

IPBN Master Class Series

DEVELOPING YOUR BUSINESS AND TEAM



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— CONSULTING —



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10h via Zoom*

Welcome!



Bem-vindo!



Webinar Content

- Developing your Business – the Money
 - financial options available
 - get your head up - ‘in the business’ vs ‘on the business’
- Developing your Team – the People
 - ‘Audit’ of skillsets
 - Facilitation skills
 - Influencing Skills
 - Assertiveness Overview
 - Negotiation Skills

Developing your Business – Financial Options

- All developing businesses need access to capital
- Will usually take the form of some combination of three available options
 - equity/debt/grants
- Equity is the capital invested by the business owners and/or external investors and the quantum of this will often influence what can happen with the other two
- It is important to recognise that no lender will want to take a position in a business by way of providing debt that leaves the Bank with more 'skin in the game' than the owner/s
- Grants offered by State agencies are not 'free money' and will require a solid business rationale to justify the investment

Financing a Business – Engaging your Bank

- Bank will need to see a business plan
- More importantly YOU need to commit your thoughts to paper and challenge yourself on the feasibility of your business development plan
- This can range from a very detailed comprehensive document to something more simple depending on the business scale
- Whatever the business size though the business plan must provide detail on the what, where, why, when, who, how.
- If you can't make a credible case to a Bank as to why you believe you can run/grow a business successfully why would they lend you money?

Business Plan

- **Executive summary:** This is a brief summary of your overall business proposition, covering all the main elements of your plan.
- **Company description:** This gives details of shareholders, advisers, your business's legal status, your products or services, the long-term aim of the business and your goals.
- **Market analysis:** Covers PESTLE and SWOT analyses.
- **Marketing and sales:** Identifies customer trends and opportunities, a marketing and sales strategy, pricing and customer service.
- **Key people:** This covers key employees and an organisation chart, if applicable.
- **R&D and business assets:** This section covers R&D and assets in detail.
- **Financial forecasting:** This covers financial information e.g. loans, guarantees. Assumptions and funding requirements are also included.
- **Appendices.**

• Source ThinkBusiness.ie

Bank Risk Criteria

- Determined by Bank Risk Appetite and Credit Policy
- Existing Customer
 - Existing/Related business – low risk
 - Unrelated business – medium risk
- New Customer
 - Existing/Related business – medium risk
 - Unrelated business – high risk
 - New business (first time) – very high risk

Repayment Capacity

- Banks will not lend to any business without first being able to establish Repayment Capacity
- Repayment Capacity is the measure of a company's ability to service its debt
- Banks will want to see how much operating cash flow is available to pay for debt repayment
- This capacity is assessed by determining EBITDA for the business
- EBITDA is an acronym for Earnings before Interest, Tax, Depreciation and Amortisation.

Cashflow Management

- Cash is King!
- Cash is the lifeblood of any business looking to grow
- A business can be profitable and fold because it runs out of cash
- Profit and cash are different things and should never be confused!
- The P+L may be showing good activity on sales and reporting profit but remember:
 - The cost of generating sales will have been paid for already from **your** cashflow
 - Invoiced sales do not generate cash until **debtors** pay money into your account
 - Depending on **cash reserves** available to your business this can give rise to cashflow pressures

What Do Banks Really Want??

- Above all else they want their money back!!
- In what other business do you sell something to someone and then spend the next 3/5/15/20 years trying to get it back??!
- As a small business owner the Bank is lending to you and therefore you are the most important variable in the process
- Of course the business idea and the plan are important but they are secondary to the quality of the business owner
- A poor business idea in the hands of an astute business owner may well have a better chance of success than a good business idea in the hands of a weak business owner.
- The Bank will also want to take security (collateral) as cover for the debt provided

Other Funding and Support Options

- Crowdfunding Platforms
- Business Angels
- Venture Capital
- Government Grants

Summary

- Get your head up – on the business vs in the business!
- Get your business plan into excellent shape
- Practice your 'pitch' to Bank and potential investors, both private and state Agencies
- Be prepared to release equity – a smaller ownership % of a successful venture is better than 100% of one going nowhere
- Keep a tight rein on expenditure as you are expanding
- Maintain good records, updated weekly
- Manage your debtor book forensically
- Keep the line of communication open to the Bank
- Turnover is vanity, profit is sanity but cash is reality!

