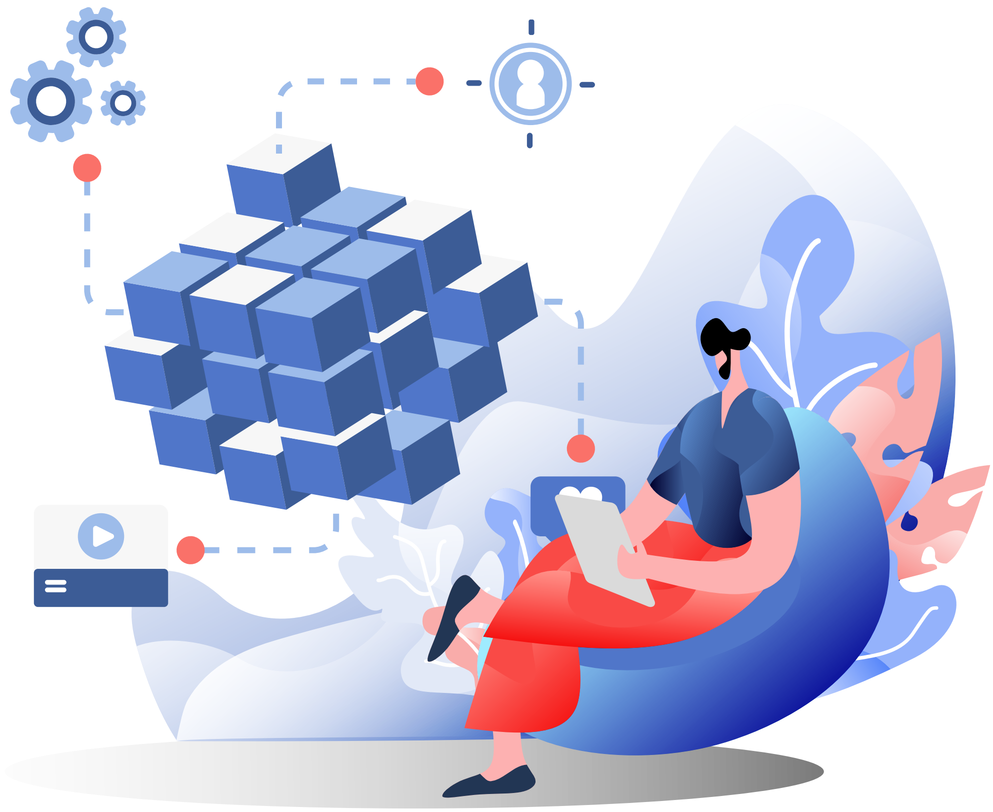
BizTweak

Making Entrepreneurship Easier



STRATEGIC PLANNING

064 942 2217

info@biztweak.org.za

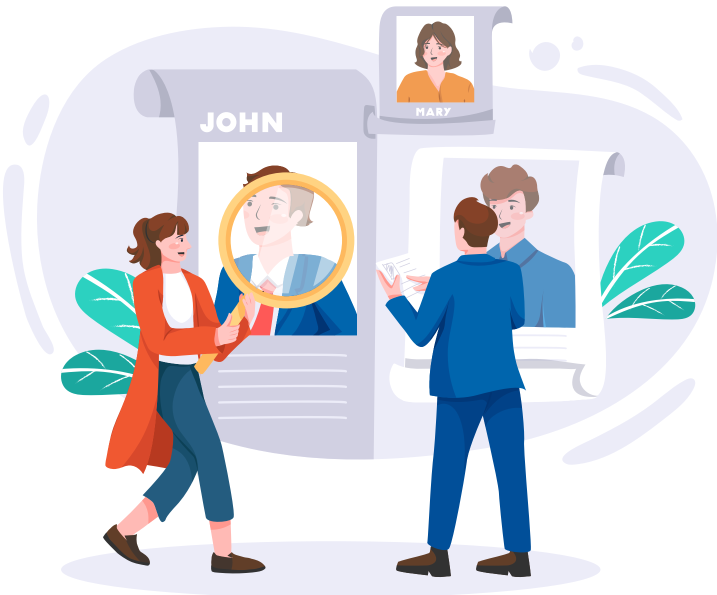
www.biztweak.org.za

INTRODUCTION TO THE MODULE

In this module, you will learn all about a business plan and different types of business strategies. Besides, you will get an extensive understanding of the questions you need to answer for value proposition and importance and techniques of customer relationship management. And will conclude by explaining the revenue models and streams.

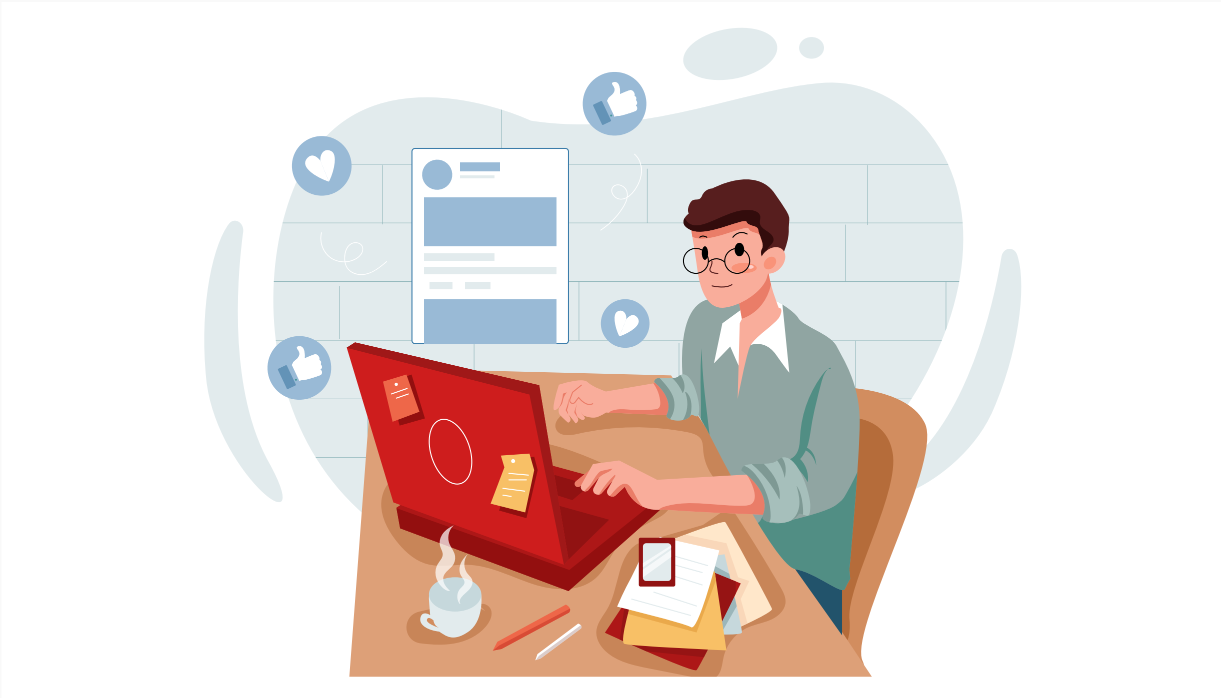
Topics to be covered in this module are:

