Caption

VERSION 0.9

Contents

Getting started

Audience

This course is aimed at business owners, self-employed contractors and freelancers who wish to apply the Red3Sixty Business builder program to their businesses.

Course materials and prerequisites

The course consists of this manual and a series of training videos that demonstrate some of the practical steps required to use the tools.

In order to benefit from the course you will need:

- ☑ access to the Red3Sixty portal
- ☑ a basic understanding of how your business works

> **TIP:** We highly recommend that you work with an accountability partner on this program, as this will significantly improve the probability of getting high quality outcomes. This partner could be a consultant or coach (recommended), your business partner, a fellow business owner or a mentor that you trust.
> The role of the accountability partner is to provide objective feedback to your ideas and observations, as well as making sure that you stick to the goals and milestones you set for yourself.
>
> Working through this with friends, family members and employees would be less effective, as they might not have the business experience to guide you, and might not be comfortable with giving you difficult feedback when it is needed.

Learning objectives

At the end of this course you will be able to:

- ☑ use the Business Builder portal to watch training videos and download tools to apply
- ☑ set goals for skills development as well as operational and strategic projects
- ☑ apply the modules in the Business Builder Program to your business

> **TIP:** There is an infinite amount of advice, books, podcasts, training courses and so forth on the internet that will tell you how to execute certain processes, or improve your skills and understanding of running a business. Be careful of falling into the trap of spending all of your available time watching videos and reading articles / books / blog posts, and make
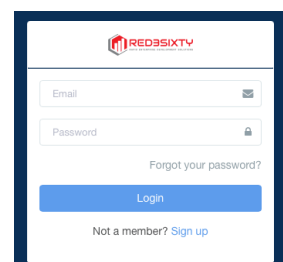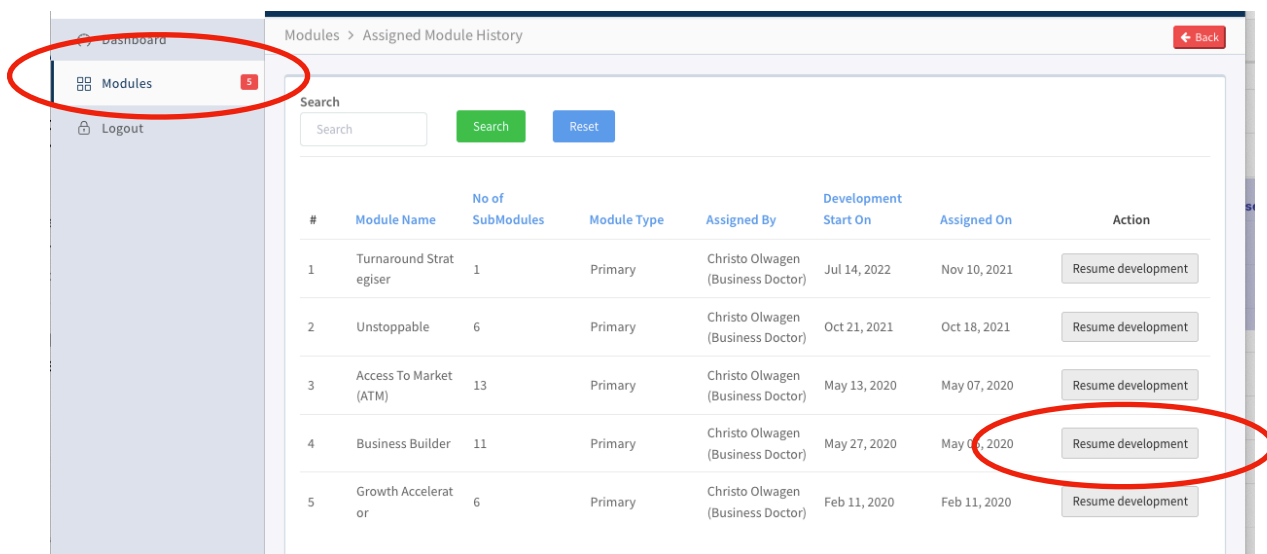
sure that you have a very action-focused approach to applying the program to your business.