Developing Your People

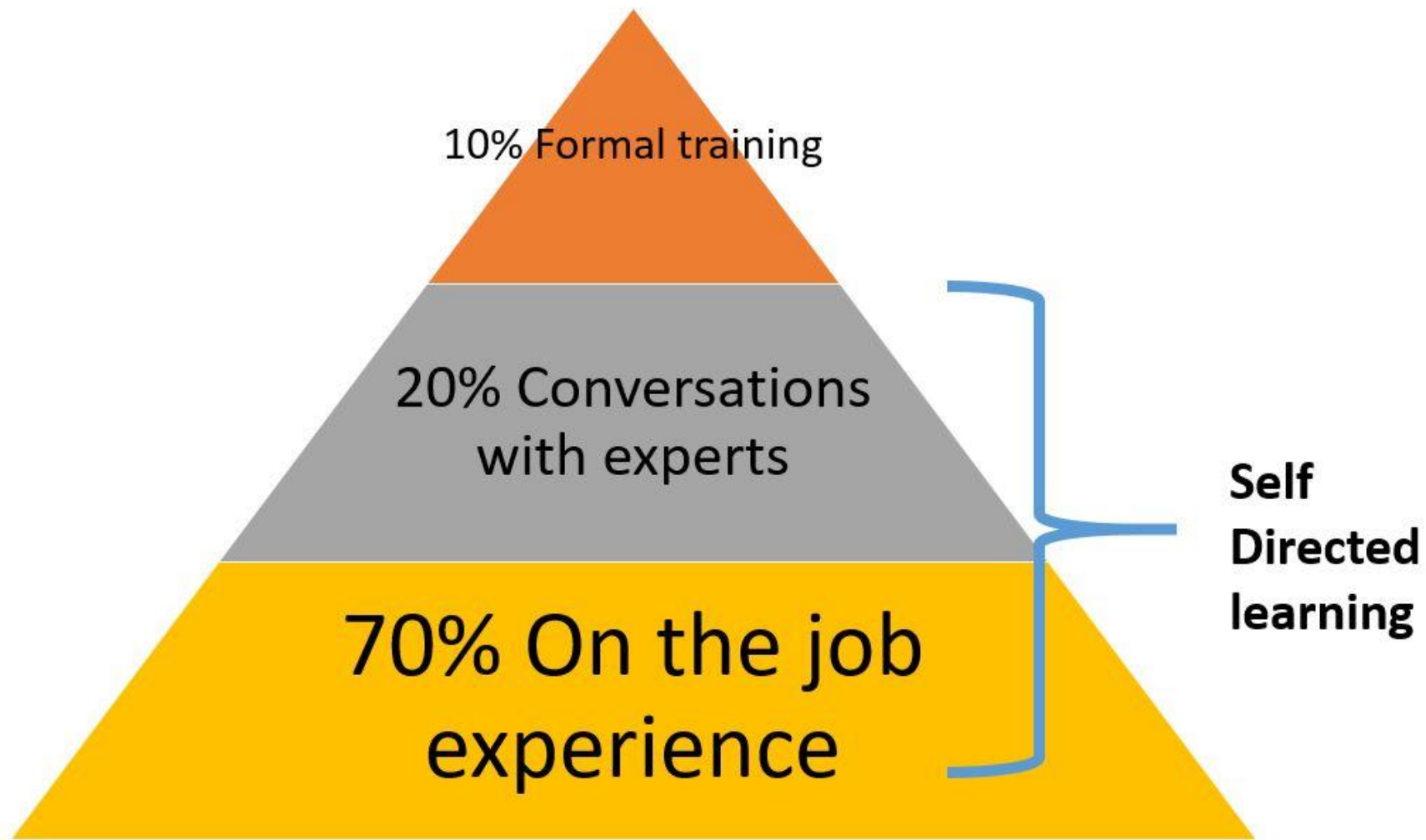
- Be prepared to spend time and money on recruitment and skillset development
- Hiring the right person is vital and less costly than having to deal with a ‘wrong fit’ individual later on
- What development support structure have you got in place – mentoring/coaching/CPD opportunities/training programmes – internal/external
- Soft skills development is essential in the key areas of influencing, negotiation, assertiveness behaviour, communications.
- Set your people up to win – hire good people, give them clear goals, support them and get out of their way!

