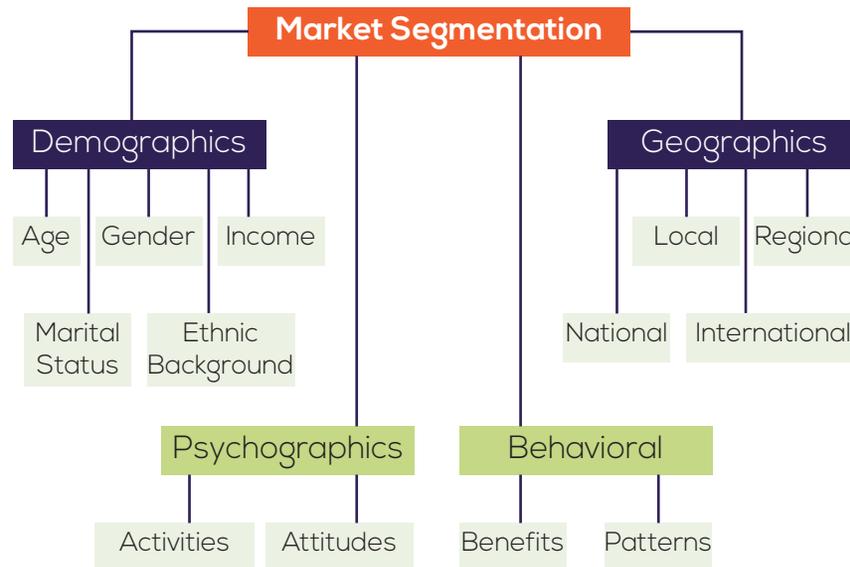
Customer profiles - businesses are shaped by the size and quality of their market. In order to sell your product or service, you must first identify your customers and find your market. Market segmentation is the process of defining and dividing your market into clearly identifiable sub-groups or segments based on similar needs, wants or demand characteristics. In other words, it is the process of getting to know your customers and it is an important tool in planning and executing your business projects.

Activity:

Using the **segmentation specifics** below, create your three top customer profiles.

Example:

Kidus is starting a handbag business called Desta Designs. He is working on a collection of small handbags that can be used interchangeably as a clutch or a purse. He markets his handbags as the perfect party purse, a size made to carry your makeup and phone and leave everything else at home. A sample customer profile for his handbags is, women, 18 – 35 years old, single, outgoing, enjoys Addis Ababa night life, goes out at night at least once a week, middle income, local, expats, and diaspora living in Addis Ababa.



What are my customers spending habits?

Tool#3:

Reflections - Understanding the customer's perspective is key to developing effective marketing messages and selecting distribution channels toward achieving your business objectives. Before beginning the planning activities, it is useful to go through a couple of brief exercises to develop a practical sense of how marketing communications works.

Activity:

Answer the **questions** below to discover your own spending habits and get a better idea of how people find the products and services that they purchase.

Think about the last major purchase you made:

- Where did you look for information about possible options?
- Who did you ask for advice or discuss your purchase with?
- What was the role of the Internet in that particular transaction?
- What specific reasons did you have for choosing that particular item and not the competitor's offering?
- Where/who did that particular information come from?
- Have you seen any advertising for the product you bought either before or after your purchase?

Think about an area of great interest to you.

- List the key sources of information that help you find information about the topic
- In seeking to stay updated about this topic, please list your favourite format to access

new information (i.e., TV documentary, magazine article, podcast, newspaper article, discussion with like-minded people [online or in person], research report, conversation with friends).

- When thinking about the information you absorb about this topic, do you seek out general information or do you look for anything in particular (i.e., information concerning new technology, news related to people, statistics or facts, local information related to the topic, politics or regulations on the topic)?

Think about the last time you purchased something from a startup or new business:

- What was your main concern about that purchase?
- What factors made you decide to buy something?
- How did you gather the information about the factors that helped you to make your decision?

Does the market exist?

Tool#4:

Questionnaire – collecting and analyzing data points is a necessary task for understanding the potentials of the market. A questionnaire is one way of conducting market validation, the process of figuring out if your market exists, if people are willing to buy your product and at what price. Other ways to conduct market validation include, but are not limited to, conducting an interview, doing pre-launch advertising, offering something for free to the target market, and researching markets for similar businesses.

Activity:

Create a questionnaire that you can distribute to your **target market**. Choose and frame your questions in a way that will give you information regarding potential customer interest and customer wants and needs. Collecting this information should give you an idea of whether your market exists, who your potential customer is, whether the value

Example:

offering is priced appropriately, and what features you should keep, add or remove from your product or services.

Sample questions that can be included in the questionnaire for Kidus' Desta Designs include:

- Do you carry a purse when you go to the club?
- What do you carry in your purse when you go to the club?
- What are the key features that you want in a small purse? (multiple choice options)
- How many purses do you own?

Another important section of the questionnaire would be a listing of the features of the product including images with two follow up questions:

- Based on the features above, how likely would you be to purchase a Desta Designs party purse [multiple choice: yes, maybe, I would not purchase a purse]
- How much would you be willing to pay for a Desta Designs party purse? [multiple choice options]

Does my product work in the market place?

Tool#5:

Minimum Viable Product (MVP) – another way to test your market is to create a minimum viable product, which is a product that includes the minimum set of features that can demonstrate your value to the customer and at the same time provide you feedback for future development. You MVP is a way to showcase your value proposition and USP without spending a lot of money and time (relatively) trying to build a full product. MVP is used to test out a new product on early buyers so that you can improve your product quickly and in a focused manner.

Activity:

Create an **MVP** for your product. Make sure that you minimize cost and time when creating it by reducing or doing away with anything that doesn't compromise your value proposition and USP.

Example:

An MVP for an educational video game in Amharic could include one level of the game with all of the features that make it fun, educational and easy to use. You don't have to create the complete game and you can even reduce the characters in the game and possibly the detail of the animation.