How to use the portal

VIDEO LINK GOES IN HERE

Logging in and the dashboard

1. Go to the [Red3Sixty web portal](#)

2. Enter your email and password to enter the portal

3. Click on `Forgot your password?` to reset your password

4. The portal will open to your dashboard.

5. Click on `Modules` on the left hand side to see all your available modules, and then select `Resume Development` next to the Business Builder module.

Accessing the content

Click on the `View Module` button next to the Business Builder to enter the module section.

Title	Business Planning	
Description	**What is your plan? Are you clear on where you are and where you are going?**	
	Most organizations only realize 6-% of their strategies potential value due to issues are crucial aspects of target setting and performance tracking	

On the left hand side of the screen you will see a list of all the modules in the Business Builder. Picking any of the modules will bring up a set of tabs as shown in the image below.

- ☑ on the `Details` tab you will get an introduction to the module, as well as some core activities to be conducted for each module.
- ☑ the `Goals` and `Activity` tabs can be used to assign and track goals for the module. See the section on managing your improvement program for more on this topic.
- ☑ the `Content` tab contains links to external ebooks and other optional resources that are relevant to the module.
- ☑ the `Videos` tab contains instructional videos on how to use the primary tools in the module, or additional content, webinar recordings and similar support materials
- ☑ the `Downloads` tab houses the tools that are referred to in the preceding tabs.

> **NOTE** It is highly unlikely that you will need to apply all of the tools in each module. Looking at the primary, secondary and additional goals on the `Goals` tab might assist you in prioritising the exercises, but in the end your judgement about what data you need to go find, or which insights you need to uncover for yourself will be the most important factor in selecting tools from the portal, and supplementing it with other tools and techniques from the internet.

The Business Builder Program

Establishing the baseline

We assume that you have completed a Business Builder survey, and have received your result report. If not, go and do this first.

There is no right or wrong answers in the survey, and it is not an exam that gives you a pass/fail mark. The intention of the baseline survey is to help you identify the areas where your business are weak, and help you prioritise the order in which you will tackle improvement initiatives and projects.

> **TIP** There are no right or wrong answers in the survey, and it is not an exam that gives you a pass/fail mark. The intention of the baseline survey is to help you identify the areas where

your business are weak, and help you prioritise the order in which you will tackle improvement initiatives and projects.

Evaluating the survey scores

If you are not familiar with the various business focus areas, it might be useful for you to get an overview of the modules and how they fit together before deciding on your implementation strategy. Also revisit this exercise a few times during the program as your understanding deepens.

Your survey results will have a highest scoring area, a lowest scoring area and a spread in between.

1. Link the lower scores together to identify the core challenge that the business is facing. Examples are finding new customers and growing revenue (marketing, sales), delivering on promises (capability, governance), managing the cash (financial, governance) or strategic direction (planning, innovation).

2. Check if this is the burning platform — if your business is struggling to generate sufficient cash to pay your bills you should probably be driving sales and delivery and cash management rather than governance

3. Pick one or at most two of the modules as a priority for the coming months.

4. Check if these modules are dependant on other modules (for example you can not drive innovation if you do not understand your target markets and customers)

5. Capture these areas as immediate Objectives for the program, and if it makes sense, establish some Key Results to target (OKR methodology). You can use the goals section in the portal to set these if you do not have any other tools in your business that manages strategic projects and business performance objectives.

Using the survey as periodic look-back and redirect

After you have been working on the program for a period of time, you can use the survey to check if you have been delivering on the intentions you set at the start of the program.

These are some considerations in choosing when to do the survey, and how to manage the responses:

☑ you will typically not see much progress in hard, measurable performance in the first 3 to 4 months. After six months you should have some short-term wins and some changes in tools, behaviours and other deliverables from working with your team

☑ after 12 months there should be some key measurements or KPIs which you will have established, and these should start showing improvements in the business performance

☑ with a deeper understanding of what appropriate and excellent performance looks like, you might assess yourself lower than you did when you did not have the knowledge that you have been imparting to them

Taking all of this into account, we recommend that you have the original baseline assessment available, and compare the new results with the old ones. You could even use the baseline results as a prompt in the review by asking how much the you think you have improved the score since the baseline was done.