- Business Plan
- Boot Strapping Strategy
- Lean Start-up Strategy
- Value Proposition Canvas
- Scale Strategy
- CRM
- Revenue Models



BUSINESS PLAN

DOES THE COMPANY HAVE A DEFINED BUSINESS PLAN?



1.1 What Is a Business Plan?

A business plan is a written document that describes in detail how a business—usually a new one—is going to achieve its goals. A business plan lays out a written plan from a marketing, financial and operational viewpoint.
Business plans are important to allow a company to lay out its goals and attract investment. They are also a way for companies to keep themselves on track going forward.

Although they're especially useful for new companies, every company should have a business plan. Ideally, a company would revisit the plan periodically to see if goals have been met or have changed and evolved. Sometimes, a new business plan is prepared for an established business that is moving in a new direction.

1.2 Why You Need a Business Plan?

A business plan enables you to:

- Assess and clarify your business idea
- Spot and fix potential issues
- Set out your goals
- Measure your achievement

Most importantly, a business plan is a vital document to secure investment or a loan from a bank.

1.3 Advantages and Disadvantages of a Business Plan

A good business plan drives you through each phase of launching and managing your business. You can use your business plan as a roadmap to structure, operate, and grow your brand. It's a way to think across the key components of your business.

Business plans will help you get funding or bring on new partners. Investors prefer to be confident of getting a return on their investment. A powerful business plan is a tool you'll use to convince and convert people that working with you or investing in your company.

If your startup idea is truly unusual, a business plan may discourage you from launching your business. An idea might look like a failure on paper, but if you believe it would work, it might be worth trying without a written plan.

1.4 Primary Considerations of a Defined Business Plan

You need to do some basic calculations, even with a great concept, at least to assess if the business can make a profit.

- Say you want to start a retail outlet. Figure out who is close enough to become customers and how many other shops will be competing with you to divert them. Visit some of those competitors' shops and see how busy they are. Without revealing your plans to compete, ask some general questions like "how's business?" Hope they will share their frustrations or successes

- Whether you sell goods or services, do the math to sort out how much profit is in it. Say you are planning to start a furniture restoration company. Then evaluate and note what you will have to pay to hire carpenters, what it will cost you for the insurances, what type of licensing you will need, and what the marketing will cost you. Figure out how many projects you can do per month and what other providers are charging

- The next step is to find out if there is enough demand for your product or service. Suppose you have designed a new kind of lampshade, and your friends all say you should startup from here because "everyone will want them." Before making a hundred of them and renting a shop, bring a few to craft shows or flea markets and observe what happens

- Calculate what the income and expenses would be and if they balance for a typical month of your startup. List mandatory expenses, such as insurance, taxes, supplies, rent, salaries, utilities, advertising, and other overhead. Then, figure out how much revenue you will average from each sale. Next, calculate how many sales you will need to cover all of your expenses and divide by the business days number in the month. Now evaluate if you can reasonably expect that many sales, and 'how will you get those?'

IS THE COMPANY EXECUTING THE BUSINESS PLAN?

2.1 Elements of a Business Plan

Below are some of the common and most important parts of a business plan.

- Executive Summary
  The executive summary is an overview of what the business will be and why it is expected to be successful. If the business plan will be used to lure investors, this section is the most important, since many might not read any further if they are not impressed with the summary.

- Owners Background
  This section explains why you want to start a business and why you think you have the experience, capability and dedication to make your idea a success. It should also give detail information about your education, qualifications, work experience, training and hobbies as well. Practical experience is most important.

- Competitive Analysis
  While enacting your business, you should know who and where your competitors are. If you are opening an antique shop, you might want to be near other antique shops, so more customers come by your place, since antiques are unique and do not really compete with other antiques. However, if you open a florist shop, you probably do not want to be near other florist shops since most florists sell similar products, and a new shop would just dilute the customer base.

- Market Research
  The market section should analyse who the potential buyers are. Describe both the physical location of the customers and their demographics. For example, a bodybuilding gym would probably most appeal to males in the 18 to 40 age brackets in a ten- to the twenty-mile radius, depending on the location.

- Organisation and Management

State, how your brand will be structured and who will run it.

- What will the organisational plan be?
- How many employees will you need, and how will the chain of command look like?
- How much of the work will be done by employees, and how much will be hired out to other businesses and independent contractors?
- Will you have a sales force? Will you need manufacturing employees?
- Will your accounting, website maintenance, and office cleaning be contracted out or done by employees?

You need to answer all these questions in this section

- Service or Production Plan

The production plan needs to address and answer questions like the following

- If you are manufacturing a product, do you know how to produce a large quantity of it?
- Do you know all the costs and the possible problems that could come up?
- If a big buyer order 100K pieces of a product, could you get the order made in a reasonable amount of time?