Conclusion

Marketing is important, but it costs time and money. Figure out how much you should spend on marketing by comparing marketing costs to customers acquired

Know your potential market and identify your people

Before you spend money on creating your product, make sure that your market exists and that your product has value in the market place

Price your product according to market research

When you understand the best practices in marketing, you can concentrate on sales. Check out the next section on sales.

Sales

Sales, like marketing, is aimed at increasing revenue and focuses specifically on customer relationships. Sales and marketing are so closely related that in many small businesses, the tasks are completed by the same people. Sales is the activity or business related to selling products or services.

Planning your sales strategy requires you to identify the distribution channels and revenue streams best suited to your needs and aligned with your available resources. A distribution channel is the means by which businesses get their products and/or services to their customers. A revenue stream is how a business generates money from each customer segment. Price setting is also an important feature of sales and, as discussed in the marketing section, can be established through market research.

Key sales activities include:

- **Building customer relationships – creating a relationship with customers that at some point will turn into a cash transaction for your business**
- **Customer service – nurturing and maintaining your relationship with your customers by taking care of your customer’s needs and providing them with professional, helpful, high quality service before, during and after purchase**

How can I get potential customers to buy my product?

Tool#1:

Sales funnel – refers to the customer’s journey, tracking the sales process from initial customer awareness to purchase, sometimes created in a visual representation. The purpose of a sales funnel is to understand the process that customers go through from the time that they hear about your product to the after sale follow-up, so that you can move people from one stage to another in order to get them to buy your product. There are various models for sales funnels. Below is a one example:



Email lists, phone book, trade associations, bazaars, advertising and promotion

Questionnaires, interviews, research, study of buying habits

Diversifying distribution channels, methods of overcoming barriers to sales

Follow up communication, product maintenance, promotion, referrals

Activity:

Using the example above, or following an online guide, **create** your own sales funnel for one of your products. Include what you need to do to get customers to move from one stage to another.

Example:

Meron is a filmmaker who is completing a short documentary on an artist village in Debre Zeit. She is looking to sell digital and hard copies of the documentary.

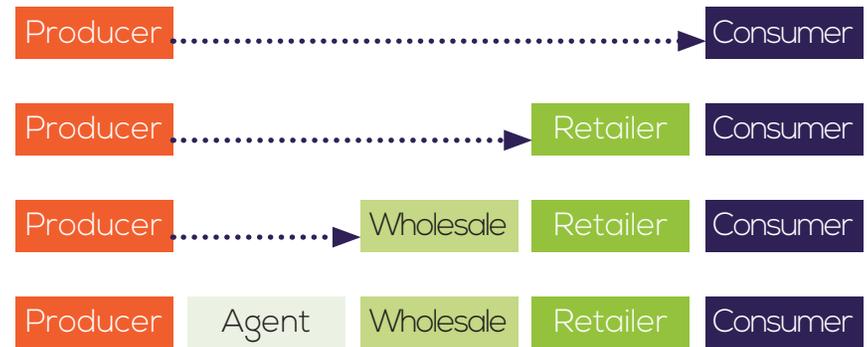
Her basic sales funnel may look like this:

- **Generation leads** – creating a contact list of friends, family and target customers, meeting with cultural centers in Addis Ababa, creating a trailer to share on social media sites, creating a website, etc
- **Qualifying leads** – researching film sales in Ethiopia, creating a survey to understand the market place and how to price the film
- **Conversion** – diversifying payment options including paypal for online sales (link available on website and social media platforms), cash for in person sales and distributing the hard copies in art galleries throughout Addis Ababa
- **Follow up** – creating your community through the use of a listserv, social media engagement and organizing events showcasing the short film and other film and art projects in the Addis Ababa.

How do I get my product to customers?

Tool#2:

Distribution channel – when identifying and outlining your distribution channel(s), you should keep in mind the nature of your product or service, the number of customers, where your customers want to buy your products or services, distribution cost, and marketing considerations. Distribution channels can include direct sales (sales force, personal store, website), retailers, wholesalers, agents or a combination of the options. Below are sample distribution channels:



Activity:

Reflect on and identify what distribution channels are best for your business at this moment. You can choose one or more distribution channels. Think about what you can realistically do well. Distribution channels can become more diverse as your business grows.

Example:

Meron's primary distribution channel would be the direct sale of her short film, through in person and website sales. Her secondary distribution channel would be through a retailer – art galleries in Addis Ababa.

What are the different ways that I can make money in my business?

Tool#3:

Revenue stream – when choosing your revenue stream(s), consider what your customers are willing to pay for (value proposition) and what you can realistically offer. There are different types of revenue streams including:

- Transaction based:**
- Asset sale (products)
 - Project sale
 - Service sale
 - Brokerage fee
 - Usage fee
 - Advertising fees
- Recurring:**
- Subscription fees
 - Licensing fee

Many businesses have multiple revenue streams based on the different customer segments, products and distribution channels. It is important to find the one(s) that works for you.

Activity:

Write down all of the **possible revenue streams** for your business. When you have a complete list down, think about what you can realistically achieve at the moment. You can leave the rest for future planning purposes.

Example:

Meron's primary revenue stream would be asset sales of her short film. If she has the resources and time, she can add additional revenue streams including film series events or filmmaking workshops for a different customer segment – aspiring filmmakers.



Conclusion

Sales is the most important activity in your business if you want to make money.

You have to understand the process that your customer go through before a sale is made and make sure that you are in control of that process.

While it can be beneficial to have diversified distribution channels, revenue streams, and pricing schemes, the more you have, the more resources you need to effectively execute them. Balance what you think your business needs with what you can realistically afford and implement well.

Marketing and sales are key activities in business. However, in order to successfully build and run your business, you must have management skills. See the next section on management.

Management

One of the most difficult aspects of managing a business is managing people. Human Resource Management (HRM) refers to formal systems devised for the management of people within an organization in order to maximize the productivity of an organization by optimizing the effectiveness of its employees. A business is only as good as the products/services it provides and the products/services it provides is entirely dependent on the people creating and delivering them. The key to good human resources management is making sure you hire the right people and creating a healthy and productive work environment through leading by example. The key learnings and activities in management include:

Running a creative business

means handling various projects, roles and responsibilities at the same time. Doing that with success requires management skills. Management is the organization and coordination of activities and people for the attainment of an organization's goals and objectives.