Analysis of Skills Gap and Training Needs

- You need to look at the skillset you have now within the company and those additional skills which you may need to source to support your business development plans
- Are these skills that can be developed internally or do you need to go to the external market?
- A Training Needs Analysis (TNA) is something you need to do before commissioning training programmes inside/outside your organisation.
- A clear plan for training and/or recruitment should correspond to identified business skill gaps and be designed to close them out

The Skill/Will Matrix





PERSONAL DEVELOPMENT PLAN (PDP) TEMPLATE

NAME:

DATE:

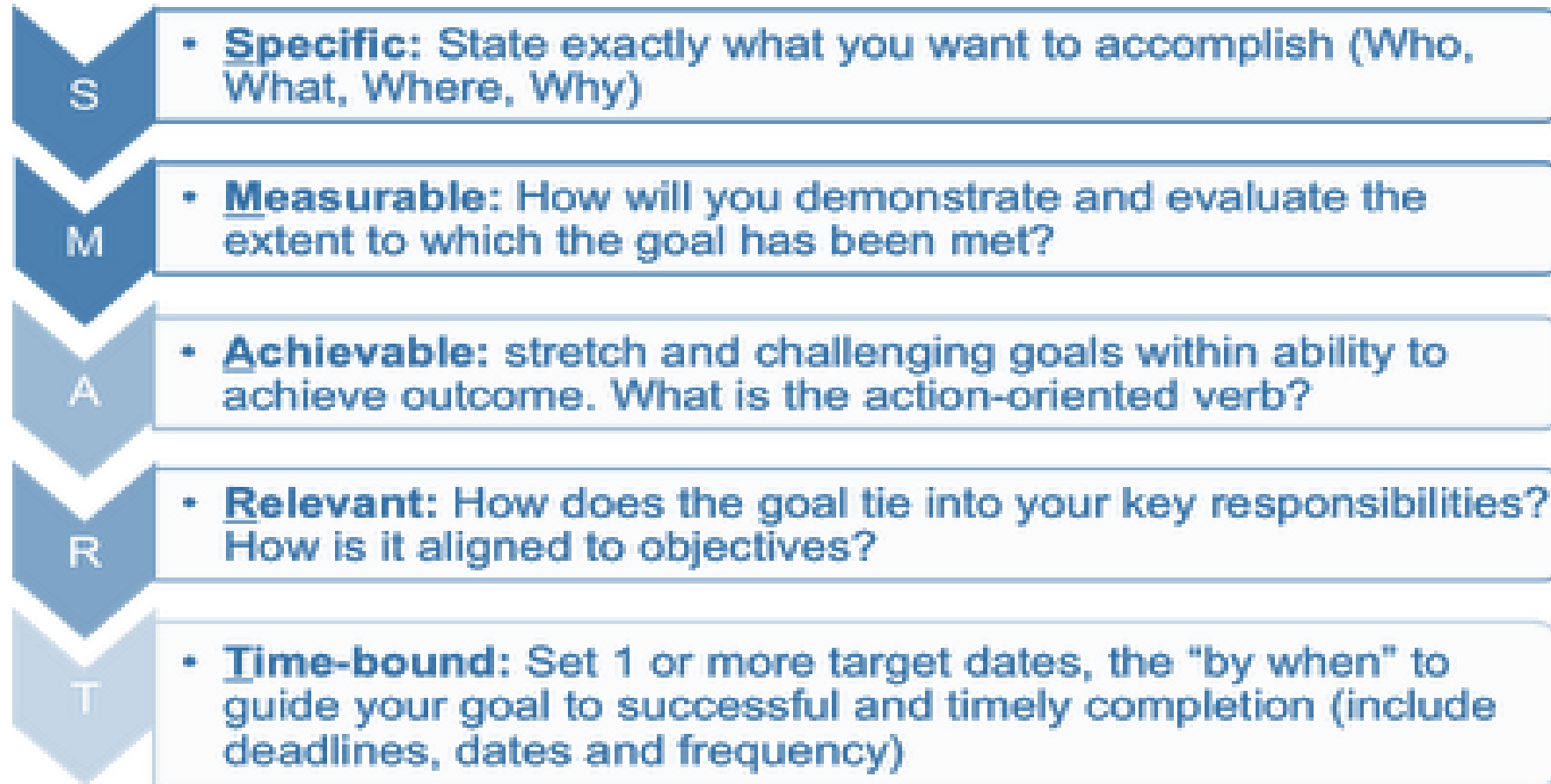
AREA FOR DEVELOPMENT:	DATE I WILL HAVE THIS COMPLETED BY:	I WILL ACHIEVE THIS BY: State how you will achieve the target using a mix of methods such as discussion, study and actually trying it out. Resources you can use, people who can support.	WHAT'S HAPPENING NOW? Specifics indicating that this is an area requiring improvement/development.	HOW WILL I KNOW I'VE BEEN SUCCESSFUL? What will success look like? e.g. attain a qualification	PROGRESS: <i>DISCUSS WITH YOUR LINE MANAGER IN YOUR PERFORMANCE REVIEWS.</i> Note specifics that worked & any further areas you may need to develop