The production plan needs to anticipate the normal schedule you intend to use, as well as how to handle an emerging situation, positive or negative, to that schedule.

- Marketing Strategy

Many a business has closed just a few months after opening because of the scarcity of customers. Your marketing plan describes how you will advertise your business. List how much the advertising will cost, and describe how you expect people to respond to the advertising.

- Operations and Logistics

It's essential to figure out how your business will work on a day-to-day basis. Say you are preparing for your first sale; work through the different phases, from making or buying your product through to delivering it and receiving payment.

- Funding Request

If you're planning to ask for funding, this is where you'll outline your requirements. Try to clearly explain how much funding you'll need over the next five to ten years and what you'll use it for.

- Financial Forecasts

Sales forecast projects how many sales you are aiming to achieve success in your first year of launching and how much money would be generated as revenue. Since it's hard to project a realistic number of sales, it's better to plan for the worst case.

- Appendix

Lastly, use your appendix to provide supporting documents and other materials that were specially requested either by a partner, investors or a bank that is going to fund your startup. Accepted papers to include are credit histories, resumes, product pictures, licenses, or patents, legal documents, permits, letters of reference, and any other contracts.

2.2 Steps to Successful Execution of a Business Plan

Millions of entrepreneurs come up with great ideas and spend countless hours creating and re-creating detailed business plans. Often most of this effort goes to waste as entrepreneurs fail to follow through on their own well-thought-out plans. Here's a simple four-step process to help entrepreneurs execute their potential business plan:

> - Set clear priorities: Entrepreneurs might fail in carrying out their strategy if they set too many priorities. Establish only one priority at a time along with supporting initiatives
>
> - Collect and analyse data: Entrepreneurs should develop key performance indicators (or KPIs) that can be measured and monitored on an ongoing basis. They need to procure operating data related to these indicators and evaluate results on schedule (daily, weekly, monthly or quarterly)
>
> - Keep a rhythm to meetings: To ensure that the entire organisation keeps in sync with the entrepreneur's vision and strategic plan, the staff should gather periodically for different types of update meetings.
>
> - Evaluate the strategy: The entrepreneur should also meet with the executive team and key management personnel on a monthly or quarterly basis to evaluate the progress with the strategic plan. These strategic meetings should be more in-depth and designed to determine if changes are required.

Lean Start-up Strategy

3.1 What Is Lean Startup?

A lean startup is a method used to found a new company or introduce a new product on behalf of an existing company. The lean startup method advocates developing products that consumers have already demonstrated they desire so that a market will already exist as soon as the product is launched. As opposed to developing a product and then hoping that demand will emerge.
The lean startup provides a scientific approach to creating and managing startups and get the desired product to customers' hands faster. This method teaches you how to drive a startup-how to steer, when to turn, and when to persevere and grow a business with maximum acceleration. It is a principled approach to new product development.

3.2 Lean Startup vs Traditional Businesses

The lean startup method also differentiates itself from the traditional business model when it comes to hiring. Lean startups hire workers who can learn, adapt, and work quickly while traditional businesses hire workers based on experience and ability.
Lean startups also use different financial reporting metrics; instead of focusing on income statements, balance sheets, and cash flow statements, they focus on customer acquisition cost, lifetime customer value, customer churn rate, and how viral their product could be.

3.3 Requirements for Lean Startup

Instead of business plans, lean startups use a business model based on hypotheses that are tested rapidly. The lean startup method first identifies a problem that needs to be solved. It then develops a minimum viable product or the

smallest form of the product that allows entrepreneurs to introduce it to potential customers for feedback.
This method is faster and less expensive than developing the final product for testing and reduces the risk that startups face by decreasing their typical high failure rate. Lean startup redefines a startup as an organisation that is searching for a scalable business model, not one that has an existing business plan that it is determined to execute.

3.4 Lean Startup Principles by Eric Ries

Eric Ries, an American entrepreneur, blogger, and author of The Lean Startup stated that "The Lean Startup is a new way of looking at the development of innovative new products that emphasises fast iteration and customer insight, a huge vision, and great ambition, all at the same time."

The idea of the book The Lean Startup is that anybody can be a successful entrepreneur when you dedicate yourself to do the work and apply the recipe on the off chance that they recall the five key principles:

1. Entrepreneurs are Everywhere

Eric cited that a startup is "a human institution designed to create a new product or service under conditions of extreme uncertainty". This implies a startup is any new, or old, organisation that is attempting to locate another source of value, for example, new product, service, customer, or market.
There are numerous sorts of entrepreneurs and startups. Millions of opportunities exist that entrepreneurs can exploit to manufacture an effective business. Anyone can be anywhere at any time and launch a startup. The key is in preparing to stun the world, beginning little, and scaling quickly.

2. Entrepreneurship is Management

As an entrepreneur, you should be responsible for yourself by practicing viable management skills. As an entrepreneur you have to know the process in order to implement the process successfully. You should know the procedure to execute the procedure effectively. It's simpler to maintain a strategic distance from botches when you realise how to assess esteem and decide your subsequent stages.

3. Build-Measure-Learn

In the startup culture, when you are propelling new products or services, you don't typically have the idea of who your customers are. You are no chance to get in a situation to anticipate which approach works best until you put them under a magnifying glass.

In the greater part of the cases, entrepreneurs will, in general, receive a "do what needs to be done" approach or experience the ill effects of investigation loss of motion and invest inordinate measure of energy culminating their arrangement.

In another case, when they understand they have made something that no one needs, it is too late.
Then again, the Lean Startup's Build-Measure-Learn feedback loop permits you to adapt quickly and make consistent adjustments by comprehending which approach works best.

4. Validated Learning

Lean startups initially serve clients with their products. Every element can be deductively validated by running examinations that exhibit and test your vision. With validation, you will have the option to distinguish and address the key risks in your products or services and make acclimations to situate your brand image appropriately.

5. Innovation Accounting

This procedure considers entrepreneurs responsible for their activities and results through prioritisation of work, estimation of progress, and outline of achievements. These components cooperate in characterising business, presenting another method of how it ought to be finished.