If you ranked yourself excessively high in the initial baseline, you could also turn the question around and ask you would now rank yourself lower than you did at the time when you started the program.

Either way it is useful to show the improvement. Capturing the baseline and new scores in a spreadsheet is a powerful demonstration of the actual improvement.

The purpose of this exercise includes:

☑ encouraging you to reflect on how much progress you have made and celebrating the wins

☑ deciding which areas that you worked on are now good enough to run for a while, and picking the next priority areas to work on

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TIP The incremental benefit of doing more than 1 or 2 of these check-points is dependent on yourself. However, as the scores are subjective too many repeats could result in a "ticking-the-box" exercise which is not constructive.

After 12-18 months you should have migrated to more meaningful objective KPIs, and you should have real hard data to support conversations about the next round of performance improvement initiatives.

Managing your learning program

Most self-driven learning programs fail because of other priorities taking up available time, not getting help when you get stuck, or lack of accountability. As per above, we recommend that you find an accountability partner, consultant, coach or similar to help you with this.

Should you still decide to continue on your own, we recommend that you put some structures and habits in place to assist you in this journey. The tools and nature of these will be dependent on your own preferred ways of managing and prioritising work and deadlines.

Here are some tools that might be helpful to track progress:

☑ the goal setting tools in the learning portal

- ☑ a physical vision board and/or annual calendar that you put up on your office wall

- ☑ a paper based task management system such as post-it notes, bullet journals, diary

- ☑ electronic systems ranging from simple task managers to complex project collaboration software platforms

The most important commitment you should make is to set aside time to work ON your business, as opposed to IN your business.

- ☑ we recommend scheduling a specific time each week where you are able to set aside a few hours to do uninterrupted work

- ☑ use the well-known techniques to ensure that this time is without interruptions (block them out in your calendar, switch off your phone and all reminders on your computer, ask your team / family / other people to not disturb you). Very busy owners might find that setting aside one or two hours on a weekend is more effective, as long as you can avoid the temptation to also do operational work in that time.

- ☑ do this work when you are feeling energised and creative — for most people this will be in the morning, but night-owls might do better after dinner

> **TIP** This is the most important work that you will do on your business, so make sure that it gets the attention and commitment that it deserves.

The Business Builder modules

The business builder modules cover a broad spectrum of activities in your business. They can broadly be grouped into the following areas:

1. Driving towards future goals: business planning, governance

2. Product / market fit: market segmentation, product / service innovation

3. Revenue growth: marketing strategy, finding and growing customers, sales performance

4. Operational performance: capability, financial management, managing the optimal team

There is obvious dependencies and overlaps between this, but it is useful to have a simplified framework to help you understand where these fit into the big picture and how they link to each other.

You do not have to do the modules in the order that they are presented in the portal — the implementation sequence should be part of the outcomes of your analysis of the survey results and initial planning. The document groups the modules by broad focus area as listed above for ease of reference.

> **TIP:** It is often useful to look at the Business Model Canvas videos in the Business Planning module before diving deeply into the content, and to start developing a working Business Model Canvas (BMC). You can refer back to, improve and enhance the BMC as you go through the program.
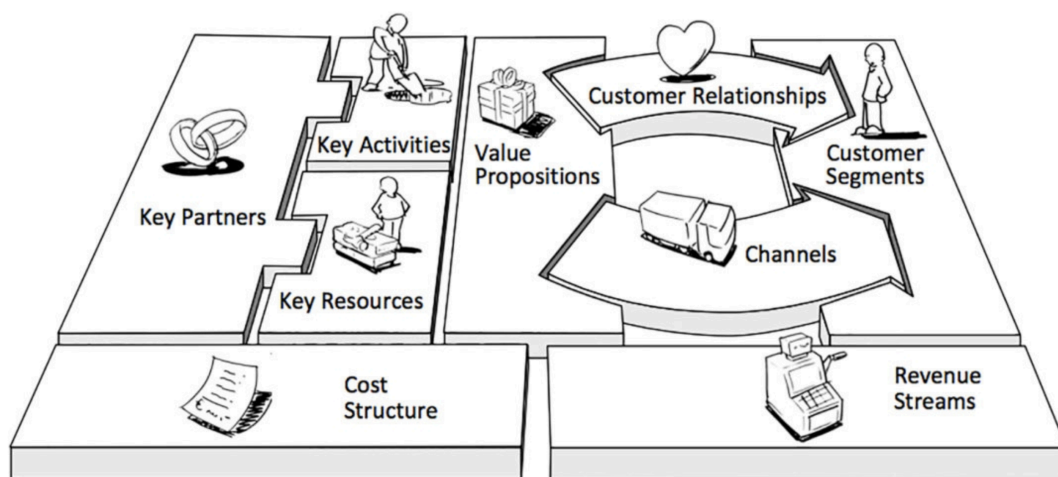
Adapted from 'Business Model Generation', Alexander Osterwalder, Wiley 2012.
www.businessmodelgeneration.com
Licensed under a Creative Commons Attribution-ShareAlike 3.0 Unported License.

