



# SMALL BUSINESS HEALTH CHECK REPORT PREPARED FOR ABC COMPANY, INC.

DECEMBER \_\_, 20\_\_

Website: [www.Marketatomy.com](http://www.Marketatomy.com)

Copyright 2019 - MarketAtomy LLC

## *Confidential*

The information embodied in this Report is strictly confidential to you, our client. It has been prepared based upon answers provided to us in the "Small Business Health Check Questionnaire" completed by you. It is supplied on the understanding that its contents will be held confidentially by us and by you, and not disclosed to third parties outside of our organizations.

## TABLE OF CONTENTS

<b>INTRODUCTION .....</b>	<b>4</b>
PURPOSE OF THE QUESTIONNAIRE .....	4
PURPOSE OF THIS REPORT .....	4
FORMAT .....	4
OVERVIEW .....	5
BUSINESS STATUS.....	5
LEGAL ENTITY .....	5
<b>SECTION 2 - BUSINESS PREPARATION.....</b>	<b>5</b>
OVERVIEW .....	5
VISION STATEMENT .....	5
MISSION STATEMENT .....	6
BUSINESS MODEL.....	6
FINANCIAL MODEL .....	7
REVENUES STATUS.....	7
UNIQUE SELLING PROPOSITION .....	7
KEY PROBLEM AREAS .....	7
<b>SECTION 3 - OWNERSHIP STRUCTURE .....</b>	<b>8</b>
COMPANY OWNERSHIP .....	8
INVESTORS.....	8
STRATEGIC ALLIANCES .....	8
<b>SECTION 4 - BUSINESS FUNDING POSITION .....</b>	<b>8</b>
INITIAL FUNDING.....	8
ADDITIONAL FUNDING.....	8
<b>SECTION 5 - BUSINESS MILESTONE ACHIEVEMENTS .....</b>	<b>9</b>
MILESTONE ACHIEVEMENTS TO DATE & IN PIPELINE .....	9
EXIT STRATEGY .....	9
<b>SECTION 6 - BUSINESS STRUCTURE &amp; ORGANIZATION.....</b>	<b>9</b>
OVERVIEW .....	9
SKILLS GAPS .....	10
MORALE .....	10
<b>SECTION 7 - EXECUTIVE MANAGEMENT TEAM.....</b>	<b>10</b>
EXECUTIVE MANAGEMENT FUNCTION .....	10
EXECUTIVE MANAGEMENT MEETINGS .....	10
TEAM INTERACTION .....	11
BOARD OF DIRECTORS .....	11
ADVISORY BOARD .....	11
CONSULTANTS/ADVISORS.....	11
<b>SECTION 8 - PRODUCTS &amp; SERVICES .....</b>	<b>12</b>

GENERAL .....	12
BENEFITS OF MULTIPLICITY .....	12
MARGIN VS. VOLUME .....	12
DEMAND .....	12
<b>SECTION 9 - INTELLECTUAL PROPERTY .....</b>	<b>13</b>
GENERAL .....	13
<b>SECTION 10 - SCALABILITY .....</b>	<b>13</b>
THE CONCEPT .....	13
GEOGRAPHIC SCALABILITY .....	14
PRODUCT/SERVICE SCALABILITY .....	14
MARKET SCALABILITY .....	14
YOUR COMPANY'S SCALABILITY.....	14
<b>SECTION 11 - REVENUE STREAMS .....</b>	<b>14</b>
.....	14
THE IMPORTANCE OF REVENUE STREAMS .....	14
SALES PATTERNS.....	14
<b>SECTION 12 - SALES PROCESSES.....</b>	<b>15</b>
GENERAL .....	15
SALES FORCE .....	15
CUSTOMER RELATIONSHIP MANAGEMENT .....	16
<b>SECTION 13 - CUSTOMER IDENTIFICATION.....</b>	<b>16</b>
CUSTOMER PROFILES.....	16
CUSTOMER CONCENTRATION .....	16
TARGET LISTS .....	17
CUSTOMER FEEDBACK.....	17
<b>SECTION 14 - MARKET DYNAMICS .....</b>	<b>17</b>
MARKET PRESENCE .....	17
COMPETITION .....	17
BARRIERS TO MARKET ENTRY .....	18
SWOT ANALYSIS.....	18
<b>SECTION 15 - MARKETING .....</b>	<b>19</b>
GENERAL .....	19
BRANDING .....	19
MARKETING STRATEGY.....	19
<b>SECTION 16 - FINANCIAL MANAGEMENT .....</b>	<b>20</b>
INTERNAL FINANCIAL MANAGEMENT .....	20
LIQUIDITY ISSUES .....	20
DEBT.....	20
CHIEF FINANCIAL OFFICER (CFO) .....	20

PROFITABILITY .....	21
RECEIVABLES .....	21
TAXES .....	21
<b>SECTION 17 - PRICING MODELS .....</b>	<b>21</b>
PRICING MODEL DYNAMICS .....	21
<b>SECTION 18 - COST ANALYSIS.....</b>	<b>22</b>
COST CONTROL .....	22
<b>SECTION 19 - PRODUCTION (FOR MANUFACTURING COMPANIES).....</b>	<b>22</b>
RELEVANCE .....	22
MANUFACTURING LOCATION .....	22
REGULATIONS .....	22
PROBLEM AREAS .....	23
PRODUCT DEVELOPMENT .....	23
<b>SECTION 20 - PERSONAL ASSESSMENT .....</b>	<b>23</b>
PERSONAL PRESSURES .....	23
SUCCESSION PLANNING .....	23
OVERALL FEELINGS .....	24
<b>SECTION 21 - GENERAL .....</b>	<b>24</b>
THE FUTURE.....	24
<b>RECOMMENDATIONS .....</b>	<b>24</b>
<b>APPENDIX.....</b>	<b>26</b>
BUSINESS PLAN WRITING .....	26
PERSONAL COACHING .....	26
BUSINESS & FINANCIAL MODELING .....	26
MARKETING STRATEGY WRITING .....	27
CAPITAL RAISING PREPARATION .....	27
ONLINE CONSULTING AS CFO/CMO/BUSINESS STRATEGIST .....	27

## **INTRODUCTION**

### **PURPOSE OF THE QUESTIONNAIRE**

First, we would like to thank you for taking the time and trouble to complete our “**Small Business Check-Up Questionnaire.**” This is simply the first part of a comprehensive program that we at MarketAtomy have developed for start-up and small businesses, a sector of the market that we have specialized in for many years.

The purpose of having you provide answers in this questionnaire was to achieve a number of goals:

- To give our clients the opportunity to give serious consideration to, and to focus upon, all the key facets of their business;
- To enable our clients to arrive at their own objective assessment of how well or badly their business is performing;
- To help our clients to identify where the strong points and weak points of their business lie;
- To help our clients to identify milestones that need to be achieved, and to highlight where they may need professional support in order to attain those goals;
- To facilitate the small-business professionals at MarketAtomy to analyze the present status/condition of the business and to provide a meaningful assessment of our findings, which, in turn, will help to provide for you a tangible pathway forward as you develop your business.

It will have taken you some time and required, perhaps, much effort, thought and reflection as you worked through the questionnaire. We appreciate your commitment to this task. By the time you finish reading this report, we are sure you will have found it to have been worthwhile.

### **PURPOSE OF THIS REPORT**

This highly personalized and relevant Report is designed to provide you with valuable feedback arising out of our analysis of the answers you gave us in the questionnaire. Through our analysis of your key business goals and objectives, and the insights you gave us regarding all the key aspects of your company, we want this Report to serve as the firm’s résumé - not only a snapshot in time of the company as it is today, but also a really useful tool to help you to determine what you need to do in order to grow your business in line with your own vision.

We trust that this Report will serve to help you to allocate resources appropriately, to help you handle the inevitable complications that arise from developing a new business, and to guide you toward making sound business decisions.

Most important of all, this report not only identifies those core areas that will need attention in order for you to grow your company into a business of substance, but it also clearly marks out the tangible actions you will need to take for dealing with these issues. Additionally, on a confidential and highly selective basis, it can be used as a tool to inform company staff members and professional third parties about your operations and business goals. Finally, you may wish to use it as a tool to inform prospective or current investors about the present status of your company and its future goals.