3.5 Basic Nine Components of Business Model Canvas Version

Among many versions of lean startup templates, the oldest and most renowned is the Business Model Canvas, developed by Alex Osterwalder.

- Key Partnerships

Note down the other services or businesses you'll work as an affiliate to run your business. Secure a strategic plan about suppliers, manufacturers, subcontractors, and similar partners.

- Key Activities

List the possible ways your business will attain a competitive advantage. Highlight things like methods of selling direct to consumers, or using technology for sharing economy.

- Key Resources

Note the resources you will use to create value for your customers. Most crucial assets could include staff, capital, or intellectual property. Make sure you leverage business resources that might be accessible to women and veterans.

- Value Proposition

Make a clear and coercive statement about the unparalleled value your company brings to the market.

- Customer Relationships

Describe the customer interaction process—state whether it is automated or personal, In-person or virtual. Plan through the customer experience from beginning to ending.

- Customer Demographics

Make sure you are specific when naming your target market. Keep it in mind that your business won't be for everybody, so it's vital to have a crystal sense of who your brand will serve.

- Sales and Communication Channels

List the key ways you'll talk to your customers. Well-known businesses use a blend of channels and optimise them over time.

- Cost Structure

What do the financial strategies look like? What are the common cost factors? Will your company focus on minimising costs and maximising value? Define your strategy and shortlist the highest costs you'll face pursuing it.

- Revenue Streams

What kind of profit is expected? How will you gain this? Explain your company's money-making process. For examples, direct sales, membership fees, and selling advertising space. If you have multiple revenue streams, don't forget to list them all.

SCALE STRATEGY

DO YOU HAVE A DEFINED GROWTH STRATEGY WITH TARGETED GROWTH AREAS?

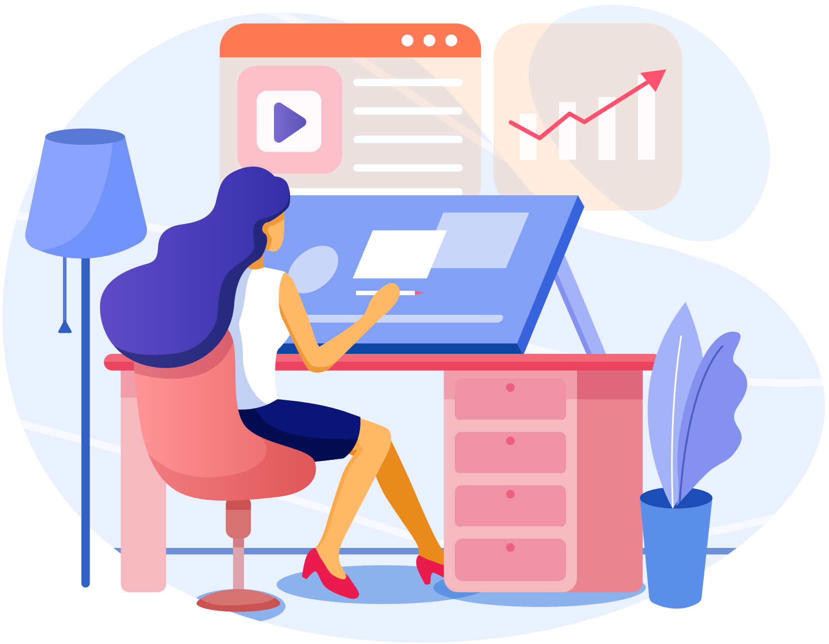
Growth means adding resources at the same rate that you're adding revenue. For example, a company that gains a customer hires more people to service them and adds revenue at the same rate it is adding more cost.

Your growth strategy entails more than just demonstrating how your revenue will grow. This section of your business plan is about proving to others that you have a plan for bringing your product to new customers and new markets, and perhaps even introducing new products.

The obvious objective of outlining your growth strategy is to show how these moves will increase sales. This can happen in several ways.

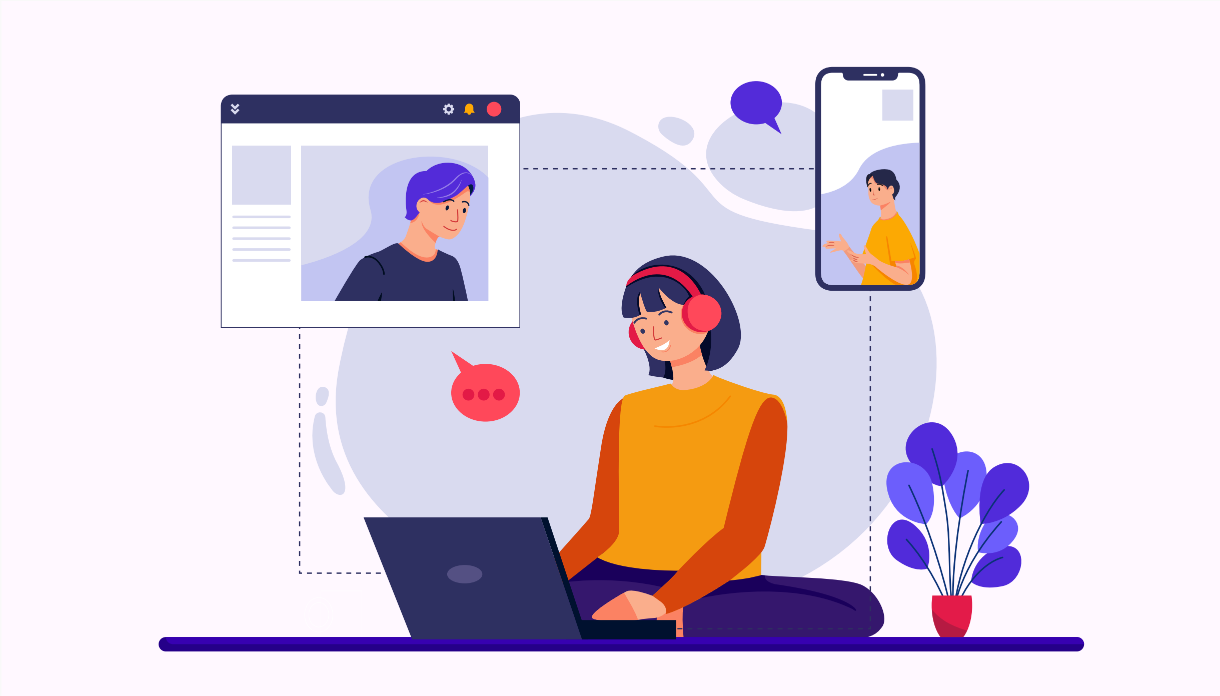
- Target multiple locations
- Establish a value proposition
- Identify your ideal customer
- Marketing plan for new client acquisition
- Launch new products
- Define your key indicators
- Invest in online expansion
- Focus on creative marketing
- Verify your revenue streams
- Look at your competition