SMART SPECIFIC, MEASURABLE, ACHIEVABLE, REALISTIC, TIME-BOUND

Creating Accountability

COMMON PURPOSE	CLEAR EXPECTATIONS	COMMUNICATION & ALIGNMENT	COLLABORATION	CONSEQUENCES
Discuss The Importance Connect to WHY “Why does this matter?”	Clarify Expectations Together Get clear about WHO & WHAT “What does success look like?”	Focus & Align Everyone Involved Communicate HOW “How are we going to achieve success?”	Collaborate & Adjust As Needed Monitor progress & COACH “Are we on track, & what adjustments are needed?”	Make Results & Consequences Visible Assess the RESULTS “How did we do, & what did we learn?”

Setting S.M.A.R.T. Goals



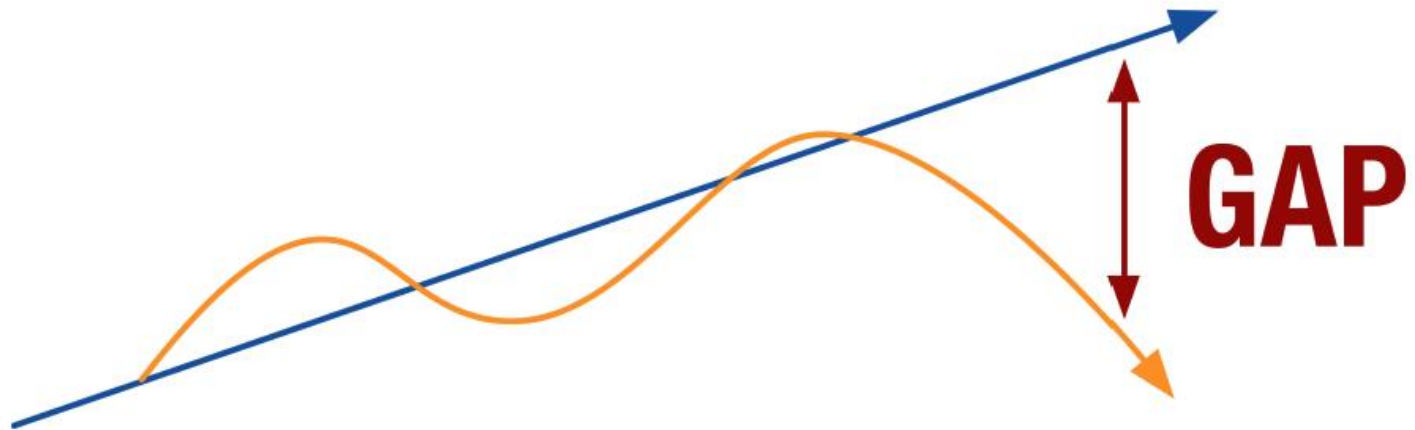
Ongoing Conversations – Coaching



The health of a relationship, team,
or organization is a function of
**the average lag time between
identifying and discussing problems.**

reminder

What I was expecting



What I observed

What is Facilitation?