### **FORMAT**

The following Report analyzes your responses to each of the 21 sections of the questionnaire. At the end of our Report, we provide a “Conclusion” which will contain our recommendations on how you should proceed. Following that, by way of an “Appendix,” we provide an overview of the other services that MarketAtomy provides, since you may wish to avail yourself of one or more of these. Our goal is that, following your review of this Report, that you will see real value in developing a long-term relationship with us, and that we can become your “Go-To” professionals, working closely side-by-side with you as you grow your company.

Thank you for giving us the opportunity to review your business for you. We do hope we will be able to work with you in the future.

## **SECTION 1 - BUSINESS INFORMATION**

### **OVERVIEW**

Thank you for providing us with these basic details about your company and for letting us have your contact details. This information will be held in complete confidence.

### **BUSINESS STATUS**

We note that you have been in business since April 2016 and that you are located in Orlando. Based on this information you are clearly a start-up business. The demarcation between the two isn't fixed, but we tend to consider most start-ups to be at the pre-revenues stage or less than a year into operations. An established business must already be generating revenues. Our understanding of your current maturity as a business has helped us to tailor our advice accordingly, since the dynamics of each category, and the challenges facing them, can be quite distinct.



### **LEGAL ENTITY**

We note the type of legal entity you have chosen to establish: a "C" corporation. When you selected this option, did you consult the services of someone experienced in setting up companies? As you know, there are legal and tax consequences associated with any of the entities you could have selected. It is important that the category you chose is appropriate for the type of business you are looking to build. We are not in a position to advise you if your choice was the best for your business; however, if you haven't already done so, we would advise that you consult someone (either an accountant or an attorney) to advise you as to whether or not your choice was optimal. If you already took this advice, then well done!

## **SECTION 2 - BUSINESS PREPARATION**

### **OVERVIEW**

The high failure rate of so many young businesses, not only in the US, but the world over, has a lot to do with a lack of preparation before they got started. Many enthusiastic new entrepreneurs launch headlong into their new venture overly confident of only positive outcomes. Sadly, the statistics indicate quite clearly that the real world has a habit of intervening in the best laid plans. We have looked at the key elements of your preparation, and have made the following observations.

### **VISION STATEMENT**

Every business should have a Vision Statement. In short, it is an aspirational statement, the purpose of which is to express in a succinct way, what you intend to accomplish with your business. We thought you might like to see our own Vision Statement at MarketAtomy, by way of example.

#### **MARKETATOMY'S VISION STATEMENT**

"MarketAtomy will become known as THE customer-focused resource for guiding start-up and early-stage companies through the intricacies of launching and growing their young businesses. We are compelled to reduce the number of failed new businesses nationally through our comprehensive range of services encompassing education, training, consulting and mentoring. We expect that our business model will help to empower young companies not only in the US, but also overseas."

By expressing the principal reasons you set up the business, the statement remains constant because it encompasses enduring principles which will continue to be relevant regardless of how your business changes over time. Your Vision Statement should encapsulate your highest aspirations for your business. It should explain why you do what you do.

We note that you have already created your own Vision Statement. We haven't seen it, so we would urge you to review it in the context of these remarks to ensure that it is an inspiring statement which not only you and all of your team can buy into and can respect, but is also something that would engender comfort and support from your customers and other stakeholders in your business.

### MISSION STATEMENT

Whereas your Vision Statement embodies **WHAT** you wish to achieve, your Mission Statement focuses rather on **HOW** you plan to achieve it. We thought you might also like to see our Mission Statement.

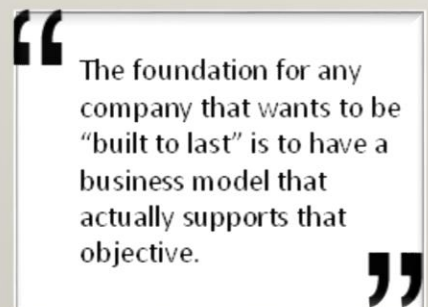
#### MARKETATOMY'S MISSION STATEMENT

MarketAtomy's mission is to prepare you, the small business owner for success, through cognitive awareness, focused education and strategic collaboration. We will help stop the early financial bleed by equipping you with the resources, tools and guidance to skyrocket your success!

Once again, we would urge you to review your own Mission Statement, and, if necessary, brainstorm it with your team. As with your Vision Statement, your Mission Statement is core to defining the sort of culture you want to create in your business. Everyone on your team needs to know and understand not only what the company's core values are, but they also need to buy into them wholeheartedly. Because of this, preparing your Mission Statement goes beyond simply providing some nice friendly, fuzzy words: it needs to reach right into the heart of what your business is about.

### BUSINESS MODEL

Your Business Model is at the core of your whole business. Without one, you basically have no business. What is a Business Model? We sum it up in six short words: **"How Does My Business Make Money?"** This might appear to be an obvious or silly question. However, we've met countless entrepreneurs who had what they thought was a great idea, and launched their business accordingly. Turning a great idea into a great business is a massive challenge. Millions of both successful and unsuccessful entrepreneurs will testify to this reality.



“ The foundation for any company that wants to be “built to last” is to have a business model that actually supports that objective. ”

What the Business Model does, in effect, is to set you upon that transitional path from an idea to a business. You cannot make money from an idea alone - you have to turn it into a viable business if it is to endure. Building a business model requires a comprehensive analysis of many metrics; indeed, we have computed some 20 different areas that need to be thoroughly thought through, if that idea is to turn into a successful business.

We have not seen your Business Model, so we are unable to assess how robust it is. If you are in any doubt as the robustness of your Business Model, then you need to take a step back and test its validity.

## FINANCIAL MODEL

Your Financial Model works in tandem with your Business Model. It is the development of hard numbers that will determine whether or not you ultimately have a potentially successful company. It is absolutely essential for every business to have a Financial Model; without one, you are rowing upstream in the dark. You cannot possibly manage the financial aspects of your business without a comprehensive financial plan.

Without sight and analysis of your Financial Plan, we cannot comment on its validity; however, if you are experiencing problems in your business, then there is a strong likelihood that your Financial Model needs to be assessed sooner rather than later. This is something we can help you with.

## REVENUES STATUS

We note that you are not yet in revenues, and that you believe it could take you quite a while to get to that point. Your key risk is being able to fund the business until revenues begin. Indeed, your early revenues are likely to be less than your outgoings for some time. It is especially critical for you to ensure that your Financial Model is sufficiently robust to tell you how long you can continue in operation with your existing available financial resources. That model should also tell you how much money you will need to raise (and when) to ensure ongoing liquidity until you start generating positive cash flows. This is the danger period when most start-up businesses run out of money. You do not want to be one of them.



## UNIQUE SELLING PROPOSITION (USP)



Whatever your business, you need to position your company to become the top-of-mind resource in its chosen market. You can ill afford to be an “also-ran” company. If you cannot stand out from the crowd, then your ability to compete is going to be significantly harder. Identifying your USP is critical, because your entire marketing strategy needs to be built around it. It’s great that you have a clearly identified USP. We would urge you to make sure that all those elements of your business that make it special are reinforced in all of your marketing messages in all media contexts.

## KEY PROBLEM AREAS

You have identified a number of key problem areas that are adversely affecting your business presently. Each of these specific categories has its own set of issues to deal with, and the remedies for each are different. Strategies must be quickly developed to overcome the key weaknesses you have identified. A business is much like a car engine - if one part of it fails, the whole performance of the engine can be fatally compromised. All cylinders need to be firing perfectly - if they are not, then urgent remedial action needs to be taken in order to ensure that your business is not hemorrhaging cash.

It looks as if you are going to need outside professional expertise to help you resolve your difficulties. Part-time advisors or consultants make the most sense from a cost-efficiency perspective. We have the skills, experience and resources to provide that assistance, so we would urge you to discuss the situation with us, so that we can work with you to put a remedial plan of action in place. One of the common reasons for business failures is that the business owners try to manage all the problems on their own. It usually doesn’t work. You need a team. We can be here for you.