- Focus on your strengths
- Decrease product and service cost
- Invest in talent
- Diversify your business
- Give a competitive outlook to your business
- Create alternative channels
- Innovate something new from the path paved by your competitors



BOOT STRAPPING STRATEGY

DO YOU KNOW WHAT STRATEGIC PARTNERSHIPS THE COMPANY NEEDS TO FORM, TO INCREASE THE SCALABILITY AND EFFICIENCY OF THE BUSINESS?



4.1 What is a Strategic Partnership?

A strategic partnership is an agreement between two companies that is relevant to the strategy of one or both firms. These are often based on business contracts that often don't go so far as establishing an actual partnership entity such as a joint venture.

- Strategic partnerships occur when two businesses combine forces to expand their brand reach.
- Co-branding opportunities add value to your company, increase brand awareness and create brand trust.
- Successful strategic partnerships include Spotify and Google, Sherwin-Williams and Pottery Barn, and McDonald's and Coca-Cola.

4.2 Types of Strategic Partnerships

There are 5 types of strategic partnership agreements that increase the scalability and efficiency of the business.

- Strategic Marketing Partnerships: This type of strategic partnership agreement is most beneficial to small businesses with a limited selection of products and services to offer customers.

- Strategic Supply Chain Partnerships: Supply chain partners such as ecommerce company that develops partners with supermarkets and convenience stores to act as pickup points for packages.

- Strategic Integration Partnerships: Integration partnerships involve offering another company's product that integrates with and complements your own.

- Strategic Technology Partnerships: This type of strategic partnership involves working with IT companies to keep your business afloat.

- Strategic Financial Partnerships: Strategic Financial Partners helps individuals, families, business owners and professionals develop expertly-tailored financial strategies.

HAVE YOU DETERMINED HOW EACH PARTNERSHIP WILL HELP THE BUSINESS?

5.1 Feasibility of Different Types of Strategic Partnerships

Not all strategic partnerships fit all businesses. Here we are addressing all the partnership strategies individually and guiding you on how to determine whether that specific partnership is feasible for your business niche and if yes, then how that will boost up your business.

- Strategic Marketing Partnerships

Marketing partnerships are extremely common in the automotive industry, such as the Toyota IQ, also being marketed as the Aston Martin Cygnet. The idea is that one company makes a product, and another adds its own marketing spin to it to tap into a new market.
The same logic can be applied to a variety of different products, so it's something worth considering in many situations. If you're interested in forming a strategic marketing partnership, you want to look for either a referrer that you share a customer base with or a company operating in a related field that can market your goods or services to a new audience.

- Strategic Supply Chain Partnerships

If you make a tangible product that you think could benefit from a strategic supply chain partnership, the decision to ally comes down to cost. If you can make it for less yourself, then you don't need a partner. But if you can hand off manufacturing to a dedicated factory and maintain profitability without sacrificing quality, then, by all means, do it. For those of us in the service world, it's often an even easier decision.
Companies usually enter into supply chain partnerships to cut costs, streamline processes, or improve quality. Unfortunately, as valuable as they can be, supply chain partnerships can also be among the hardest types of alliances to maintain.

- Strategic Integration Partnerships

Strategic integration partnerships are extremely common in the digital age since it's always great to have different applications work together or at least communicate with one another.
For instance, Uber and Spotify partnered together to create their "Soundtrack for Your Ride" campaign. On top of providing a pleasurable ride experience for passengers and improved ratings for drivers, the integration also positioned each brand in a positive light, likely gaining

return customers in the process.

Another fantastic example of a strategic integration partnership is the agreement between Nike and Apple. Upon buying the specific fitness shoes and apparel, customers can pair their products with their Apple iPhone or Watch to track fitness progress and achieve other health goals.

- Strategic Technology Partnerships:

Any kind of technological expertise that is necessary for your business that you cannot provide in-house can be relegated to a strategic technology partnership. Choosing a technology partner has to be based on an assessment of your needs and the identification of a positive benefit from entering into the agreement.

You don't need a monthly retainer on printer servicing if you'd save more money by moving to a paperless solution. So again, assess the situation before signing up for any strategic partnership. Never ally just for the sake of being able to say you have a strategic partner.

- Strategic Financial Partnerships

Many modern companies wholly outsource their accounting to strategic partners. Strategic financial partnerships are helpful because when you use a dedicated company for accounting; for example, they can monitor your revenue with greater focus than you can do in-house. Because finances are critically important to any business, strategic financial partnerships are among the most important relationships you can foster.

Dedicated finance professionals offer rock-solid expertise in managing cash flow and can report your current revenue position readily and objectively. And that can be of paramount importance to your business.