It is not the intention of this manual to describe the individual tools in each of the modules, but rather to give a sense of the types of analysis and evaluation you should do as part of the module.

In the text the applicable tools will be shown in brackets where possible.

Driving towards future goals

These two modules are very strategic in nature and are often overlooked for fighting short-term tactical or operational fires. However, they are more important than many of the other processes — especially the Business Planning module and the Business Model Canvas

Module 1 - Business Planning

Most organisations only realise 6% of their strategies potential value due to issues in development or execution. In this module we review the crucial aspects of target setting and performance tracking.

The purpose of this module is to help you understand how your business functions (Business Model Canvas) in your specific operating environment (PESTLE, SWOT, Five Forces).

It encourages you to think about the longer term strategic direction (Growth Planning, Business Planning, Growth Rate Calculator) and set goals, targets and measures to check progress and staying on track (Balanced Scorecard).

Other concepts and tools that could be useful include OKR (Objectives and Key results), discussing Vision, Mission, Purpose or similar long-term topics.

Some consultants find it useful to split business planning into the two activities of

☑ *Strategic thinking*: what is our vision, purpose, and values; where do we want to go with the business in the medium and long term; what are our priorities and challenges that we need to overcome; where and how do we generate growth, etc.

☑ *Execution planning*: what projects, tasks, initiatives do we need to execute in the next 3 to 12 months to move us closer to our goals; how will we measure success on these initiatives; who will be accountable for delivering them; what conversations will we have every month to ensure that we remain on track.

> **TIP:** Business planning is an activity that should be conducted at least once per quarter, and reviewed monthly for progress, so including this as part of your monthly meetings with your team and accountability partners will help you develop the habit of switching context between operational and strategic work more often than once a year.

A different way to think about **Budgets**

Many business owners resist the idea of setting and tracking Budgets and view Budgets as boring or restricting or unnecessary. You should identify and amend these historical and inaccurate perceptions early in the planning process.

A suggestion could be to forget about Budgets and start talking about Targets and Resources. To the untrained eye these look exactly like Budgets as they use the same format as the income statement: monthly and annual revenues, cost of sales, gross margin, overheads, net profit, etc.

The three key differences between Budgets and Targets and Resources are this:

☑ Targets show how much you plan to grow your revenues. You could even split these into the Ansoff categories of revenue growth from market penetration, revenue from new products, new customers, new geographies, etc. These are effectively your sales team's targets (retention, growth, new business)

☑ Resources reflect the monetary value of the resources required to deliver those targets. Material costs, staff, equipment, facilities, energy, communications, marketing and all the other Cost-of-Sales and Overhead line items reflect the allocation of money towards resources that are planned to be utilised or consumed in creating the Value Proposition and delivering it to the customer.

☑ While budgets appear to be cast in stone, Targets and Resources are flexible and under your control. If you are not achieving your targets, you need to review the impact and

allocation of resources or change your targets to what can be realistically achieved with the available resources. If you are exceeding your targets, you have additional cash which can be applied to more resources required to deliver value to the customer, or invest the extra resources into even more growth.

The Business Model Canvas illustrates this concept very effectively with the way that the Costs and Revenue boxes are linked to the left and right hand sides of the canvas respectively.

You will not achieve significant changes in meeting your targets (revenue growth) without changes in the allocation of resources (overhead and other costs). Part of your job as the Business Owner is to understand this and learn how to estimate and manage your Targets and Resources more accurately and realistically.