## **SECTION 3 - OWNERSHIP STRUCTURE**

### **COMPANY OWNERSHIP**

We note that you are the sole owner of your company. The dynamics of operating a business wholly owned by you, or one in which other investors or founders are involved, are very different. Sole owners, unless they are sufficiently well off financially, generally need to bring in external funding at some point in order to fully develop the business. Being a law unto yourself as a sole owner has its appeal, but all businesses ultimately need a team to drive them forward. It is helpful if other founders can also be investors.

### **INVESTORS**

The multiple complications of having external investors in your company is too broad a subject to be covered in this Report.

Having brought equity investors into your company, please ensure that you have a robust shareholders agreement between you. While everything is going well, you may feel you don't need one; if things start to turn sour at any point, then you will definitely wish you had one, because it is at times like these (which are almost certain to arise in the future if they haven't already) that personal and professional relationships can break down.

### **STRATEGIC ALLIANCES**

Establishing strategic alliances with anyone, ranging from an investor who is doing more than bring money to the table, to a supplier, vendor, etc. can be a very efficient way of accelerating sales, market presence and profitability. The key point here is to ensure that all the synergies that can come from such an alliance are fully exploited.

[YES]. We note that you have forged such an alliance already. This is good news and our main advice to you at this stage is to ensure that you do, indeed, exploit those synergies. If it is working well, you may want to build on this successful experience and explore other similar opportunities. You can't have too many people helping to fight in your corner as you build your business.

## **SECTION 4 - BUSINESS FUNDING POSITION**

### **INITIAL FUNDING**

Virtually every business we have come across has been funded initially by its founder or founders. Depending upon the amount of financial resources available to the founder, it is the norm that additional monies have been solicited, typically from friends and family in the first instance, and possibly from one or more angel investors. We note that your founding investment is \$20,000.

### **ADDITIONAL FUNDING**

We see that you want to raise additional funds from third party sources in an amount of \$50,000. We are not in a position to advise you whether this is an appropriate amount for you given your present financial situation; however, it is critically important to point out that the need to conduct a rigorous financial analysis of your funding needs should be undertaken before you start looking for an investor. An investor will expect you to have done this, and you really need it for your own purposes - ask for too much money and you could end up giving away more of the business that you need to; ask for too little and you run the risk of running out of money, or needing further investment, somewhere down the track.



Raising money from an investor is very challenging and it can be a full-time job that takes you away from running the business. If you prepare appropriately, it will be a less painful process. Since you advise us that you need to raise the money within the next 12 months, we would simply advise that it invariably takes longer to raise the necessary money than everyone thinks. Give yourself plenty of time to make sure that the company has sufficient funding to keep going until the investment arrives.

## **SECTION 5 - BUSINESS MILESTONE ACHIEVEMENTS**

### **MILESTONE ACHIEVEMENTS TO DATE & IN PIPELINE**

In our questionnaire we have listed a range of milestones that every business should achieve early in its development if it is to be successful. You have checked a number of boxes, which is great, but a number of boxes weren't checked, so we assume that these tasks remain to be done. You have also advised us of tasks currently in the pipeline.

We are concerned especially, that you haven't listed business and/or financial modeling as completed or pending milestones. We would urge you to give serious and prompt attention to these items, since their absence could be having a serious negative impact on the company's performance.



### **EXIT STRATEGY**

For most of our clients, looking at their exit strategy at such an early stage of their company's development, would be considered premature. Although it is obviously a milestone that is unlikely to be presently on your horizon, the fact is that it should be your ultimate milestone objective. It is important to consider the end game as early as possible so that you have a clear pathway to your final goal.



Investors are always interested in an exit strategy because that's how they will most likely liquidate their investment in the future. For any company looking to attract an investor, make sure you can show them you have a plan.

You advise that you don't have a clear exit strategy in mind right now. Don't worry. However, do give it some thought because it helps to have an end game in sight at all times.

## **SECTION 6 - BUSINESS STRUCTURE & ORGANIZATION**

### **OVERVIEW**

Many young, and established, businesses fail not because they have a poor product or service, but because their company just isn't set up to manage the growth of the business. Every business that is going to thrive needs to have a robust structure and internal organization. This means that all the core functionalities within the business have to be covered. In most new companies, one person can (and usually does) wear multiple hats; this is entirely understandable. However, as the company grows, expansion cannot take place without a team of people who will combine to ensure all those functionalities are covered.



## SKILLS GAPS

You have identified a number of skills gaps within your business. Maybe not all of the categories listed in the questionnaire apply to your business. That's fine, however, it is really important that, having identified where those weaknesses lie, you are able to develop a plan to take speedy remedial action. Delays in dealing with these shortfalls, in our experience, inevitably leads to more problems down the track if they aren't dealt with.

Failure to have the right skills in place to run a business, can quickly lead to poor morale, absenteeism, and the many variants thereof, which are simply symptoms of having stressed employees. Additionally, for companies struggling to make payroll, these uncertainties about getting paid, just add to an employee's anxiety levels.

## MORALE

You rated the morale of your workforce as low. This is a big red flag. Clearly there needs to be some detailed analysis as to what is causing this. You may well know the answer already. If you do, hopefully you are working on a way to solve the problems. If you don't know why, then that's an even bigger problem! You may need help and guidance on how to improve staff morale. Don't delay in seeking it, because the longer you leave it, the worse it will get. Nothing ever improves through neglect. Move heaven and earth to fix the problems quickly - if you don't, the effect on productivity will be huge and the future viability of your company could deteriorate alarmingly fast.

## SECTION 7 - EXECUTIVE MANAGEMENT TEAM

### EXECUTIVE MANAGEMENT FUNCTION

It is critical for every business owner to understand that one of the main purposes for building a team of executive management is to ensure that, not only all the core functionalities are being taken care of, but also that there is ongoing accountability to the CEO/owners for the delivery of results on the part of each member of that team. In addition, it is crucial to recognize that, in order to build a company of substance, no business can achieve its goals for scalability with a skeleton staff comprising a limited range of skills and experience.



In recognition of these corporate dynamics, every successful company will be committed to building an executive management team competency comprising skilled people with experience and expertise in all of the core corporate functions: Sales, Marketing, Finance, Technology, Administration and Operations. Most young companies choose to bring on board part-time employees and/or professional consultants who can fill gaps in executive responsibility which they currently do not already have in-house. These individuals can provide the necessary professional expertise while at the same time providing independent accountability to you as owner.

[All boxes checked] We are impressed to see that you have the full complement of executive capabilities already on board. This puts you in a very strong position to move forward successfully.

### EXECUTIVE MANAGEMENT MEETINGS

The importance of introducing the internal discipline of regular executive management meetings in any business cannot be over-stated. We note your schedule. We are delighted to see that you already hold weekly meetings. We consider that weekly meetings are a pre-requisite especially for an early-stage company, where things can change very quickly and dramatically. This doesn't mean that all the players have to be physically present at your weekly meetings, however, it does mean that online facilities such as Skype or Zoom should be employed to ensure that everyone is present.

At all these meetings, we recommend that the team operates from a fixed basic weekly agenda which covers key topics which are relevant for routine discussion in the context of your specific business. Always allow time for other topics to be raised and discussed, and do make sure that any issue that is potentially controversial or contentious be raised, because this is the forum in which difficult topics need to be aired and sorted out.

Where possible, make sure that someone in the team, or an administrator, is tasked with taking minutes of the meetings and distributing those minutes subsequently.

### **TEAM INTERACTION**

It looks as if there is room for improvement in the way your key managers interact on a daily basis. There usually is room for improvement, so you're not alone. Poor interaction usually follows from poor lines of communication, so interaction will almost certainly be improved if you hold weekly meetings.

### **BOARD OF DIRECTORS**

[Yes] It's good to see you have a Board of Directors in place. We hope that each one of them is making a tangible contribution to oversight of the running of your company. That's what they are there for, so make sure you are happy that they are pulling their weight appropriately.

Please make sure that you hold regular Board Meetings - these need not be very frequent, but they should take place. We would urge you to make sure that you are managing your Board in accordance with your local state laws.