5.2 Benefits of Strategic Partnership

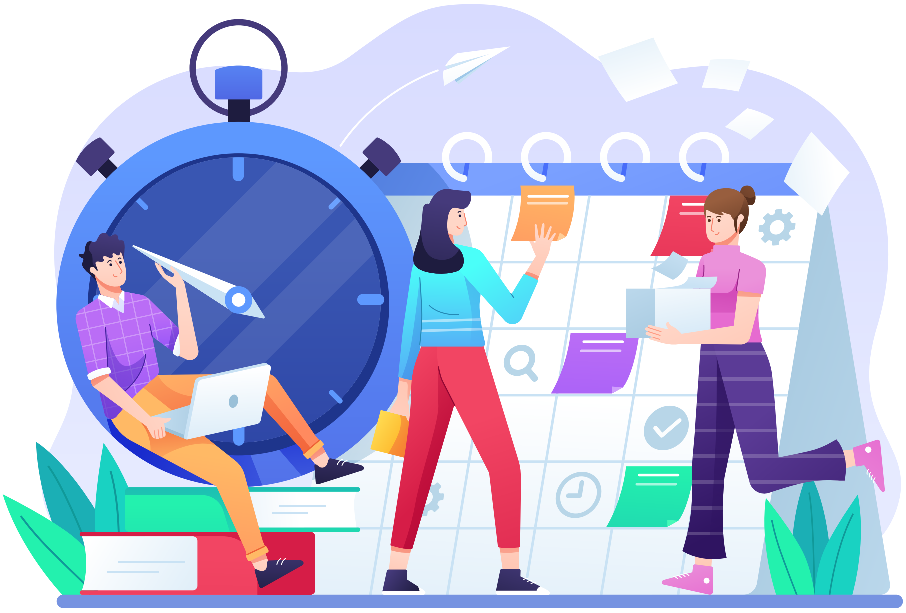
- Access to new customers: A strategic partnership means access to new customers, and embedded in this is an opportunity for free advertisement. When you pair with another business, you'll be able to reach their clients as well. This is an incredibly effective marketing strategy, stretching your reach into double the clientele.

- Opportunity to reach new markets: Along with an extended reach into a wider variety of customers, your brand is now able to expand its horizons in areas previously unexplored.

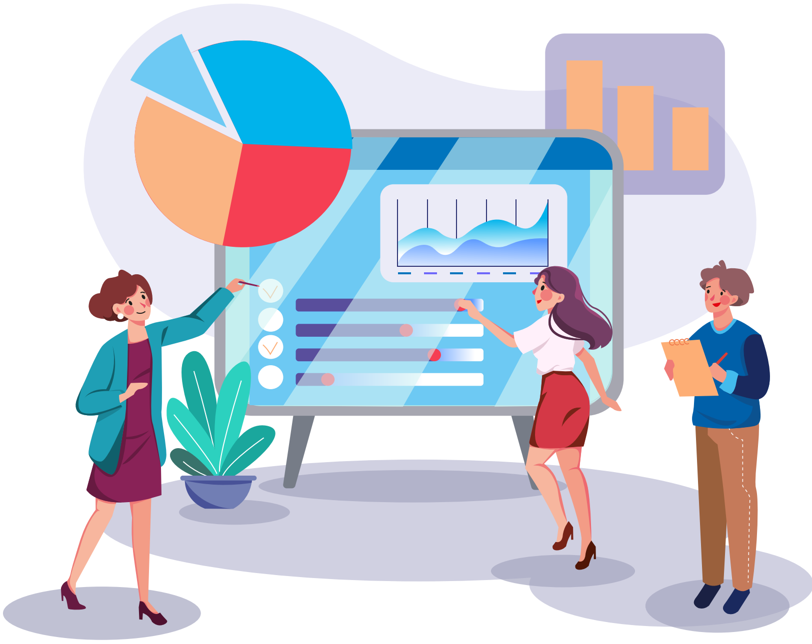
- Added value for previous customers: Another benefit to a strategic partnership is the value it adds to your loyal customers. Reaching customers during a growth period can help solidify loyalty. You want to show returning customers you care because it encourages one of the most powerful marketing tools: word of mouth.

- Brand awareness: The most crucial thing you can do for your small business is getting out there and letting people know who you are. When you partner with other organisations or influencers, there are more chances for people to be exposed to your logo and other branding, creating organic curiosity.

- Brand trust: Brand trust spawns naturally from a good business partnership. When people see your work well with others and generate profit from it, they will be more willing to help out and support your business. It's all part of creating a healthy, stable and productive network.



VALUE PROPOSITION CANVAS



A value proposition refers to the value a company promises to deliver to customers should they choose to buy their product. A value proposition is part of a company's overall marketing strategy. The value proposition provides a declaration of intent or a statement that introduces a company's brand to consumers by telling them what the company stands for, how it operates, and why it deserves their business.

Features of Value Proposition

- A company's value proposition tells a customer the number one reason why a product or service is best suited for that particular customer.
- A value proposition should be communicated to customers directly, either via the company's website or other marketing or advertising materials.
- Value propositions can follow different formats, as long as they are "on brand," unique, and specific to the company in question.
- A successful value proposition should be persuasive and help turn a prospect into a paying customer.

An entrepreneur is encouraged to address all the following questions to cite a value proposition that meant for the business.

Q1: Do You Know the Problem You are Solving?
Sales and marketing has evolved from the old days of "features and benefits" pitches to customers to instead now primarily focusing on what problem does a business solution for their customers.
As long as consumers have problems, they will always search for solutions. People will always look for better, faster and smarter ways to accomplish everyday tasks. And fortunately for entrepreneurs, there are still lots of rooms for improvements in existing products. That said, the biggest issue for most founders is finding these painful problems and matching them with the best solutions possible.

Some tips:

- Focus on building a must-have not a nice to have product
- Identify and solve real painful problems

Q2: Do You Know What Value You Deliver to the Customer?

Delivering value to customers is important to managers, leaders, and entrepreneurs alike. To be willing to pay, a customer must derive value from a market offer.
There are various interpretations of what is meant by customer value. The term may mean low price, receiving what is desired, receiving quality for what is paid, or receiving something in return for what is given.
Some facts to consider:

- Understand that the first component of value is "utility."
- Know that the next component is "warranty."
- Strive to identify and overcome the barriers of the customer's perceptions.
- The perceptions of the customer are what makes or breaks the transaction that exchanges value for money.
- Remember that strategy and marketing are two different concepts.
- Pursue positive returns.