Planning – deciding where to take a business and selecting the steps necessary to get there while analyzing challenges and forecasting future conditions.

Organizing – bringing together physical, human and financial resources to achieve objectives, optimize use of resources, and to facilitate growth, diversification and the humane treatment of employees. Organizing can include creating a set of formal tasks assigned to individuals and departments, establishing formal reporting relationships - including lines of authority, number of hierarchical levels and span of managers control - and designing systems to ensure effective coordination of employees across departments.

Controlling – identifying sources of deviation from successful accomplishment and providing a corrective course of action in order to measure achievement against established objectives and goals. Steps to controlling include: 1) setting performance standards in quantitative and qualitative terms, 2) measuring actual performance, 3) comparing actual performance with standards, 4) analyzing deviations, and 5) taking corrective measures.

Leading – the use of influence to motivate employees to achieve organizational goals. Leading includes vision setting, outlining the process of achievement for the business and staff, modeling positive behavior conducive to productivity, motivating team members to persevere and find solutions to challenges, and allowing and supporting team members to function well together.

What can I do to make sure that I have a good plan in place for my business?

Tool#1

SWOT analysis – in order to create a plan for your business, it is important that you first analyze the current status of your business. SWOT analysis is a structured planning and risk assessment method that analyzes your organization's strengths and weaknesses, and the opportunities and threats that you face. A SWOT analysis can be used for a business, product or individual.



Activity:

Create a basic SWOT analysis for your business, filling in the four sections: strengths, weaknesses, opportunities, and threats. For more information on SWOT analysis, check online resources.

How can I make sure that I hire the right people?

Tool#2:

Lists – lists are a great way of identifying points and organizing your thoughts. When thinking about who to hire, you should first have an idea of what roles you need to fill. Every small business needs someone who can give legal advice, financial advice, do accounting, administration and business development. In addition, creative businesses need experts in the creative field – designers, craftspeople, production workers and managers. Most of the time, entrepreneurs have to fill all of these roles or find creative ways to fill them including, but not limited to, hiring interns and/or volunteers, trading services for products, trading work for a small share in the business, and partnering on a project by project basis.

In addition to roles, you also need to make sure that the people who you hire are aligned in terms of outlook, vision, personality and skills. When building your team, things to look for include a shared sense of business vision and mission, necessary skills and personality for the job position, compatibility with business culture, and a value for the types of human development programs that you offer.

Activity:

Make a list of the **people/functions** that you need for your business to operate right now. Write down which ones you can do yourself and which ones you need outside help with.

Next, make a separate list of personality traits and skills that you feel are in line with the business mission, vision and needs. Usually, the traits and skills that you need vary according to the different positions that you need to fill.

These lists give you a complete understanding of your human resources needs and should guide you in your hiring process including advertisements for the job position and framing questions for the job interview.

Example:

Girma is a visual artist who works primarily with large installations. He used to focus his art in museums, but is now working on providing advertisement installations for businesses, NGO's and international organizations in Addis Ababa. Girma knows that he needs legal counsel. He would like to hire a lawyer with experience in contracts who is responsible, efficient, can communicate with business and NGO professionals as well as artists, and is available on short notice. Girma also needs to hire someone to help him create the installations. He needs an experienced welder who is physically fit, can carry a minimum of 35 kilos, has a desire to learn and believes in his vision of art being at the service of business and development initiatives.

How can I inspire my staff and increase productivity?

Tool#3

Performance Management – an effective way of inspiring staff and increasing productivity is to work with employees on creating a work plan, evaluation criteria, creating regular and open lines of communication when evaluating performance outcomes.

Performance management is a process that provides feedback, accountability, and documentation for performance outcomes and ensures that goals and objectives are being reached efficiently and effectively. If done collaboratively, with the input of both managers and employees, a good performance management system can help you deliver on your goals easily and efficiently while increasing employee morale and engagement.

The key components to performance management include:

- Creating a work plan
- Monitoring performance
- Evaluating/Rating performance
- Rewarding good performance

If this doesn't work, find a better fit for the role.

Activity:

Spend some time with your staff on collaboratively creating a **work plan** and monitoring and evaluation system that is realistic and moves towards short term and long-term goals in your business. Creating these systems can take time and even when finished may require changes. It is key to keep lines of communication open and to monitor performance outcomes regularly.

Tool#4

Rewards – there are many ways to keep your team happy and engaged and offering rewards for good performance is just one. Rewards are not always monetary and can include, childcare, gifts, training (enhancing the job that an individual currently holds) and development opportunities (providing opportunities for an individual to hold higher responsibilities within the business through education and mentorship programs).

Activity:

Think about the different rewards that you are in a position to give to your staff. Even with few resources, you can come up with ways to reward good performance. Sometimes using your community and networks can help you provide rewards for your staff. Perhaps you have a friend who is a photographer and can offer your staff family portraits for free or at a discounted rate, or a friend who can conduct a workshop for your staff, someone who owns a restaurant and can provide free dinner. Be creative!

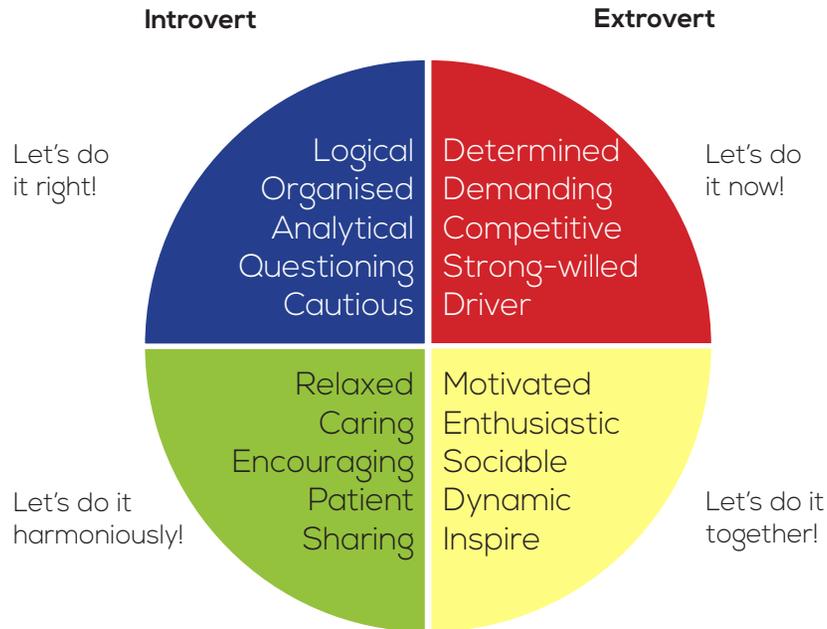
Example:

An option for rewards for Girma's staff could include on the job training in metal works and discounted or free gifts from business clients and partners.