Training



Team Meetings



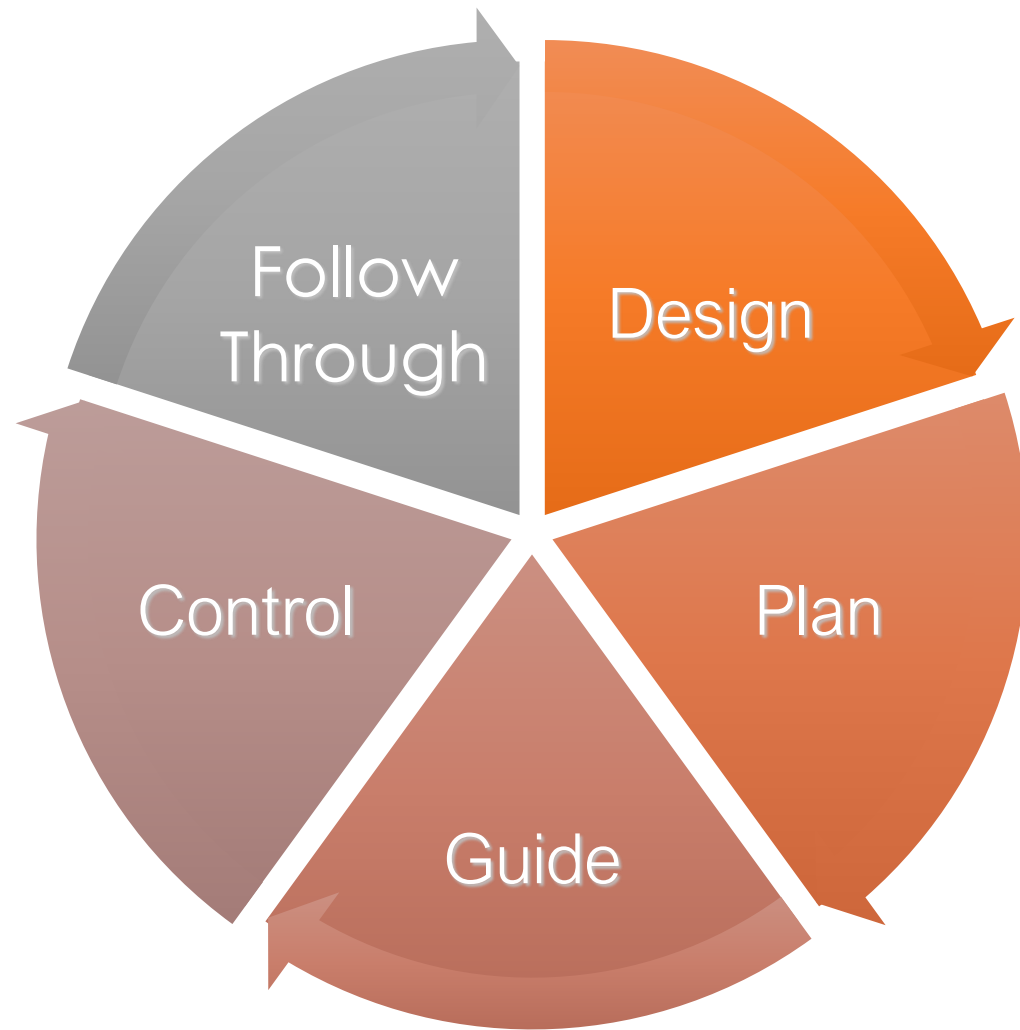
Team Building



Business Meetings



What is Required of the Facilitator?