### **ADVISORY BOARD**

Having an Advisory Board is an altogether more relaxed affair than having a formal Board of Directors. These participants tend to be purely advisory, as the name would suggest. There is no formal requirement to meet regularly, and, indeed, most advisory board members will meet with the business owner on a casual, one-on-one basis as needed from time to time. There is immense value in having a solid Advisory Board, especially if you select people who can have a direct influence on your business's performance, either through their contacts, skills, or knowledge.

### **CONSULTANTS/ADVISORS**

You will have already discovered that many of the key functions within your business do not need to be run by full-time employees. Most companies only take on full-timers once the business pressures are sufficiently severe to warrant that expense and commitment. However, that does not mean that attention to those functions can fall by the wayside. Part-time, contracted consultants make a huge amount of sense for most early-stage companies because they can make a big contribution for considerably less financial cost to you.

We are encouraged to see that you already have professional consultants - you should continue along this path as long as possible as an effective way of building your team and managing expenses.



## SECTION 8 - PRODUCTS & SERVICES

### GENERAL

It is beyond the scope of this Report to conduct a specific analysis of your particular products and/or services. However, there are some very important observations that can be made and we would urge you to consider them as you look at your own business.

### The Coca-Cola Company



### BENEFITS OF MULTIPLICITY

Businesses all have inherent risks, but one of the main ways of defraying those risks is to **not** be reliant on just one product or service. Because all product and service business cycles are necessarily cyclical, businesses selling multiple products and services are inherently more stable because the cycles relating to each product or service are different, meaning that while one product or service may not be doing so well, this is counter-balanced by another which can compensate. This multiplicity is of special

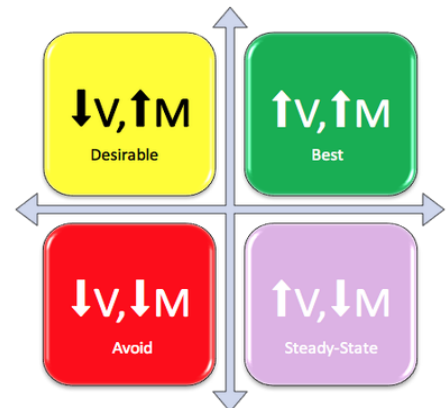
importance to prospective investors because they always look at the risk profile of any business. Multiplicity greatly serves to diminish those risks in their eyes.

This multiplicity dynamic also explains why it is very important for companies to be coming up with innovative ideas for new products and services, or, at the very least, noticeable enhancements of existing ones. For those companies whose ability to develop such innovations is being held back due to financial considerations, then you should conduct a thorough analysis of how much money it would take to introduce your new product or service to market, and give serious thought to raising that money to help secure the longer-term viability of the business.

### MARGIN VS. VOLUME

The businesses with the best prospects for success are those which can produce and sell at volume while simultaneously being able to generate high profit margins. This is desirable because, even if volumes take a tumble, the business can probably still make money if it generates high margins.

It follows that the most potentially vulnerable businesses are those which produce in low volume while having to sustain low margins. These are at the riskiest end of the spectrum because there is very little wriggle room if things start going wrong. All businesses fall somewhere in between the extremes of these parameters. As you look at your business, you need be ruthlessly analytical as you decide in which of these four quadrants your business lies.



It is common for a multi-product/service company to have some activities performing profitably and some performing poorly. For poorly performing products or services, you either need to have a plan to turn them round within a realistic timeframe, or you must bite the bullet and let them go, because a company runs the risk of being dragged down by these situations.

### DEMAND

For those companies with “must-have” products and services, (as opposed to “nice-to-have”), there is less risk for the business because sales tend to be market-driven, which generally means that a lot of the marketing and promotion takes care of itself. It is usually a tougher road for those companies whose products or services are deemed to be “luxuries” because buying habits are more discretionary. For all early-stage companies not selling “must-have” products or services (which we would say is the majority), significant attention needs to be paid to branding and marketing in order to optimize sales.

## SECTION 9 - INTELLECTUAL PROPERTY

### GENERAL

It goes without saying that protecting a company's intellectual property (IP) is of the utmost importance. The world is awash with the scourge of counterfeit products in almost all areas of entrepreneurial endeavor which has a huge impact on the earnings of legitimate companies.

Investors are generally much less enthusiastic about investing in companies with no clearly identifiable intellectual property, because they see IP as giving a competitive edge, which all helps to reduce the risk profile of the business in their eyes.

[No IP issues] Some companies have no specific IP issues and you advise that yours falls into that category. The downside for you is that it is generally harder to carve out a niche, and develop a USP, for a generic type of product and service. Remain alert to counterfeits and to copycats because it is much easier for them to steal your business and undermine your efforts to build your brand identity.



We would also advise that, even if you are not in a position to patent anything, you could still be able to trademark a number of things such as logos, tag lines etc. It may be worth exploring with an attorney if there is some element of your business that could be protected in some way.

## SECTION 10 - SCALABILITY

### THE CONCEPT

The concept of scalability applies to every business; the extent of that scalability is crucial to determining the growth potential for any company. It is an especially important metric for investors whose likely return on investment is going to be inexorably linked to the business's likely success.



Some company's business models are geared toward more modest growth aspirations; in many cases the owner will be very happy to have a successful mom-and-pop business, and there's absolutely nothing wrong with that. More frequently, however, owners have more ambitious aspirations, and have dreams of creating a national, or even an international, business. Although America is a huge market in and of itself, it must not be forgotten that America represents only 5% of global markets, so, for those businesses with international aspirations, there are myriad opportunities for companies that can successfully scale up.

When we assess the scalability potential of new and early-stage companies, we tend to measure it in three ways: by Geography, by Product/Service, and by Market. Other people measure it using different parameters, (such as horizontal and vertical) which are equally valid; however, we feel that these measures are a helpful guide for a company's potential for scaling up. These are the measures that we have used in our questionnaire.



### **GEOGRAPHIC SCALABILITY**

This measure is, perhaps, the most obvious. Will the business model lead to the creation of a local or a regional business, or does it have the potential to reach national or international markets? Clearly, most people would accept that an international company will be a much larger entity than a locally-based one, although this doesn't necessarily mean it will be "better." You would not be surprised, therefore, to learn that investors would generally feel more comfortable with the company with the largest growth potential.

### **PRODUCT/SERVICE SCALABILITY**

This metric measures the extent to which you can build upon the multiplicity concept we discussed earlier. Does your product or service lend itself to the development of new products and services, or at least derivatives of what you already have? The more revenue streams you can create, the greater your likelihood for success, and the better risk profile your business carries.

### **MARKET SCALABILITY**

Market scalability considers the extent to which your products or services can be successfully sold into more than one market sector. Again, it stands to reason that the greater number of market sectors available to you, only enhances the company's potential for growth.

### **YOUR COMPANY'S SCALABILITY**

Based upon your answers in the questionnaire, and based upon our cursory knowledge of what you do as a business, we believe you have fairly low scalability potential. This may be deliberate on your part,

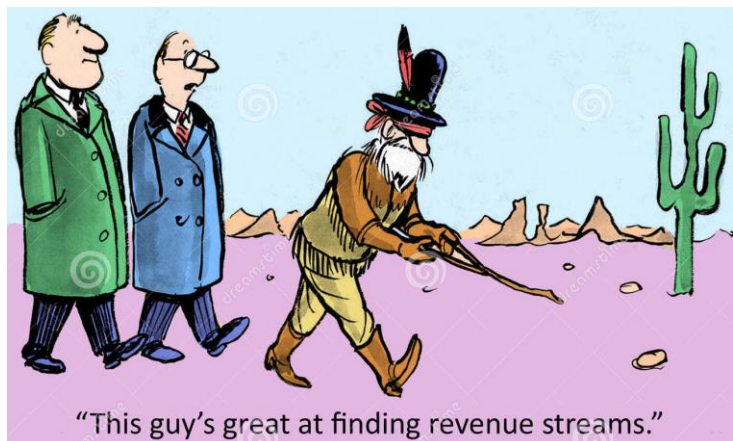
As you analyze your business, look seriously at all three areas of scalability to see where you might be able to enhance scalability.

## **SECTION 11 - REVENUE STREAMS**

### **THE IMPORTANCE OF REVENUE STREAMS**

This may seem blindingly obvious, but revenue streams matter, because these are the foundation for your ultimate success. As we discussed earlier when we dealt with the concept of multiplicity, the more you have, the more solid a foundation you are likely to establish for your business.