What kind of leader am I? What are my strengths and weaknesses?

Tool#5

Colors personality test – there are different kinds of personality tests available online that can help you discover how you work and what type of leader you are and the colors test is just one. The colors test is useful because your leadership style is a reflection of who you are and who you are/ your leadership style is important as it sets the tone for your business by influencing team and organizational culture, morale and engagement. Below is the colors personality test.



Activity:

Using the colors personality test above, **identify** what color(s) you are. Think about what that means for the type of leader you are. Write down your strengths and weaknesses. Use the basic outline below of leadership category types to guide you to discover what type of leader you are.

The pace-setting leader – expects and models excellence and self-direction. If this style were summed up in one phrase, it would be “do as I do, now”

The authoritative leader – mobilizes the team toward a common vision and focuses on end goals leaving the means up to each individual. If this style were summed up in one phrase, it would be “come with me.”

The affiliative leader – works to create emotional bonds that bring a feeling of bonding and belonging to the organization. If this style were summed up in one phrase, it would be “people come first.”

The coaching leader – develops people for the future. If this style were summed up in one phrase it would be, “try this.”

The coercive leader – demands immediate compliance. If this style were summed up in one phrase, it would be “do what I tell you.”

The democratic leader – builds consensus through participation. If this style were summed up in one phrase, it would be “what do you think?”

Example:

Girma would characterize himself as somewhere between red and yellow on the colors personality test scale and he believes that he is a pace-setting as well as coercive leader. His strengths are that he is hard working, high energy, demands excellence, and always finishes what he starts. His weakness shows up primarily in his communication style. Because of his high energy, he sometimes forgets to listen to his team members. His commitment to excellence and strong will can, at times, create tension in the work place.



Conclusion

Management is complicated but necessary to make your business work. Learn the concepts and keep working on putting them into practice. In the meantime, there are ways to get help for free by having a mentor, offering your creative services in exchange for expert help, offering a small share in your business in exchange for expert help, and studying online.

Creating a healthy, positive and productive work environment is vital to business success.

Good leaders generally communicate their vision regularly, listen deeply to the people who they work with, work long and hard, delegate and trust people to do the right things, give regular feedback, and take responsibility.

Signs that your leadership style isn't working include, having a high turn over rate, closed communications with employees, culture of fear or anger, consistent tardiness, and not meeting your business goals even if you have all of the necessary resources.

There is no such thing as the best style of leadership. Use the style that delivers results based on the situation and people involved.

Management of a business for success does also include finances. The next chapter will get you an insight of how to plan, monitor and project your finances.

Finances

Finance is defined as the science of money management as it gives you the tools to measure and track the money going into and out of your business. Seeing where your money is coming from, where it is going and how it is being spent is essential for managing the lifeline of your business.

Basic finance tools include:

- **Budgeting and Forecasting**
- **Bookkeeping**
- **Financial Reporting**
- **Balance Sheet**
- **Income Statement/Profit and Loss Statement**
- **Cash Flow Statement**
- **Cash Flow Management**

If you don't know how to speak the language of finance, you will not be able to communicate for the success of your business.

- **Budgeting and Forecasting** - a budget is a detailed financial outline of what you believe will happen over a period of time (often one year) financially. The budget should include details about the business' revenues, expenses, cash flow and financial position. A forecast is a projection of what will happen in three or more years regarding key revenue items and overall expenses.
- **Bookkeeping** - the recording, on a day-to-day basis, of the financial transactions and information pertaining to a business. Every transaction, whether it is a purchase or a sale, must be recorded
- **Financial Reporting** - a comprehensive account of a business's transactions and expenses created to give the business oversight of its financial matters. Financial reporting is done based on the documents and records that you put together to track and review how much money your business is making. Financial statements should be done by an accountant annually. Financial reporting includes:
 - **Balance Sheet** - presents a snapshot of a business's financial situation at the end of a specified date and includes the cash it has on hand, the notes payable it has outstanding, and the owner's equity in the business
 - **Income Statement/Profit and Loss Statement** - shows the profitability of a business during the time interval specified in its heading
 - **Cash Flow Statement** - reports the money that entered and exited a business during the time interval specified in its heading

- **Cash Flow Management** - the management of the overall movement of funds through the business, which allows you to estimate the amount of cash that the business will have on hand at any time, project trends in cash inflow and cash outflow, and evaluate whether a shortfall or surplus in cash could potentially occur. Businesses can fail even if they are making money, especially if there is debt or if there are delays in customer payments. That is why it is important to understand the timing of when cash comes in and goes out through cash flow management.

What is my monthly and yearly sales revenue?

Tool#1: **Budget** – creating a budget helps you see what will happen in your business financially over a certain period of time. Revenue is # of units sold x price of unit.

When budgeting, it is best to create three different scenario options – realistic, best case and worst case scenario.

Activity: Using the table below, **calculate** your monthly and yearly target revenue for the three scenarios.