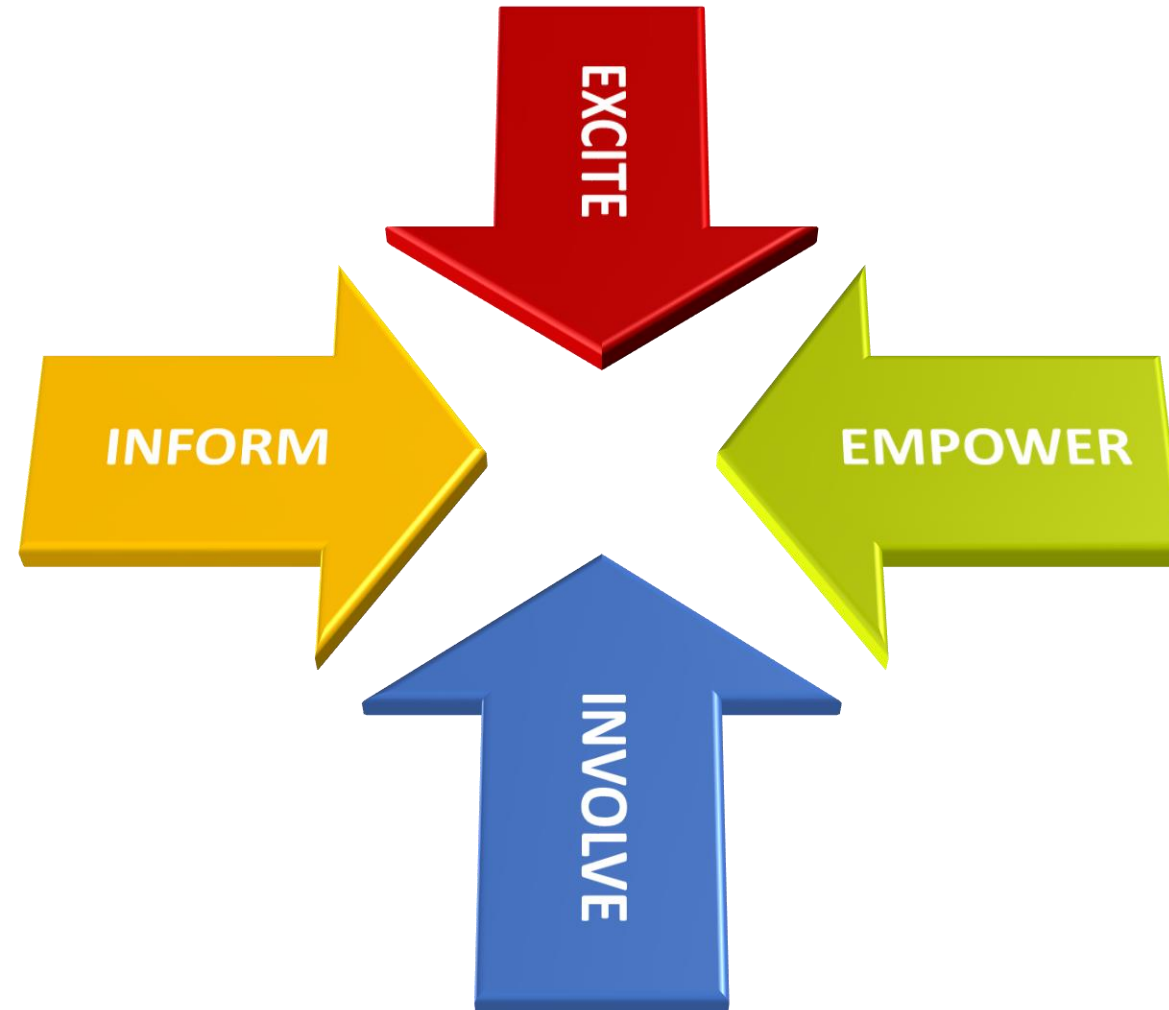
What is Required of the Facilitator?

- The 5 P's:
 - Purpose — Why are we having this session?
 - Product — What do we need to have when we are done?
 - Hands — What do they need to have in their hands when the session is over?
 - Head — What do you want them to know?
 - Heart — What do you want them to believe?

What is Required of the Facilitator?

- The 5 P's:
 - Participants — Who will be attending? What are their attitudes?
 - Probable Issues — What issues will be addressed?
 - Process — What steps will get us there?