We have included this short section in the questionnaire because we wanted to find out about your potential to develop multiple revenue streams. In most cases, failure to develop revenue streams comes down to a lack of available funding, or a having a business model which does not lend itself to more than one.



### **SALES PATTERNS**

We ask about sales patterns in this section because, if you have cyclical sales patterns, as opposed to consistent sales patterns, then you are much more vulnerable to having revenues problems with a single product or service, since revenues ebb and flow with the cycles, and can lead to serious cash flow problems in the down part of the cycle if there are no other revenues to sustain cash flows.



You advised us that you have a cyclical pattern of sales. Cyclical revenues are usually unavoidable for early-stage companies, but seeking to achieve consistency as soon as possible should be a real priority for you. Success in this area will be largely down to building your customer base through a persistent and diligent approach to marketing.

## **SECTION 12 - SALES PROCESSES**

### **GENERAL**

In the above section, we talked about revenues streams, but in this section, we are more concerned about how your company actually goes about making sales, managing sales, and tracking sales performance. In order to build up those consistent sales patterns, every company needs not only to develop a robust sales process, but it also needs to establish an internal management discipline of monitoring sales performance. The attached graphic isn't ours, but it does provide an example of our line of thought.



Only if you are very lucky will you find that great sales performance emanates from a haphazard, reactive sales effort. Every company needs to establish a structured, disciplined and tightly managed sales system. Obviously, the process changes from company to company depending on what is being sold and the type of customer being sold to. What you need to do is to construct your own, bespoke sales process, one which is absolutely relevant to your business.

### **SALES FORCE**

Establishing a robust sales function in a young business is one of the most challenging issues we come across with our clients. If one excludes the owner, who tends to be the principal sales person in the business, very few companies can afford to do what they need to do when it comes to building a competent sales function.

The main dilemma, we find, is whether to bring sales people on as salaried employees, or use commission-only staff. This latter option has the appeal of looking like a cheaper option for the company because there is no fixed salary overhead; however, the performance of commission-only people is frequently unsatisfactory, and, because they aren't employees, there's not much anyone can do to make them perform more effectively. The cost of taking on salaried staff is simply too much for many small companies, so they find themselves caught between a rock and a hard place.

### **Types of Compensation Plan**

1. Financial Compensation
  - Straight Salary Plan
  - Straight Commission Plan
  - Bonus and Incentive
  - Salary plus Incentive Plan( Combination Plan)
  - Drawing account and Commission Plan

As the graphic attached demonstrates, there are any number of variations on how to compensate sales personnel. You need to look hard at your own particular situation to determine if any of the variants can work for your business.

You have advised us that you do not have your own internal sales force.





## CUSTOMER RELATIONSHIP MANAGEMENT

We have found time and again that it is very important, wherever possible, for companies to separate the sales function from the customer relations management function. This is because sales people need to be out selling, and not getting bogged down and embroiled with the often time-consuming processes of keeping customers happy. It is also quite common for sales people to have

little or no interest in managing their customers, so, without an internal corporate function dedicated to this task, customers can get neglected, and this usually leads to problems.

You advise that your sales team do not manage this function. We trust that you have a competent and reliable person handling this responsibility. It is more expensive and time-consuming to find new customers than it is to preserve the ones you already have.

## SECTION 13 - CUSTOMER IDENTIFICATION

### CUSTOMER PROFILES

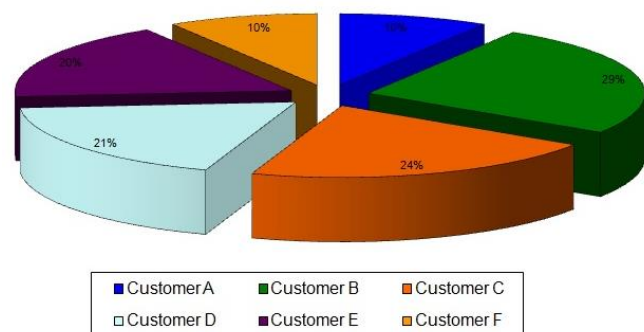
The dynamics of whether your company is selling B2B or B2C are quite distinct. You have advised us that your sales are mostly B2C. You also advise that you do not have a clear profile of your ideal customer and that, in general, your current customer profiles match that ideal. Having a highly focused vision of your ideal customers is essential from the point of view of formulating both marketing and sales strategies that will resonate with these customers and potential customers.

### CUSTOMER CONCENTRATION

We have already discussed the many risks that are inherent in all businesses. This is another big one. Companies who become too reliant upon just one or two core customers are necessarily highly vulnerable to a situation where those customers disappear, taking a huge percentage of the company's sales revenues along with them.

Concentration risk is especially hard to deal with when a company is young and just starting to grow, because you have to start with an initial one customer, and build up additional customers from there. This concentration risk is inevitable in those early days; however, it is very important that you do everything you can to defray that risk by bringing in as many customers as you can. It is typically better to have a larger number of smaller customers than a small number of large ones; if a small customer disappears, the financial impact on the business is much more manageable. That is not to say that you shouldn't seek out those large customers and rejoice in how positively they impact on your business, but it is really important not to become complacent. Do all you can to spread that risk as widely as you can.

*Customer Concentration*



We note that the percentage of sales generated by your top five customers is 20%. You are not especially vulnerable to this concentration risk as far as we can tell. Strive to ensure that no customer represents more than 25% of your total customer portfolio. Do keep monitoring this concentration risk on a monthly basis and develop a trend for an ever decreasing percentage. If you can get it to below 10%, you can generally feel fairly comfortable.



### TARGET LISTS

There are countless ways to develop a target market list of prospective customers for your business, and the way you decide to do it will largely depend on the time of customers you are chasing. There is no right or wrong way - just the way that suits you. However, the most important issue here is that you do have a formal process for identifying your prospective customers.

We note that you basically rely on customers finding you. How's that working for you? The targeting of customers needs

to be a thoroughly pro-active process, so we would counsel that you develop your own list as quickly as possible.

### CUSTOMER FEEDBACK

We once had a client who told us, when asked if he ever sought feedback from his customers: "No way. They'd probably just complain about us." Sticking one's head in the sand is rarely the best way to manage customer relations. In today's world of consumerism, you can't buy a trinket online without being asked to complete a survey about how the buying experience was. That being said, there is often a world of difference between what a customer thinks about a company, and what the company thinks its customer thinks. We note how you have rated your overall customer relations. That's your perspective. Are you really confident that this view is shared by your customers? Remember that every customer is different. Real life has a habit of getting in the way of the perfect customer experience, so don't become complacent. Most of your customers may love you - it doesn't follow that they all will. Make sure you identify promptly those who may have issues, however superficial they may be.



Everybody makes mistakes and customers understand that on the whole, so the art of damage limitation and customer management has often come to the rescue of potentially disastrous breaches of trust and confidence between the parties. Seek that feedback, even if you fear it, and deal with any negative feedback head-on in order to make sure that long-term relations aren't put in jeopardy.

## SECTION 14 - MARKET DYNAMICS

### MARKET PRESENCE

In order to evaluate the effectiveness or otherwise of a company's market presence, it is necessary first to be able to define the market. You advise us that your market is generally niche defined. It doesn't necessarily matter which one it is, so long as you know, because your whole marketing strategy needs to be driven by the nature of the market you are looking to break into.

You advise us that you consider you don't have an established presence in your markets while you also state that you have minimal presence in terms of penetration. It would be entirely unrealistic for you to reach anything close to saturation levels given the fact that you are such a young company. If limited market penetration is a bigger problem than you thought it would be, then you need to be looking closely at your marketing strategy.



### COMPETITION

We were interested in your assessment of your competition. Your questionnaire answers indicate that you have not identified your competitive advantage, and you don't have a plan to overcome your

competitive disadvantages. You perceive that you don't have serious competition which are not powerhouse companies with massive resources you cannot match.