	A Monthly target unit sale	B Amount per unit	C Monthly target revenue (A*B)	D Yearly target revenue (C*12)
Realistic:				
Best Case:				
Worst Case:				

Tool#2:

Cost calculation - there are two types of costs that are incurred when producing and selling products, variable/direct costs and fixed/indirect costs. Variable/direct costs are costs incurred by producing and selling your goods and can include any raw materials to make your product/service, labor, power consumption, packaging, delivery, sales and commission costs. Fixed/indirect costs are costs incurred to run your business whether you are making products or not and can include rent, utilities, insurance, management and administration costs.

Activity:

List all the items that you think you will incur as cost and do the math for your monthly and yearly cost breakdown.

Example:

Below is an example of the variable and fixed costs for a creative working in the gaming industry in Addis Ababa.

Fixed Cost	Monthly	Yearly
Office Rental	5,000	60,000
Internet	3,000	36,000
Telephone	1,000	12,000
Apple Store Subscription Fee	189	2,268
	9,189	110,268
Variable Cost	Monthly	Yearly
Game Programmer	5,000	60,000
Graphic Designer	5,000	60,000
Play Store Promotion	3,000	36,000
Offline Promotion (Flyers, Stickers...)	3,000	36,000
	16,000	192,000

How much money does it take to produce one product?

Tool#3: **Per unit cost equation** – if you know your variable costs, you can figure out your cost per unit.

Per unit cost = variable cost / number of units

Activity: Using the numbers from your variable cost table, **calculate** your per unit cost.

How much profit will I make?

Tool#4: **Gross profit (income) equation** – if you know your revenue and your total costs, you can figure out your income.

Gross profit (income) = revenue – total costs (variable + fixed)

Activity: Using the numbers from the previous two tools (sales revenue and total costs), **calculate** your projected gross profit.



Conclusion

Finance is a necessary competency in business and using financial tools is key to tracking success, identifying challenges, and achieving business goals.

You don't have to wait until you make profit to calculate your profit. You can calculate your profit when you pay the costs. You know how much your per unit cost will be when you make the purchases necessary to sell your product.

Regularly check your figures to see how you are performing.

Like many of the concepts in this toolkit, finance is not something that you can learn overnight. Get help from an expert in exchange for services, products, shares, etc.

If your business model has proven successful, this will also reflect in the finances. At this point you might want to think of how you can grow your business. The next section will help you understand different stages of growth.

Growing

Business growth means the improvement of some part of the success of a business and takes place when raising revenue and cutting overhead. Sometimes growth means, and comes from, achieving better brand recognition, which is covered in the next section. There are two types of business growth strategies:

Intensive Growth Strategy – growing the business with in house processes

- Market Penetration - the least risky growth strategy for any business is to sell more of its current product to its current customers. Sometimes you can do this by finding new ways for your customers to use your product
- Market Development - selling more of your current product to an adjacent market, by, for example, offering your product or service to customers outside of Addis Ababa

The five stages of small business growth include:

- Existence - when you can get enough customers, deliver your products, and provide services well enough to become a viable business
- Survival - when you can, at a minimum, generate enough cash flow to stay in business and to finance growth to a size that is sufficient to earn an economic return on your assets and labor, given your industry and market niche
- Success - when you can exploit the business's accomplishments and expand or keep it stable and profitable, providing a base for alternative owner activities
- Take off - when you can grow rapidly
- Resource Maturity - when the business has arrived and has the advantages of size, financial resources and managerial talent. If it can preserve its entrepreneurial spirit, it will be a formidable force in the market. If not, it may enter a sixth stage, ossification, which is characterized by a lack of innovative decision-making and the avoidance of risks.

- Alternative Channels - pursuing customers in a different way such as selling your products in stores
- Product Development - developing new products to sell to your existing customers as well as to new ones

Integrative Growth Strategy – growing the business by going outside of the business via acquisitions and partnerships

- Horizontal - buying a competing business or businesses
- Backward - buying one of your suppliers as a way to better control your supply chain
- Forward - buying component businesses that are a part of your distribution chain

Why grow?

Tool#1: **Journaling** – growing is not a requirement, it is a choice. Before deciding to grow your business, spend some time reflecting on the current status of your business, your vision for the future, personal and business needs. If you decide to grow, it should be because you believe that growth is aligned with your vision for the future.

Activity: Spend some time **reflecting** on where your business is at the moment and where you want it to go. Questions to ask yourself include: What is the financial status of my business now (remember that a business can grow only when you are making money)? Where do I see my business in 3 years? Where do I see myself in 3 years? What level of growth, if any, would make me happy? Why am I considering growing my business? Is business growth aligned with my mission and vision?

Example: Wezero Seble is a 53-year-old fashion designer who has been making scarves for her friends, family and neighbors for the past twenty years. Her granddaughter, hearing that people are interested in her scarves, recently bought her a sewing machine so that she can create more scarves with less effort and grow her business. Wezero Seble loves the machine because it has reduced the amount of time that she needs to spend making scarves. She used to make three scarves a week. With the machine, she still makes three scarves a week. When her granddaughter asked her why she isn't making more, Wezero Seble told her that she loves the machine because she can still make the same amount of scarves, but now she has more time to spend with her family and friends. Wezero Seble chose not to grow her business.

How do I choose what to focus on to grow my business?

Tool#2: **Pareto's principle** – gives you a model for business growth. The principle states that 80% of your profit comes from 20% of your products and/or 80% of your profit comes from 20% of your customers. Given that fact, when trying to grow your business, the focus should be on improving 20% of your products/20% of the features of one of your products or keeping 20% of your customers happy.

Activity: Use Pareto's principle to **determine** where 80% of your profit is coming from. What are the products and who are the customers who are giving you the majority of your business?

Example: Netsanet, an illustrator who creates animated illustrations for non-profits, advertisement agencies, and other creative projects, would say that 80% of her profits come from advertisement agencies, which are 20% of her customers. So, if she wants to grow her business using Pareto's principle, she should focus her attention on increasing and servicing her advertisement agency customers.

How can I manage growth?

Tool#3:

Business case - often, businesses grow one product/project at a time because it is generally easier to manage one project at a time and to get funded for a project rather than an entire business. A business case is a mini-business plan for a project within a business, which justifies the investment of time, money, and resources into a project by outlining the benefits that the project will bring.