In Business Model Canvas terms this exercise looks at the balance between the Revenue and Cost blocks at the bottom. To increase profit we need to

- ☑ increase Revenue either by selling more, or getting a higher price for our existing products and services
- ☑ lower Costs either in absolute terms or per unit produced (increased efficiencies)

Business planning exercise: Project Prioritisation

You need to determine which strategic projects are of the highest priority. Without project prioritisation, it can be difficult to determine and implement key company strategies. In the process of determining this project prioritisation, it is important that you document and outline your decision making process.

A Project Prioritisation Tool ranks projects based on their company strategic fit, economic impact, and feasibility. The project prioritisation tool works by allowing you to create a rational method to force rank each project where you define and weight the importance of each of the ranking criteria.
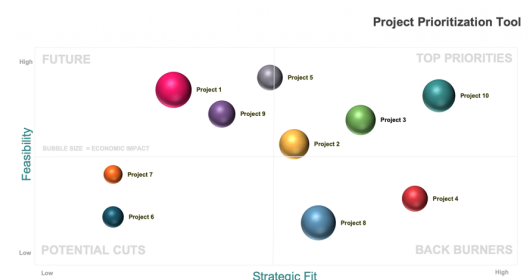
Download the Project Prioritisation Tool and complete the following steps:

- ☑ Assign `Weightings` to the various components that make up strategic fit, economic impact and project feasibility
- ☑ Add your projects to the `Project Scoring` sheet and give each component a score on a scale of 1-10.
- ☑ Review the `Bubble Matrix` chart to see the results of your analysis. This bubble matrix chart will help you get a visual understanding of the different projects you are working on and help you to decide which should stop, continue or get more resources allocated to them.

Module 10 – Governance and Compliance

Corporate governance is as vital to SMEs as it is for large corporations. Implementation of cost-effective and simple mechanisms and processes will establish structure, improve operations, contribute to business growth and ensure effective compliance with the law.

The tools in this module are heavily focused around more formal governance structures for larger companies (such as boards, shareholder roles and responsibilities and so forth).

For smaller entities the following governance considerations could apply:

- ☑ Legal compliance to be able to continue operating the business (labour laws, health and safety regulations, other similar regulations)
- ☑ Tax compliance
- ☑ Quality, shareholding, ESG or other requirements that large corporate customers or governmental customers might have

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TIP: The development of simple policies over time is a significantly easier task than going from having no policies and procedures to having a full-blown governance system.

We encourage you to create, review and amend one-page policies and simple Standard Operating Procedures (SOP's) as you go through these modules, and update them whenever operational requirements change as the business grows, or as there are changes in your broader business environment. Policies and SOP's need not be long, complicated documents!

Governance and compliance exercise: King IV analysis

Download the King IV analysis tool from the portal and assess your current governance against the check-lists to get a view of your current status. Identify potential improvement areas and rank them amongst your strategic projects, or add them to your strategic implementation plan.

King 3 Governance
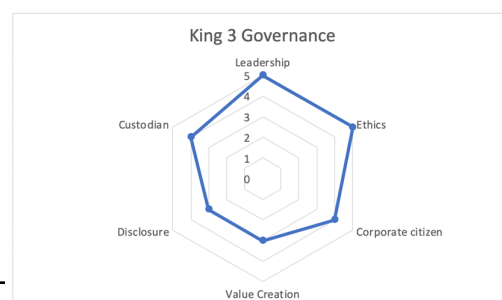
Product / market fit

If you do not have a product that customers want, you will not have a successful business. These modules contain tools to ensure that you understand what your customers are, and how to reach and convert them.

These sections relate to the Value Proposition and Customer blocks on the Business Model Canvas.

idea we could put graphic depictions of BMC in here with the relevant areas highlighted?

Module 3 – Market Definition

Market development and penetration should form the core focus of all your growth activities. Growth should be actively targeted over and above the function of maintaining the current performance. Growth activities should be linked to market opportunities and not resource availability.

THIS MODULE IS CRITICALLY IMPORTANT

… it helps you to truly understand where your opportunities lie (Market Research, Market Segmentation) and how your customers make purchase decisions (customer profiling).