It is notoriously difficult to correctly determine the extent of one's competition because one can rarely obtain accurate data which is normally kept confidential by almost every company. Given your stage of development, it is almost certain that most competitors will either be ignorant of your existence, or will consider you not to represent a meaningful threat. The reality is that you are almost certain to be facing severe competition because, even if you have a product or service with a pretty strong USP, the market was doing quite well before you entered the scene, and will probably need some persuading that, what you have to offer, represents a better alternative to what they have been using in the past.

### **BARRIERS TO MARKET ENTRY**

You identify that barriers to entry in your market are non-existent. As with defining competition, defining barriers to entry in any industry is a challenging task. A lot depends upon the financial resources of the competition and the extent of their determination to break into a specific market. How confident are you really that your assessment is accurate? The more successful you become, the larger threat you will represent to your competitors. It is not unknown for companies to do all in their power to eliminate a burgeoning new threat. This is not meant to put you off, but it is meant to be a gentle warning that, regardless of the existence or not of perceived barriers to entry, once your company gets onto the radar screen of serious competitors, they will almost certainly try to make your life as difficult as possible.



Don't let this deter you! Rather, take this reality into consideration in your marketing strategy and budget going forward. If your product or service is good enough, it will prevail, and your business will thrive.

### **SWOT ANALYSIS**

You advise that you have not conducted a SWOT analysis of your business. We would urge you to create one, because, if done properly, it is an illuminating exercise which will give you a broad understanding of the position of your business in the market. It is important to be ruthlessly honest in your assessment, otherwise you will simply not gain full benefit from it.

Completing a SWOT analysis is not a once-in-a-lifetime exercise, because your business environment is constantly changing and evolving. Your completed analysis should be reviewed every few months, because as you move forward, new threats and opportunities will emerge and your ability to deal with those will vary. Accordingly, we recommend that you should revisit your SWOT analysis every few months. Compare your present situation with the one that prevailed when you created it. We can almost guarantee that much will have changed, and you will want to make some changes to your assessment.



We also recommend that you conduct your SWOT analysis as an exercise for your whole executive management team. All team members will have their own individual ideas about how the company is coping; this is an ideal exercise to ensure that your whole team is on the same page. If they are on the same page at the assessment level, then there is a greater likelihood that they will be similarly in union with the implementation of solutions going forward.



## SECTION 15 - MARKETING



### GENERAL

It is one of the great contradictions with businesses big and small, that when things get tough from a financial perspective, one of the first things to get cut is the marketing budget. The confluence of these circumstances in an ideal world should result in the company stepping up its marketing activity. The dilemma is centered upon the predicament that most marketing outcomes are longer-term in nature, while cash flow crises need to be attended to in a very short-term. Short-term considerations win hands-down every time, so marketing budgets get cut, and a downward spiral of marketing neglect can take hold. Continuing to market when funds are low takes real courage, but it's the right thing to do.

### BRANDING

The creation and promotion of your brand identity is your most important goal as a business. In many cases there are two branding jobs to be done: your company needs branding and your products and services need branding too. As an early-stage company, it is inevitable that you are only starting to create that brand awareness in your market.

A light green rectangular graphic with dark green text. The text reads: "Branding is what people say about you when you are not in the room." in a sans-serif font.

The only way to build your corporate and product brands is through marketing and from people reacting positively to what it is you sell. The branding strategy needs to be very clearly defined, it needs to be long-term and it needs to be committed, which can often be difficult as described above. The only way to achieve this is to have someone, either within or outside the company, given the specific responsibility to manage this effort. It also needs to have a budget made available which will be used, come what may. It should be ring-fenced.

Your marketing strategy should contain all the elements necessary for you to implement a coherent marketing and branding operation, in terms of your "Go-To-Market" strategy and your budget. In today's world, there are multiple ways to get your message out there, and some are much more effective than others - much depends on what you sell and who you sell it to.



### MARKETING STRATEGY

You advise us that you do not have a marketing strategy in place. This is not encouraging news. Having a clear idea of how to promote your business is a core functionality which cannot be ignored. Without a coherent strategy, it is highly likely that you have wasted a lot of money on unsuccessful marketing initiatives. Every business needs to evaluate carefully what will be an effective "Go-To-Market" strategy for their company.

We would urge you to give urgent and serious thought creating a viable strategy along with a commitment to set aside the funds necessary to implement it effectively.

## **SECTION 16 - FINANCIAL MANAGEMENT**

### **INTERNAL FINANCIAL MANAGEMENT**

It is a scary fact of life that many clients we have worked with in the past have had little or no internal financial management disciplines within their companies. This is a disaster waiting to happen. With accounting systems being so easily and cheaply available these days, there is just no excuse for not, at the very least, having a bookkeeping function. Experienced bookkeepers are affordable and readily available. Business owners who ignore this basic discipline run a real risk of falling foul of the IRS at some point. It's just not worth it. Apart from that, it is essential for every business owner to keep on top of the financial affairs of the business. This becomes even more critical if external investors are involved, since they quite rightly demand that the company is being run responsibly.

We note that you do not have a bookkeeping function in the business yet. We cannot emphasize strongly enough that this is a situation you need to rectify immediately. The longer you wait to get this sorted out, the worse, and the more expensive, that process will be. It is simply impossible for you to manage the financial affairs of your company without this most basic of disciplines.



Never lose sight of the fact that financial management lies at the heart of your company's viability. This means not just managing day-to-day, but also being able to map out your future cash flows to ensure you will have no nasty surprises to deal with in the future. If there's some bad financial news looming, it is always better to learn about it and deal with it in advance, rather than wait until the crisis hits you, when it might just be too late to solve the problems.

### **LIQUIDITY ISSUES**

Liquidity problems are experienced by almost every early-stage and start-up business we have ever worked with. If you cannot earn your way out of these difficulties, then you will need to source funding from elsewhere.

You advise us that you do have liquidity issues. These need to be addressed promptly if the business is to remain viable. Regardless of whether or not you've done financial projections in the past, now is the time to revisit them, because you need to determine how serious they are. Are they just inconvenient or are they threatening the survival of the business? You need to know, because you may need to raise money to tide you over this difficult period, and you need to calculate how much you need based upon your current expenses and revenues. Do not delay.



### **DEBT**

**[No]** You advise there is no external debt in the business, which is good news. Debt can be a serious cash flow drain on a young company, so we are pleased to learn that you are free of this potential burden.

### **CHIEF FINANCIAL OFFICER (CFO)**

You advise us that you do not have a CFO on your team. It is necessary to have someone with financial savvy involved in your business. This does not need to be an employee, nor does that person need to be full-time. Most early stage and start-up companies do not need a full-time financial person to execute this function. However, while you are still a young business, you are very vulnerable to savage peaks and troughs as you develop, and having a finance-friendly individual responsible for steering you through these potentially choppy waters, would be a wise move.

## PROFITABILITY

We note that your business is not yet profitable. Don't beat yourself up - you are in good company. The most important thing you need to do now is to conduct a rigorous financial analysis which will help you to discover what remedial action you need to take in order to turn the situation around. You will have a revenue problem, a cost problem, a people problem, or a combination of two or all three of them. You won't really know until you conduct this forensic exercise. Do it sooner rather than later, because you do not need to be running at a loss longer than you have to. Even more important, you need to be able to figure out when those cash flows can turn positive.

## RECEIVABLES

Not receiving money from customers who should be paying you, is a problem suffered by many a young business, often because they are surprisingly disorganized when it comes to collecting money they are owed. For many businesses, receivables collection is a non-issue, because products are sold cash in advance. This is a great model, but one that doesn't work for everyone.

For any company involved in having to wait for payment of goods or services supplied, it is very important to have a process in place to manage collections, along with a person responsible for the task. Delays in collecting receivables can cause major cash flow headaches, and you want to avoid these wherever possible.

## TAXES

You advise that your taxes are not paid up to date. You should move swiftly to regularize this situation. Running a young company is tough enough without having the risk of the IRS breathing down your neck. Have an accountant deal with it immediately, and if you are in a substantial arrears position, it is all the more important for you bite the bullet and deal with it as soon as possible.

## SECTION 17 - PRICING MODELS

### PRICING MODEL DYNAMICS

Getting your pricing model correct is a fundamental task for any business, although you might be surprised at how few business owners adopt a sufficiently rigorous analysis to determine the viability of their pricing models. We have met companies that do not know how much their product costs to make. How is it remotely possible to set an appropriate price tag on your product or service without knowing this core piece of information? Answer - it isn't.