A formal business case includes:

- Background of the project
- Description of the specific product
- The market gap. Why this product?
- The options considered with reasons for rejecting or carrying forward each option
- How much it will cost to carry it out
- How much the investor will get back and how soon

Activity:

Create a business case for one project or product/product line addressing the points listed above.

Example:

If Kidus, owner of Desta Designs, were to create a business case, it would be for the nighttime handbag line and not for his entire fashion business.



Conclusion

Survive as a business before thinking about growth.

There are many strategies to grow your business. Pick the one(s) that is right for you.

Growing a business is most manageable on a project-by-project basis. Choose one project or product to focus on when thinking about growth.

You can choose not to grow. Small businesses, if managed well, can be sustained and provide the owner with satisfaction and a comfortable means of living. You don't have to be a big business to be happy and contribute big to society.

One of the ways to grow your business is to tell a good story. See the next section on branding & storytelling.

Branding & Storytelling

Your brand is your business name, design, style, symbol, logo or any other feature that distinguishes your business, product or services in the marketplace. Your brand is how you create affinity with your customers. It tells them what they can expect from your products and services and it differentiates your offering from that of your

By creating a unique brand for a product, you will increase the following:

- **Customer recognition - customers are far more likely to choose a brand that they recognize over something unfamiliar**
- **Competitive edge in market - the more recognition that you receive and the more you build your brand, the more competitive you are as a brand**
- **Easy introduction of new products -when you already have a strong brand and loyal customers, it is often easier and less expensive to introduce and test out new products**
- **Customer loyalty and shared values - customers are attracted to brands that they share values with; brand loyalty often lasts a lifetime and even transfers to future generations**
- **Enhanced credibility and ease of purchase - customers want to buy from businesses that they like, know, and trust. If your brand is credible, you are far more likely to get the sale**

competitors. Your brand is derived from who you are, who you want to be, and who people perceive you to be.

One of the most important factors in branding is creating your business story because behind every successful business is a good story.

What is my story?

Tool#1: **Journaling** – everybody has a story, but not everybody knows what it is. The trick is creating a story that is compelling, can resonate with customers, and demonstrates a value for the marketplace. Facts tell, but stories sell. People will remember your story. Journaling is a good way to start the process of self-reflection needed to figuring out your story. Self-reflection is a continual process and a one-hour journaling activity won't always yield the story that you are looking to tell. Figuring out your story can take time and that is ok.

Activity: When journaling, **ask yourself** the following questions: what inspired me to start? What is the need that I saw in the market? What do I like about my product? What do I bring to it individually? Who inspires me?

Example: Little Gabies has perfected the use of storytelling in brand creation by presenting a personal and compelling story that people can identify with. Read their story, from their website, narrated below. See if you can identify their value proposition and unique selling proposition.

Little Gabies

with  from Ethiopia

The story of Little Gabies began in 2013 with my personal quest for the perfect blanket for my first-born, Caleb. Admittedly an overprotective and excited first-time mom, I was on a mission to find a soft, cozy, natural, and unique blanket that I could rely on. While considering the many options available in the market, I kept thinking about and returning to something so familiar and personal- the traditional Ethiopian Gabi. I wanted to honor my rich heritage, source locally, and create something that embodied the very same loving and warm tradition that I was raised in...

Countless hours of work, collaboration with many skilled artisans and craftsman, and testing (with my own family as the guinea pig), gave birth to a unique line of baby blankets that I now share with you. Each fiber and thread represents a true labor of love.

Our rich and uniquely spun threads breathe life into our beautiful blankets. Our family of skilled spinners, weavers, and embroiders work to ensure the same level of quality with each and every Gabi. Every single product is a uniquely designed blanket with a distinctive story.

My personal commitment is to make each and every customer a happy member of the Little Gabies family while offering a line of products with incredible quality. I am honored by the faith you place in purchasing our product and view it as my responsibility to provide you with an experience that earns your trust. Little Gabies strives to share a piece of the warmth that I and every household in Ethiopia have experienced for generations.

I truly hope you enjoy our products! From our family to yours...

Do I have a clear value proposition and unique selling proposition (USP)?

Tool#2: **Elevator pitch** – as noted earlier in this toolkit, the elevator pitch forces you to know exactly what value and USP you deliver. Come back to your elevator pitch regularly and refine as needed.

Activity: You created an elevator pitch at the beginning of this toolkit. **Revise** your elevator pitch to reflect your story and what you have learned from this toolkit thus far.

Example: Refer back to the example of an elevator pitch found in the beginning section of this toolkit.

How do I present my business story?

Tool#3: **The 5-minute pitch** - a presentation is a means of communicating an idea at any given speaking engagement. The 5-minute pitch allows you to present the most compelling story about your business with the aim of grabbing an investor's attention and leaving them wanting to hear more about your product and business. If you know your business and the story that you want to tell, you should be able to give a compelling overview of it in 5 minutes.

Activity: Create a 5-minute pitch and include the following information:

- 1) your story,
- 2) introduction to the presentation,
- 3) your value proposition,
- 4) business case, and
- 5) the opportunity for the investor

When presenting, keep in mind, your desired presentation outcome, audience (age, size, familiarity), and presentation method (technology/ no technology). Time yourself. Keep it simple. You shouldn't have more than 10-15 PowerPoint slides, use minimal text and include graphics.



Conclusion

Spend time figuring out and creating your story

While you have to figure out your own story, you may want to look into getting help creating the rest of your brand. Hire or exchange services to get someone to help you develop your brand style, logo, and design

Whether you or an outside person develops your brand style, logo and design, make sure that it reflects and represents you, your story and value added

When branding, you can choose to brand the product, the business and/or the person

When presenting, know your audience and make sure to keep it simple, engaging and concise

Business Model Canvas

You are now ready to fill out your business model canvas! Remember that the business model canvas is a living document. Things change and the longer that you are in business, the more you will learn. Make changes accordingly.