Q3: Are You Aware of Which Customer Needs You are Satisfying?
A customer need is a motive that prompts a customer to buy a product or service. Ultimately, the need is the driver of the customer's purchase decision. Companies often look at the customer need as an opportunity to resolve or contribute surplus value back to the original motive.

Types of Customer Needs

Product Needs

- Functionality
- Price
- Convenience
- Experience
- Design
- Reliability
- Performance
- Efficiency
- Compatibility

Service Needs

- Empathy
- Fairness
- Transparency
- Control
- Options
- Information
- Accessibility

Consider the above types of needs and determine which needs you are satisfying that'll make your conversions.

Q4: Do You Know the Value that Your Customers are Willing to Pay for?

Value-based pricing is a strategy of setting prices primarily based on a consumer's perceived value of a product or service. Value pricing is customer-focused pricing, meaning companies base their pricing on how much the customer believes a product is worth.

Customers always want to pay as little as possible. They will pay more for a product only when you, as an entrepreneur, can focus on the following facts and technically take them into account.

- Make your product easier to buy
- Ensure immediate gratification to your customers
- Make sure your product has a 'must-have' feature
- Recognise whether the product burnishes the buyer's reputation
- Ensure your product has a lower cost of ownership
- Introduce more friendly customer service
- Determine the price difference isn't worth the hassle
- Present yourself as a keen and kind seller

CRM
Does the Company Measure Client/Customer Satisfaction?

6.1 What is Customer Satisfaction?

Customer satisfaction is defined as a measurement that determines how happy customers are with a company's products, services, and capabilities. Customer satisfaction information, including surveys and ratings, can help a company determine how to improve best or changes its products and services.
An organisation's main focus must be to satisfy its customers. This applies to industrial firms, retail and wholesale businesses, government bodies, service companies, nonprofit organisations, and every subgroup within an organisation.
Measuring customer satisfaction doesn't have to be complicated or expensive. In fact, it's fairly simple to incorporate customer satisfaction measurement into your current customer success strategy.

6.2 Customer Satisfaction Measurement Tools

- Net promoter score
- Live chat transcripts
- Social media mentions
- Marketing emails
- Short message service (SMS)
- Churn rate
- Follow-up surveys

6.3 Steps to Measure Customer Satisfaction

- Define your goals
- Outline a plan
- Choose a type of customer satisfaction survey
- Customise your survey's layout and questions
- Determine your survey's trigger
- Select your survey medium
- Analyse your survey data
- Make adjustments and repeat

6.4 Ways to Achieve Customer Satisfaction

- Make pricing open and honest
- Onboard new customers with educational content and training
- Offer 24/7 customer support across a variety of channels
- Build digital and in-person communities
- Host in-person and digital networking events
- Make it easy to change or cancel contracts/subscriptions
- Create customer loyalty programs or rewards
- Ask for customer feedback consistently
- Build channels for marketing, sales, customer service, and product teams to collaborate.

Can You Rate the Effectiveness of Client/Customer Engagement?

7.1 What is Customer Engagement?

Customer engagement is a measure of a brand's interaction with its customers across all touchpoints throughout their lifecycle. Consistently engaging customers on a variety of channels help brands build and strengthen a 'human-to-human' connection with them and add value beyond just transactional relationships.

7.2 Benefits of Customer Engagement

- Stronger and healthier customer relationships with improved loyalty
- Improved customer retention and reduced churn

- Better opportunities for cross-sell & up-sell
- Increase in subscribers
- Shorter purchase cycles
- More brand evangelists
- Distinguishable brand identity
- Enhanced customer service

7.3 How to Measure Customer Engagement

- Average time on site/page
- Open and click-through rates
- Social media interaction
- Number of form fills
- Customer referrals
- Repeat purchase/renewal rate
- Repeat visit frequency
- Direct user feedback (nps/csat scores or online reviews)

Do You Provide Post-Sales Customer Support?

8.1 Overview of Post-Sales Customer Support?

- Post-sales support is a service provided to a customer after the product or service has already been purchased.
- Companies use post-sales support as a business strategy as it typically leads to higher customer satisfaction, brand loyalty, and even word-of-mouth-marketing.
- Examples of post-sales service include warranty service, training, or repair for a product.

8.2 Post-Sales Customer Support Techniques

- Stay in touch with the customers even after the deal
- Give them the necessary support and on-demand services
- Exchange broken or damaged product immediately
- Create a section in your website where the customers can register their complaints
- Take feedback on the products and services from the customers and work on them
- Ask the customers to sign Annual Maintenance Contract (AMC)
- Ensure transparent exchange policies that go in favour of the customers

Do You Know the Types of Relationships You Need to Establish with Your Customer Segments?

9.1 About Customer Relationships

Your company should clarify the type of relationship it wants to establish with each Customer Segment. Relationships are established through different Channels. Relationships can range from personal to automated, from transactional to long-term, and can aim to acquire customers, retain customers, or boost sales (upselling). The type of Customer

Relationships you put in place deeply influence the overall customer experience.

9.2 Types of Customer Relationships

We can distinguish between several types of Customer Relationships, which may co-exist in a company's relationship with a particular Customer Segment.

- Transactional

This means there is no real relationship between the company and the customer. The company interacts with the customer on a transactional basis. A kiosk at an airport, for example, usually doesn't establish a relationship with its customers.

- Long-term

This means a long-term and maybe even deep relationship is established between the company and the customer. The company interacts with the customer repeatedly.

- Personal Assistance

This relationship is based on human interaction. The customer can communicate with a real customer representative to get help during the sales process or after the purchase is complete. This may happen onsite at the point of sale, through call centres, by email, or through other means.

- Dedicated Personal Assistance

This relationship involves dedicating a customer representative specifically to an individual client. It represents the deepest and most intimate type of relationship and normally develops over a long period of time.

- Self-Service

In this type of relationship, a company maintains no direct relationship with customers. It provides all the necessary means for customers to help themselves.

- Automated Services

This type of relationship mixes a more sophisticated form of customer self-service with automated processes.