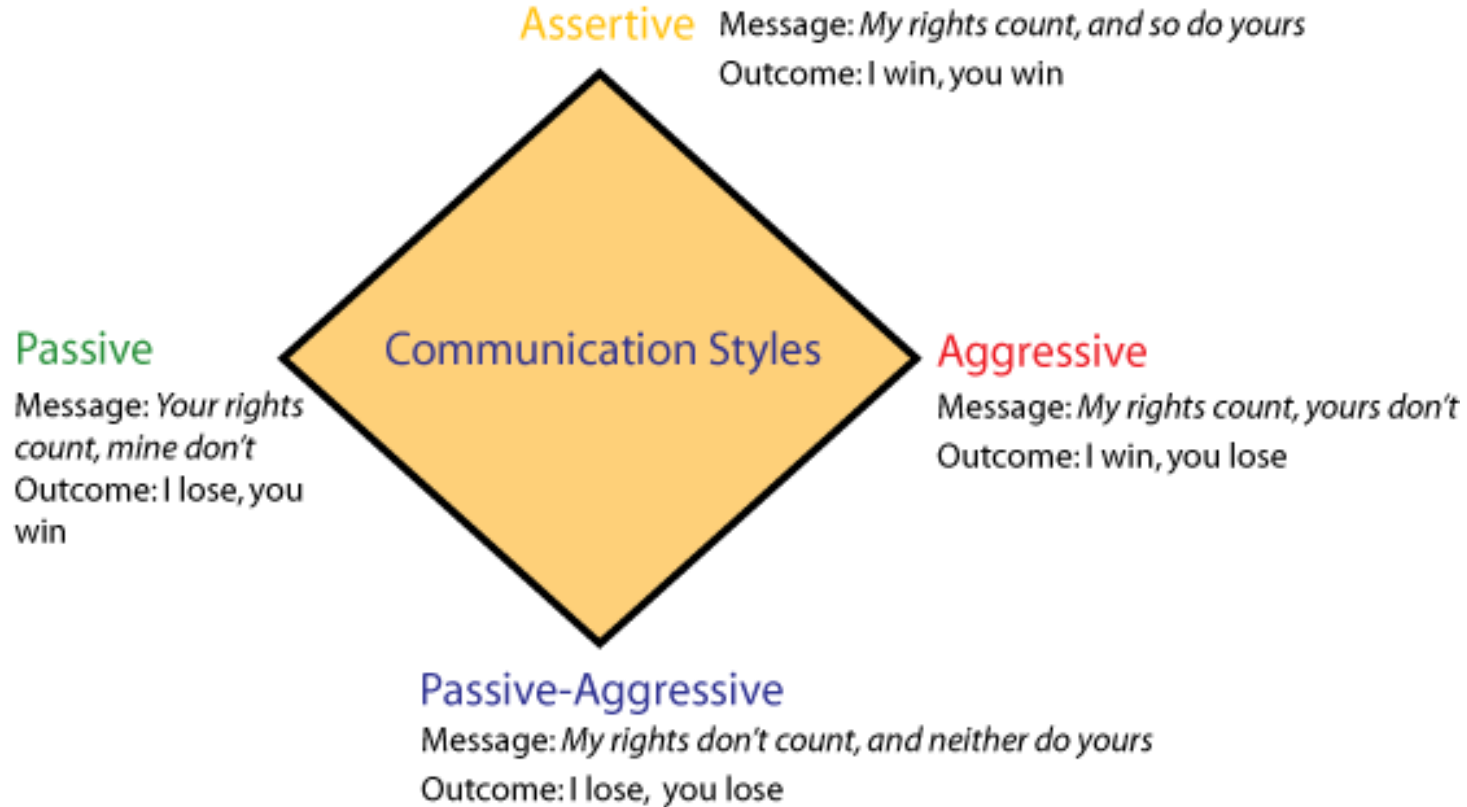
What is Required of the Facilitator?



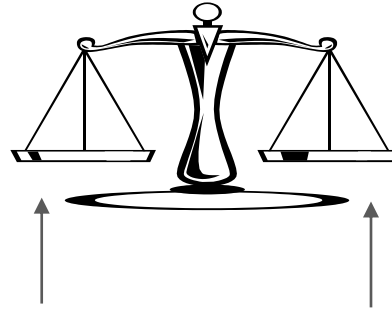
What Makes an Effective Influencer?

- Indicate the benefits of their ideas
- Neutralise resistance, preferably in advance
- Find alternative ways to influence others
- Listen attentively to what others say
- Uncover needs and wants
- Empathise continuously
- Notice how others respond
- Create and maintain rapport throughout
- Eliminate weak statements from their language
- Rehearse, rehearse, rehearse

Assertive Behaviour



ASSERTIVE BEHAVIOUR – WIN/WIN



Rights you take for yourself

Rights you give to others

Stating your needs and feelings in an honest way.
Being clear and direct in what you are saying.
Standing up for your rights without violating the rights of others.

You have needs
You have rights

They have needs
They have rights

You both have something to contribute

Assertive Communication

- Balance of rights, needs and responsibilities.
- Courtesy and politeness.
- Listening to understand.
- Asking open questions.
- Reflecting back that we hear both facts and feelings (empathy).
- Being clear and specific in what is being said.
- Remaining focused.

Assertive Behaviour

- Your attitude determines your behaviour.
- You can choose and control your own behaviour.
- Your behaviour influences other people's behaviour.
- Your behaviour hinders or helps communication.
- Your behaviour is directly observable by other people.
- Your behaviour influences the conclusion other people reach about you.