Elements:

- Value proposition – the need that you are satisfying, the problem that you are solving, the value that the customer is paying for
- Customer segmentation – your customers
- Channels –the distribution channels that get your products from your business to the customer
- Customer relationship – getting, keeping and increasing your customers (marketing and sales)
- Revenue streams – how the business makes money from each customer segment
- Key activities – the most important activities in executing a businesses value proposition
- Key resources – the resources necessary to create value for the customer
- Key partners – network of suppliers and partners that make the business model work
- Cost structure – the costs and expenses that incur while operating the business model

Key Partners	Key Activities	Value Propositions	Customer Relationships	Customer Segments
<p>Who are our Key Partners?</p> <p>Who are our key suppliers?</p> <p>Which Key Resources are we acquiring from partners?</p> <p>Which Key Activities do partners perform?</p>	<p>What Key Activities do our Value Propositions require?</p> <p>Our Distribution Channels?</p> <p>Customer Relationships?</p> <p>Revenue streams?</p> <hr/> <p>Key Resources</p> <p>What Key Resources do our Value Propositions require?</p> <p>Our Distribution Channels?</p> <p>Customer Relationships?</p> <p>Revenue Streams?</p>	<p>What value do we deliver to the customer?</p> <p>Which one of our customer's problems are we helping to solve?</p> <p>What bundles of products and services are we offering to each Customer Segment?</p> <p>Which customer needs are we satisfying?</p>	<p>What type of relationship does each of our Customer Segments expect us to establish and maintain with them?</p> <p>Which ones have we established?</p> <p>How are they integrated with the rest of our business model? How costly are they?</p> <hr/> <p>Channels</p> <p>Through which Channels do our Customer Segments want to be reached?</p> <p>How are we reaching them now?</p> <p>How are our Channels integrated?</p> <p>Which ones work best?</p> <p>Which ones are most cost-efficient?</p> <p>How are we integrating them with customer routines?</p>	<p>For whom are we creating value?</p> <p>Who are our most important customers?</p>
<p>Cost Structure</p> <p>What are the most important costs inherent in our business model?</p> <p>Which Key Resources are most expensive?</p> <p>Which Key Activities are most expensive?</p>		<p>Revenue Streams</p> <p>For what value are our customers really willing to pay?</p> <p>For what do they currently pay?</p> <p>How are they currently paying?</p> <p>How would they prefer to pay?</p> <p>How much does each Revenue Stream contribute to overall revenues?</p>		

Setting up a Business in Ethiopia

Basic Steps to setting up your business

- Product development - having a product that works
- Customer finding - know who you are selling it to
- Developing strategy - marketing, sales, risk management
- Establishing legal status - registering business and obtaining other relevant business permits
- Business processes and knowledge - management, administration, delivering you value proposition, collecting cash, keeping it
- Securing resources - human and financial capital

Activity:

Fill out the following table to get an idea of where you are now and what you need to do next to set up your business

Do you have?	Yes, I am ready	Somewhat, needs improvement, not quiet, no	What is the next step to checking this off? What's holding you back?
Product			
Customers			
Strategy			
Legal status			
Business processes and knowledge			
Resources			

Registration Process in Ethiopia

What	Where
Registering a business	Ministry of Trade
Tax Identification Number (TIN)	Customs Authority
Opening a business bank account	Any Bank
Obtain the Commercial Registration Certificate	Ministry of Trade
Register with the Private Organization Employees' Pension Fund	Customs Authority and Private Employee Pension Fund Authority
Register for VAT	Customs Authority
Obtain a Certificate of Competence	Depends on the work
Publish Trade Name	Ministry of Trade
Reserve Trade Name	Ministry of Trade
Obtain a business license	Ministry of Trade
Install Cash Registration Machine	Customs Authority/ Machine Vendors

Bonus: Life as a Creative Entrepreneur

Learning business terms, concepts and skills is important, but preparing yourself for the life of a creative entrepreneur is vital to your success and happiness.

Creative entrepreneurs are under a lot of pressure. They are expected to create something new, be true to themselves, contribute to society, be socially responsible, make money, have fun, look good, be smart, make their family proud, get married and have kids. Because of the outside pressures and expectations on creative entrepreneurs, it is important to have self-management tools.

Self-Management is a term that covers a whole range of things that you can do to help yourself live and achieve your goals despite internal and external resistance.

Internal resistance - fear, self doubt, staying in your comfort zone, lack of skills and knowledge

External resistance - lack of finance, bad relationships, restrictive regulations

Key self-management tools include:

- emotional management,
- time management,
- space management, and
- people management

Emotional Management

While emotions are not always consciously felt, they have power over our thoughts and decisions, which means that they control what we do and are able to achieve in life. Emotional management allows you to take control of your capacity to think and act in a manner consistent towards the achievement of your goal.

Common feelings that entrepreneurs deal with include the pressure of defining yourself as an entrepreneur, confusion and doubt of operating under little guidance, fear of not meeting your expectations as well as the expectations of others, and the financial strain of making the business work while supporting yourself and/or your family. Emotional Management includes:

- Identifying your emotions
- Understanding the cause of the emotion
- Choosing an action or thought to deal with that emotion internally
- Choosing to behave in ways that are consistent with your higher goals and not according to your fear, doubt, or anger (talking it through, meditating, writing in your journal)
- Remembering and practicing your new chosen emotional and behavioral response

Activity: Set your alarm to go off every two hours. When it goes off, identify the emotion that you are dealing with and spend five minutes journaling what you feel. Identifying your emotions is the first step of emotional management and the only way to identify it is to give yourself time to acknowledge what you are feeling.

Time Management:

The process of organizing and planning how to divide your time between specific activities. Good time management enables you to work smarter – not harder – so that you get more done in less time, even when time is tight and pressures are high. Failing to manage your time damages your effectiveness and causes stress.

A creative entrepreneur must do two things well, create and sell. There are various creative entrepreneur time models and you have to choose the one that is right for you. Examples include creating over the weekends and selling over the week or vice versa, creating whenever you feel like it and hiring someone to sell, creating for three months and selling for the rest of the year, etc.