- Communities

Increasingly, companies are utilising user communities to become more involved with customers/ prospects and to facilitate connections between community members. Many companies maintain online communities that allow users to exchange knowledge and solve each other's problems. Communities can also help companies better understand their customers.

- Co-Creation

More companies are going beyond the traditional customer-vendor relationship to co-create value with customers. Amazon.com invites customers to write reviews and thus create value for other book lovers. Some companies engage customers to assist with the design of new and innovative products. Others, such as YouTube.com, solicit customers to create content for public consumption.

- Switching Costs

Switching costs indicate how easy or how difficult it is for a customer to switch to a different alternative. For example, when a customer of a data storage provider stores all his data in a proprietary format it might be difficult for him to switch to an alternative provider

Do You Have a Process for Retaining Your Customer Base?

10.1 Defining Customer Retention

In marketing customer retention is the process of engaging existing customers to continue buying products or services from your business. It's different from customer acquisition or lead generation because you've already converted the customer at least once.

The best customer retention tactics enable you to form lasting relationships with consumers who will become loyal to your brand. They might even spread the word within their own circles of influence, which can turn them into brand ambassadors.

10.2 Effective Customer Retention Tactics

- Offer customer service "surprises"
- Set customer expectations
- Build trust through relationships
- Map the customer journey
- Take a look at that value proposition
- Reduce friction
- Use automation to re-engage customers
- Improve KPIs around customer service
- Leverage customer feedback surveys
- Develop a frequent communication calendar
- Understand your customers' problems
- Overdeliver on your promise
- Measure customer lifetime value
- Learn from customer complaints
- Train your customers with educational emails
- Create a community and customer advocacy program
- Consistently add valuable content to your funnel
- Personalise your communications
- Address customer's complaints on time
- Use unbiased customer reviews and testimonials
- Build and train your customer retention team

Revenue Models

Do You Know How to Generate Revenue from Each Customer Segment?

11.1 What is Revenue Stream

If customers comprise the heart of your business model, Revenue Streams are its arteries. You must ask yourself, for what value is each Customer Segment truly willing to pay? Successfully answering that question allows your firm to generate one or more Revenue Streams from each Customer Segment.
Each Revenue Stream may have different pricing mechanisms, such as fixed list prices, bargaining, auctioning, market dependent, volume dependent, or yield management. A business model can involve transactional revenues resulting from one-time customer payments.

11.2 Types of Revenue Streams

- Transaction Revenue: These revenues are earned from the customer making a one-time payment for the product or a rendering of a service.

- Recurring Revenue: The recurring revenues are earned from consistent, ongoing payments rendered to the company for either the delivery of the value proposition of after-sales care for the customer.

11.3 Ways to Generate Revenue Stream

- Asset Sale
The most widely understood Revenue Stream derives from selling ownership rights to a physical product.

- Usage Fee
The use of a particular service generates this Revenue Stream. The more a service is used, the more the customer pays.

- Subscription Fees
This Revenue Stream is generated by selling continuous access to a service.

- Lending/Renting/Leasing
This Revenue Stream is created by temporarily granting someone the exclusive right to use a particular asset for a fixed period in return for a fee. For the lender, this provides the advantage of recurring revenues. Renters or lessees, on the other hand, enjoy the benefits of incurring expenses for only a limited time rather than bearing the full costs of ownership.

- Licensing
This Revenue Stream is generated by permitting customers to use protected intellectual property in exchange for licensing fees. Licensing allows rightsholders to generate revenues from their property without having to manufacture a product or commercialise a service.

- Brokerage Fees
This Revenue Stream derives from intermediation services performed on behalf of two or more parties.

- Advertising

This Revenue Stream results from fees for advertising a particular product, service, or brand. Traditionally, the media industry and event organisers relied heavily on revenues from advertising.

Module Summary

In this module, you have learned:

- A business plan is a written document that explains the A-Z of business operations and marketing
- The elements of a business plan vary according to the type of business plan
- A lean startup is a scientific approach to launching and operating startups and get the desired products to customers' doorstep faster
- Significant differences exist between the lean startup and traditional business plan format
- There are nine basic components of Business Model Canvas coined by Alex Osterwalder
- Growth strategy entails more than just demonstrating how your revenue will grow
- Marketing, Supply Chain, Integration, Technology and Financial partnerships are the five types of strategic partnership
- As an entrepreneur, you need to address a set of question to uphold your value proposition
- Customer satisfaction, high engagement rate, post-sales customer support, relationship with customer segments, and retaining customer base are the main concerns of CRM
- Two types of revenue streams can be generated following a number of steps

Quiz

Q1: A business plan enables you to

a. Evaluate business idea

b. Set out your goals

c. Figure out funding sources

d. Measure your achievement

Q2: Which of the following is NOT an element of a business plan?

a. Executive summary

b. Production plan

c. Post-Sales CS

d. Financial forecasts

Q3: Which of the following is NOT a component of the Business Model Canvas version?

a. Key partnerships

b. Value proposition

c. Supply Chain partnership

d. Customer demographics

Q4: What type of strategic partnership agreement is most beneficial to small businesses?

a. Strategic Marketing Partnerships

b. Strategic Integration Partnerships

c. Strategic Technology Partnerships

d. Strategic Financial Partnerships

Q5: A strategic partnership means access to new ___________. Fill in the blank

a. Vendors

b. Investors

c. Customers

d. Suppluiers

Q6: What is NOT a product need?

- a. Functionality
- b. Price
- c. Design
- d. Empathy

Q7: The first component of value is “utility.” True/False

- True
- False

Q8: AMC stands for

- a. Annual Management Cost
- b. Annual Maintenance Contract
- c. Annual Maintenance Cost
- d. Annual Management Contract

Q9: ‘Transactional relationship is based on human interaction.’ True/False

- True
- False

Q10: According to Eric Ries, which is NOT a principle of Lean Startup?

- a. Validated Accounting
- b. Build-Measure-Learn
- c. Entrepreneurs are everywhere
- d. Validated learning

Q11: ‘Leasing Revenue Stream derives from intermediation services performed on behalf of two or more parties.’ True/False

- True
- False