The profitability of your business is directly linked to the validity of your pricing model, because if you are not charging enough for what you sell, then the more you sell, the worse off you'll be. It may be that the market cannot sustain a price point which will enable to cover your costs and provide you with a profit. If it can't then you need to know that information as soon as possible so that you can make whatever adjustments you can.

When it comes to altering pricing models, there are only two things anyone can do - either raise the price or reduce the cost of production. If you do not conduct this evaluation before you go to market, then there is a high risk that you could launch with a price that is inappropriate. It is far better to set the price based on a robust pricing model analysis before you launch than afterwards when it may be very hard to change the price you set.

[Yes] From your answers to our questions in this section, it appears that you have a good handle on your pricing model. That is not say, however, that you shouldn't keep a close eye on it, since it may require future adjustment especially, for example, in a situation where your costs of production may be rising. Nothing is forever.



## **SECTION 18 - COST ANALYSIS**



### **COST CONTROL**

When companies are performing well, they are often tempted to relax controls on costs because affordability is not a concern. Our advice to all our clients, regardless of their profitability or otherwise, is always the same: “Think Poor.”

For companies suffering with cost problems, it is essential that the problem areas be identified urgently. Without identifying the problem areas, it is not possible to engage in remedial action. We have encountered very few businesses that are run so efficiently that there is no waste in the system somewhere.

Financial management, yet again, lies at the heart of minimizing the negative impact of cost-based issues. Projecting future costs, and monitoring your performance against those projections, is a fundamental core discipline for every business.

We note that you believe you may have a cost problem. Do not wait to conduct that rigorous analysis. It may actually turn out that you don’t have a cost problem after all, but a revenue problem instead. Without that analysis you won’t find out.

## **SECTION 19 - PRODUCTION (FOR MANUFACTURING COMPANIES)**

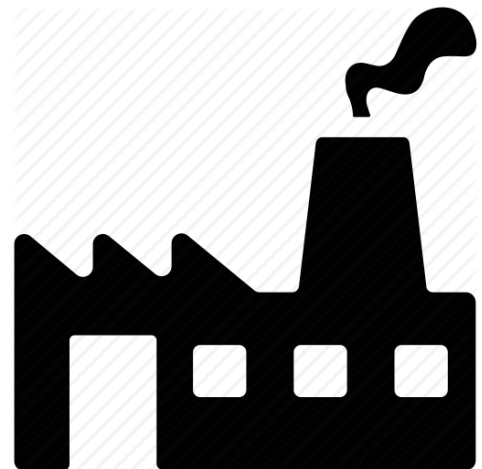
### **RELEVANCE**

This section is designed for companies that are selling goods that they are either manufacturing themselves, or having manufactured by a third party. For companies that are selling manufactured products, there are minefields out there that need to be navigated very carefully indeed.

### **MANUFACTURING LOCATION**

Manufacturing products overseas has become the norm in recent years, principally based on grounds of cost of manufacture. Having an overseas location brings with it a whole raft of issues surrounding quality control, culture and language, protection of intellectual property, communications, delivery timing, fulfilment and shipping, counterfeiting, etc. The list goes on. Manufacturing in the USA isn’t necessarily a panacea either, but it is often easier to deal with problems within the country than outside.

For those manufacturing overseas, we always advise that a client appoint a representative who is paid to have your interests at heart. You need to have eyes and ears open at all times right there on the ground where the manufacturing is taking place, and it is simply not possible to achieve that from home.



### **REGULATIONS**

The world of manufacturing is a maze of regulation such as health and safety, environmental, legal and myriad others, not to mention areas such as taxation, import duties and the like. Regulatory bodies are not normally lenient when it comes to dealing with transgressors, so it is essential that you are not only aware of, but are also abiding by, the many regulations that will undoubtedly affect your business.



It is very important not to try to cut corners in this area as the penalties can be huge and potentially life-threatening for your business. It is wise for you to have someone on board, either as an employee or a consultant, with specific responsibility and experience in dealing with this area. If you are confident you have it all under control, then great. If you're not so confident, don't take any chances. Find someone soon.

### **PROBLEM AREAS**

Common problem areas in manufacturing range not only from the actual manufacturing process itself, but also other matters such as being offered (or refused) credit terms, and the reliability of sourcing raw materials. Again, we stress the importance of having someone knowledgeable in place to guide you through the maze.

### **PRODUCT DEVELOPMENT**

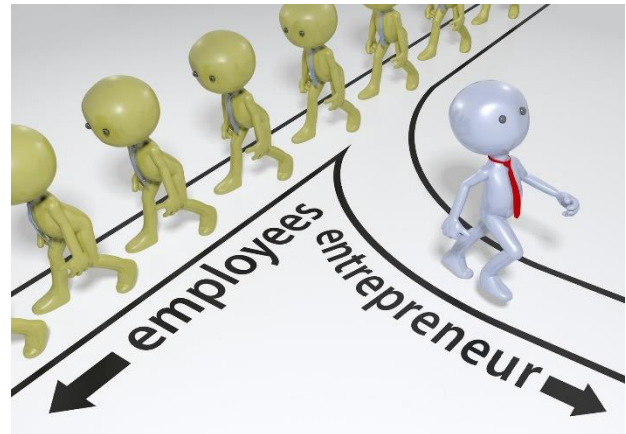
We ask this question here because many companies leave product development to their manufacturers. While this can work well if the relationship is good, one should recognize that the level of control, and the potential vulnerability of your intellectual property, can be badly compromised if you cannot directly control product development. Keeping it all in-house is not always feasible, but this should not prevent you from doing your utmost to ensuring you keep it under your control.

## **SECTION 20 - PERSONAL ASSESSMENT**

### **PERSONAL PRESSURES**

Becoming an entrepreneur can be one of life's most stressful events, especially if you've made the transition from the world of employment. It is a very significant change in lifestyle. The pressures of suddenly having to eat what you kill can be extreme. Of course, there are huge upsides too, which is why increasing numbers of people opt for the flexibility and freedom that the life offers.

The pressures on new business owners are considerable, and we concern ourselves with them because we frequently see those pressures having a dragging effect on executive performance. Many of those pressures, especially in the early days, are financial and they often spill over into private lives. Business owners are always the last people to pay themselves, so financial pressures can lead to genuine hardship on a personal level affecting relationships and causing much overall stress.



It is for you to reflect seriously upon the answers you have provided to us in this section. If you're like most of our clients, your emotions and feelings will fluctuate wildly on an almost daily basis. Depending on what sort of day you were having when you answered the questionnaire, you may look at your answers today and feel quite differently. There are no right or wrong answers here. Our goal in this section is simply to get you thinking about how well, or not, you are coping with everyday life as a business owner.

### **SUCCESSION PLANNING**

In addition, we want you to think about your legacy and the longer term future of your business after you are no longer involved. That may be many years hence, but giving it serious consideration. Succession planning is usually one of the last things on the mind of a new business owner, and understandably so. However, most business owners like to feel they will have the opportunity to pass their business on, or sell it at some point.



You stated that you do not have a legacy plan in place right now. We would urge you to give thought to how the company might carry on in your absence or retirement some day. Grooming a successor is a sensible thing to do, and can give you some inner peace, knowing that the business will still be in good hands once you are no longer involved.

### **OVERALL FEELINGS**

We asked you about your feelings about becoming a business owner, and we gave you four answer options:

1. Best thing I ever did
2. I have good and bad days but I generally feel I made the right decision
3. There are times when I seriously wonder if this was the right move
4. I wish I hadn't done it



You answered number 3. How would you answer if you were to answer the same question today?

## **SECTION 21 - GENERAL**

### **THE FUTURE**

There's never anything certain about the future; the best you or anyone can do is to plan ahead based upon current circumstances, and upon what you already know. What we can guarantee is that your best plans and predictions will be different from what you expected. Therefore, being flexible, adaptable, and fleet of foot are all characteristics which, if you can adopt them, will hold you in good stead in an ever changing and unpredictable business world.