Negotiation Non Negotiables

- Prepare, Prepare, Prepare – be crystal clear on your objective.
- Negotiation can be more about creativity than it is about compromise.
- Question your assumptions (conscious/unconscious bias)
- Know your objective, your BATNA and your WAP.
- Flexibility is essential – hard positions produce hard outcomes
- Leave your negative emotions at the door – calm is great and know when to break
- Good emotions are just that – good, eg optimism, empathy, concern.
- Know when to stay shtum!!
- Challenge bad behaviour
- Try keep your sense of perspective (and humour!!)

Thomas-Kilmann Conflict Model

- The Thomas-Kilmann conflict model identifies 2 dimensions in choosing an approach to a potential conflict situation – assertiveness and cooperativeness.
- Assertiveness is the degree to which you try to satisfy your own needs.
- Cooperativeness is the degree to which you try to satisfy the other party's concerns

Fig 1. **Thomas-Kilmann Conflict Mode Instrument**



Source: Adapted from Thomas and Kilmann (1974)

Summary

- Create the right environment – model the behaviours you want to see from your team
- Give people the opportunity for personal growth within your business and they will reward you with discretionary effort
- Spend time on selection and internal promotions – it is vital to ensure ‘fit’ between the business and potential new hires as well as new management appointments
- Set your team up for success – be clear on what you expect, provide support as needed, listen to what they have to say, don’t forget to be human!
- And then get out of the way!!

Thank You

Thank you for your participation today – it is appreciated.

Crowdfunding

- Crowdfunding is a traditional way for small businesses to raise money. In the past, crowdfunding was called the cooperative movement. Collective groups, such as community or interest-based groups, pooled subscribed funds to develop new ideas, products and distribution channels.
- Today, it is by definition, “the practice of funding a project or venture by raising many small amounts of money from a large number of people, typically via the Internet.”
- The Internet simply made crowdfunding available for *more* businesses and *more* investors.
- Source ThinkBusiness.ie

Business Angels

- Business Angels, also known as “informal private investors”, are private individuals who invest capital in companies during their early stage of development. In addition, they contribute their know-how or experience in company management and can offer valuable expertise and guidance. Angels usually seek active participation in the company in which they invest.
- Business Angels can be a substitute for classical bank financing or venture capital. They are primarily motivated by return on investment and Business Angel involvement can often help secure access to venture capital or traditional bank loans.
- The average initial investment by Business Angels ranges between €50K and €250k individually, or can be in syndicate form (partnerships with other Business Angels) for investment up to €500k and beyond.
- Business Angels generally invest in the region where they live and in business areas in which they have greatest expertise/knowledge

Finding an Angel!

- Finding Business Angels is now easier than ever before due to the no. in the marketplace and the associations set up to coordinate them.
- There are networks available in most developed markets.
- In Ireland access can be facilitated through Enterprise Ireland and the Business Innovation Centre's (BIC's) among others.
- In Portugal you have Investors Portugal - a recent amalgamation of Associacao Portuguesa de Business Angels (APBA) and Federacao Nacional de Associacoes de Business Angels (FNABA) among others.

Venture Capital

- Venture Capital is capital provided by full-time, professional firms (venture capitalists) who invest with management in ambitious, fast-growing companies.
- In addition to injecting cash into the company, the venture capitalist is likely to add considerably to the credibility of the company and to supply management expertise, support and access to their contacts. As part of their mentoring and monitoring of their investment, they are likely to seek board membership.
- In contrast to bank finance, venture capitalists are not looking for scheduled repayments, but rather a minority equity stake in your company, in return for cash. The venture capitalists will typically look to realise their investment in five years, either through floatation on a public market, a trade sale or for their stake to be bought out by the company management.
- Venture Capital funds usually invest in companies that are raising €500k+ in equity. The companies are typically in fast-growing, attractive sectors, with strong management teams and proven track records.

Enterprise Ireland – Established SME Funding

- Has funding supports and programmes for established small and medium sized enterprises in the manufacturing and internationally traded services sectors.
- An Established SME client is a company that has (EU wide definition):
 - an established trading record,
 - the company (or its group of companies) employs between 10 and 250 employees
 - an annual turnover of less than €50m or an annual balance sheet of less than €43m.
- Enterprise Ireland Adviser (DA) available to discuss.