Tips on time management include:

- Have a routine
- Delegate
- Don't do two things at a time
- Make lists and write down everything that you have to do
- Show up to your space of work, even when you don't want to
- Know how to prioritize by understanding what is essential to your business – all things being equal it is always marketing and sales

Activity: Make a list daily of things that you have to do. When you complete a task, cross it off of the list and spend five minutes doing something that you love, not related to work – reading, singing, dancing, listening to music, eating chocolate.

Space Management

Creating and respecting a space for business, even if it is the corner of your bedroom, is essential for getting work done. If you have to look for your tools to get to work, you are already defeated. Creating a ceremony that you perform in your space of creation can be helpful for maintaining a routine of production. Ceremony's can include, but are not limited to, lighting incense, making coffee, ten-minute journaling, and breathing exercises.

Activity: Find your workspace and make it yours! Make sure that all of the tools that you need to get your work done have a space. Surround yourself with things – pictures, quotes, art - that inspire you.

People Management

One of the biggest drains, distractions and obstacles to managing your energy is other people. In order to manage the people in your life, avoid those who don't respect you and your work, make you feel bad, and drain your energy.

Alternatively, people are your greatest resource. Creating relationships is crucial to your success as a creative entrepreneur. People equal money. People employ you, buy your product/services, invest in you, provide you with networks, give you critical feedback, relief and love. Keep and invest in people who you can trust, who are creative, can give you constructive criticism, and who inspire and support you.

Activity: Make a list of people who inspire you, respect you and your work, are motivated to succeed in their respective fields, and are willing to support you in anyway they can. Think about how you can spend more time with them and invest in their success.



Conclusion

The work of a creative entrepreneur is to create and sell. Create a system that divides your time for both of these roles or find somebody to do the selling

People equal money. Good people also add joy to your life. Spend time networking and investing in others

Entrepreneurs are under tremendous pressure and managing emotions is key to success and happiness

Emotional, time, space and people management done well are always at the service of achieving business goals

Avoid activities, thoughts and people who drain and distract you

Glossary

Below is a list of helpful concepts and terms for running a business:

Assets – the economic resources a business has, including the products it has in inventory, the office furniture and supplies purchased, and any trademarks or copyrights it owns.

Bookkeeping – the recording, on a day-to-day basis, of the financial transactions and information pertaining to a business

Branding - the marketing practice of creating a name, symbol or design that identifies and differentiates a product/services from other products/services

Budget - a detailed financial outline of what you believe will happen over a period of time (often one year) financially

Business Case - a mini-business plan for a project within a business, which justifies the investment of time, money, and resources into a project by outlining the benefits that the project will bring

Capital – the money a business has in its accounts. Assets and investments are known as capital and in business, there are two major types of capital, debt and equity

Cash Flow Management - the management of the overall movement of funds through the business

Controlling – identifying sources of deviation from successful accomplishment and providing a corrective course of action in order to measure achievement against established objectives and goals

Customer Acquisition Cost (CAC) – a ratio that shows the resources that a business must allocate (financial or otherwise) in order to acquire an additional customer, i.e. how much marketing is worth it

Customer Service – nurturing and maintaining your relationship with your customers by taking care of your customer’s needs and providing them with professional, helpful, high quality service before, during and after purchase

Distribution Channel - the means by which businesses get their products and/or services to their customers

Expenses – the costs that a business incurs each month in order to operate, including rent, utilities, legal costs, employee salaries, contractor pay, and marketing and advertising costs

Finance - the science of money management and other valuables, which can easily be turned into cash.

Financial Reporting – a comprehensive account of a business’s transactions and expenses created to give the business oversight of its financial matters

Financial Statement – similar to a financial report, but it is generally a more formal document, often issued by a lending institution

Fixed/Indirect Costs – costs to run your business whether you are making products or not, usually calculated per month

Forecasting - a projection of what will happen in three or more years about key revenue items and overall expenses

Gross Profit – considers only how much money is generated from sales and how much it took to produce and sell those goods that generated that outcome

Human Resource Management - formal systems devised for the management of people within an organization in order to maximize the productivity of an organization by optimizing the effectiveness of its employees

Income Statement/Profit and Loss – shows the profitability of a business during a period of time

Integrative Growth Strategy – growing the business by going outside of the business via acquisitions and partnerships

Intensive Growth Strategy – growing the business with in house processes

Leading – the use of influence to motivate employees to achieve organizational goals

Liabilities – any debt accrued by a business in the course of starting, growing and maintaining its operations, including bank loans, credit card debts, and money owed to vendors and product manufacturers

Management – the organization and coordination of activities and people for the attainment of an organizations goals and objectives

Marketing – an integrated process by which companies create customer interest in products or services by building strong customer relationships and creating value for their customers

Market Segmentation – the process of defining and dividing your market into clearly identifiable sub-groups or segments based on similar needs, wants or demand characteristics

Market Validation – testing a product concept against a potential target market or the process of figuring out if your market exists, if people are willing to buy your product and at what price – usually conducted through interviews and questionnaires

Minimum Viable Product (MVP) - a product that includes the minimum set of features that can demonstrate your value to the customer and at the same time provide you feedback for future development

Mission – what you do

Net Profit – the profit of a business after operating expenses and all other charges including taxes, interest and depreciation have been deducted from total revenue

Performance Management - a process that provides feedback, accountability, and documentation for performance outcomes and ensures that goals and objectives are being reached efficiently and effectively

Planning – deciding where to take a business and selecting the steps necessary to get there while analyzing challenges and forecasting future conditions

Organizing – bringing together physical, human and financial resources to achieve objectives, optimize use of resources, and to facilitate growth, diversification and the humane treatment of employees

Revenue stream - how a business generates money from each customer segment

Sales - the activity or business related to selling products or services

Self-Management – a whole range of things that you can do to help yourself live and achieve your goals despite internal and external resistance

Unique Selling Proposition (USP) - the aspect(s) of your product/services that make you different

Value Proposition - the bundle of products and services that create value for a specific customer segment and solve a customer's problem or satisfy a customer's need

Variable/Direct Costs – costs incurred in producing and selling your goods

Vision – what you want to be or become in the future

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