You identified some looming threats and some internal weaknesses which you felt could hold the company back. It's good that you were able to identify them. We also noted that you were pessimistic regarding future growth opportunities and your ability to exploit those opportunities. Threats and weaknesses attach to every business regardless of size or substance. As an entrepreneur, an optimistic outlook is a pre-requisite for survival. By making sure that you develop plans and strategies to deal head on with these negative possibilities, you will make it easier for yourself down the track and your business is much more likely to prosper.

## **CONCLUSIONS & RECOMMENDATIONS**

Based upon our analysis of your answers to our questionnaire, we are somewhat concerned that there are some major areas within your business that need attention. We would urge you to take prompt action based upon our recommendations in the table below. We would urge you to contact us as quickly as possible so that we can tailor a program to help you to deal with these issues, but our preliminary thoughts appear in the table below.

In the Appendix following the table, we provide an explanation of the one-on-one services that MarketAtomy can provide for you. Please review these and see which ones could be of value to you as you take your business forward. Do not hesitate to contact us at your earliest convenience.

<b>KEY AREAS OF FOCUS</b>	<b>PLANNED SOLUTIONS</b>
<b>BUSINESS PLAN</b>	You presently have no Business Plan. This is fundamental document that every business needs in order to plan and plot its way forward. You should consider having one written.
<b>FINANCIAL MODELING</b>	Without a coherent financial model, you are potentially operating on very thin ice. You should move swiftly to address this shortcoming.
<b>MARKETING STRATEGY</b>	A solid marketing strategy is at the core of your ability to get your message out there. You are not making much headway in your market because you do not have a coherent and budgeted plan. We would advise that you resolve this matter as soon as possible.
<b>CAPITAL FUNDING</b>	You need additional funds for your business, but it is hard to raise money from total strangers who have large numbers of investment opportunities to consider at any one time. You will need to put together a strong investor pitch which will optimize your chances of obtaining the funds you need.
<b>INTERNAL FINANCIAL MANAGEMENT</b>	You have nobody in the company dedicated to managing its financial affairs. This is a potentially dangerous situation because you could end up in serious financial difficulties unless your finances are managed tightly at all times. You should hire someone to help you as a matter of urgency.
<b>BUSINESS MODELING</b>	Your business model is the foundation for the creation of your financial model. You really should have a clearly defined business model so that you are then able to put numbers to it which will form the basis of your financial projections, especially critical if you are looking for investors.

## APPENDIX

### **BUSINESS PLAN WRITING**

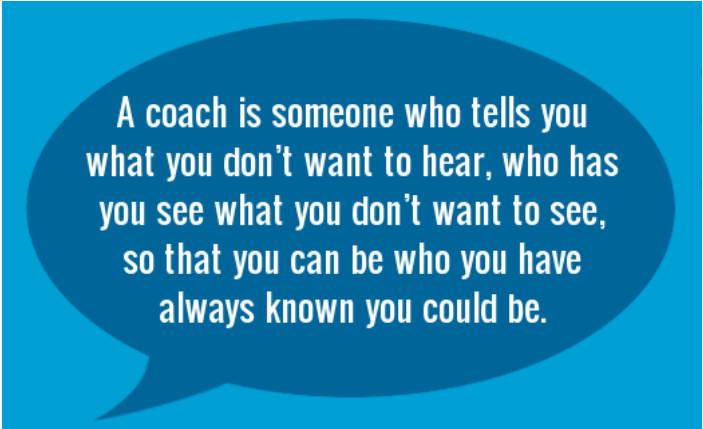
Business plans should be a roadmap which enables business owners to have a clear, structured and workable pathway to creating a successful business. If a company needs to raise external funding, the importance of this document becomes even more essential, since every investor expects to see a business plan that facilitates the analysis of the viability of the company from an investor's perspective.

Regardless of whether a client needs to raise capital, our business plans are written from an investor's perspective, our logic being that the owners are investors in their own business, and it is entirely appropriate for them to understand the full potential of the company from this detailed analytical angle. Also incorporated into our business plans, is an "Action Plan" for the development of the business which gives the owners a very clear understanding, not only of the tasks that must be accomplished, but also of the priority that needs to be attached to ensure that tasks are complete in a sequentially logical and cost-effective manner. Again, we are acting here in accordance with our philosophy that we should always provide a tangible deliverable for our clients, rather than theoretical mumbo-jumbo which ultimately has little or no useful application in the context of actually getting things accomplished in the business.



### **PERSONAL COACHING**

Our coaching services are provided on both professional and personal levels. Many business owners, especially of start-ups, become quickly overwhelmed by the scale of the task required to get a new business up and running. A shoulder to cry on who can provide truly insightful advice and guidance can be a lifeline to a struggling business owner. We have many years of delivering highly impactful coaching services, both for the benefit of individuals and groups. The sessions can be delivered both in person and online with equally positive effect.



A coach is someone who tells you  
what you don't want to hear, who has  
you see what you don't want to see,  
so that you can be who you have  
always known you could be.

### **BUSINESS & FINANCIAL MODELING**

Creating your business and financial models are absolutely core activities that, ideally, should be undertaken before a business is launched, but if it is too late for that, then it is imperative that this critical analysis be carried out as soon as possible thereafter.

The purpose of this exercise is to help our clients turn a great idea into a great business. How you accelerate from the idea stage to the reality of trying to make money from it, is a complex process. Building a business with its multi-faceted disciplines and core functionalities needs to be planned. Moreover, the financial implications of these plans need to be projected into detailed spreadsheets which can show how financially sound or otherwise the business will be. How much money may need to be raised from investors? And when?

The comprehensive analysis of all these considerations has been built into a one-on-one online program which we deliver through Skype or Zoom over a series of days. It is hard work, but it is a transformative exercise and experience for everyone that participates in this.

## MARKETING STRATEGY WRITING

Our experience is that the high failure rate of start-up and early-stage companies is frequently due to a woeful lack of emphasis on marketing. Rarely do such companies adopt a strategic approach to creating a footprint in their selected market. The result of this lack of strategic marketing planning is that companies waste inordinate amounts of money on ineffective marketing and are, moreover, unable to determine the effectiveness or otherwise of their marketing expenditures. This often leads to the total abandonment of any effective marketing activities which, in most cases, has a long-term negative impact on the business.

We have developed extensive experience in building marketing strategies on a highly detailed level. As with all our one-on-one services, these documents pay significant attention to providing tangible action-based plans which cover the whole gamut of marketing activities ranging from the electronic, social media oriented programs through to the more traditional print, public relations, trade show activities. It is most common that companies will need to adopt a mixture of modern and traditional marketing techniques, with the actual mix being highly dependent on the type of business in question.

## CAPITAL RAISING PREPARATION

While virtually all start-up business commence operations with a high level of sweat equity, along with some cash from the founder and some friends and family, sometimes this just isn't enough. The amount of real, hard cash needed to launch a business successfully frequently outstrips the financial capacity of the owners who find they need to attract external capital. Attracting that capital is increasingly challenging, and, for a business owner to successfully attract such funding, detailed preparation must take place before an investor is approached.

We have extensive practical experience preparing people to raise money from investors, which goes beyond simply writing a business plan and creating financial projections. It includes preparing the pitch and ensuring the legal aspects of the exercise are all taken care of. The level of our services in this area is highly dependent upon the level of preparedness of the client, which, in our experience, can vary wildly.



## ONLINE CONSULTING AS CFO/CMO/BUSINESS STRATEGIST

Sometimes, business owners would like to have a helping hand on an ongoing basis, because they either lack the skill sets required in a specific business area, or they just want ongoing guidance to ensure they stay on track. Few start-ups have the financial resources to engage a professional in that area. Additionally, they typically do not need full-time assistance, and so, engaging an experienced consultant can be the optimal way forward.

We have developed a series of programs where we can act as an effective “virtual” executive team member for a client. We specialize in the fields of finance and marketing, but also carry that into general strategic business planning and advice. These areas of expertise exist in-house for us; however, if a client has a need for a specific area of expertise outside of these, then we have access to a range of professional and reliable service providers who can deliver the required services on our behalf.

We charge for these services on an hourly basis and we specialize in making these services extremely affordable for clients who, in general, lack substantial financial resources.