Market definition exercise: Market segmentation

Download the market segmentation tool from the portal and complete the following steps:

- ☑ review the market `Segmenters` / profiling criteria and decide how that applies to your market
- ☑ using two core dimensions of segmentation, estimate your total addressable market on the `Sizing` sheet and identify target market `Segments`
- ☑ review the relative `Weightings` for the segment analysis criteria (competitiveness, market opportunity, market attractiveness)
- ☑ complete the `Segment Analysis` sheet for the major segments and some sectors within those segments
- ☑ from the `Bubble Matrix` identify your strategic priorities and place this into your marketing strategy execution plan / OKR tracking spreadsheet / other execution management tools or software

Module 2 – Product/Service Innovation

To ensure continued relevance and increased sales an innovation process needs to be developed and implemented. To ensure growth and sales increase both markets and competitor trends should be monitored. Based on market demand and not lack of sales a formal innovation process should be adopted.

The purpose of this module is to help you assess your readiness to do innovation (Innovation Tool Review, Product Development Maturity Scorecard).

It also teaches you how to do structured innovation and product development (product development process diagram) and how measure and guide your teams in delivering profitable innovation (Product Roadmap, Product Profitability).

> **TIP:** Research and Development is expensive and should be carefully considered in the context of the company's target market and competitive environment. If it is a core strategic differentiator or requirement you can place a much more intensive focus on the effectiveness of the innovation process.
>
> In many cases being second-to-market through copying other innovators or localising international ideas / business models might well be sufficient for you to develop a competitive advantage.

The Ansoff matrix is a useful tool in this module to structure the conversation towards OKRs or projects that will leverage the existing company strengths and reputation into new products and services.

Product/service innovation exercise: Product development assessment

Download the product development assessment template from the portal and complete the following steps:

- ☑ review the relative `Weighting` for the four categories of product development strategy, process definition for product development, managing the portfolio of development projects and team skills and adjust if needed
- ☑ complete the `Self-Assessment` questionnaire
- ☑ On the `Results` page review the current state and suggested future goal state scores
- ☑ On the `Recommendations` page there are some suggested activities to improve each of the scores. If you enter a target future state score against individual components (for example if you want to implement a specific tool or work on skills development) the report card will update the goal template according to your inputs.
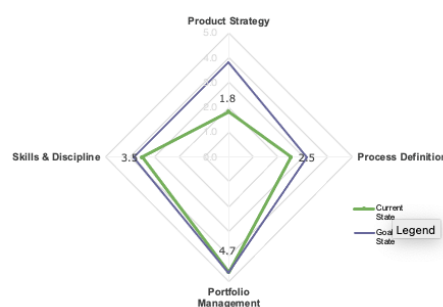
Revenue growth

Revenue growth is all about increasing the amount of customers that you bring into the business. It looks at the entire process from lead generation through to sales performance.

These modules relate to the Customer Relationships and Channels components of the Business Model Canvas.

idea we could put graphic depictions of BMC in here with the relevant areas highlighted?

Module 7 – Marketing lead generation

In today's saturated markets helping to differentiate your offering from your competitors are a must if you are to succeed. Competing is not about lowering prices but more about researching and understanding your competitors strategy and positioning your business for success.

Simplistically put the purpose of marketing is to build awareness of your solutions in your target markets, and then generate enough trust that customers wish to know more (these are your leads). The quality of your leads is highly dependent on really clear outputs from the market segmentation and customer profiling work in other modules (also see Business Model Canvas and Value Proposition mapping) as these will guide you on WHERE your resources should be focused to reach your target market with the messages they will respond to.

The module contains a number of tools to assist with lead scoring and prioritisation and calculating the effectiveness of your marketing funnel. These should be linked to the sales CRM process so that you have clear end-to-end metrics on how well your revenue generation activities are working together.

> **TIP:** A very useful tool in this work is Customer Value Proposition mapping to really help you understand what problems your are solving and for which customers. Combining this with customer profiling (customer avatars) will inform you which channels to use to reach those customers. Understanding the pains and gains and decision making processes of the customers will help direct your marketing efforts towards generating high quality leads. These inputs are also critical to the Product / Service innovation work.
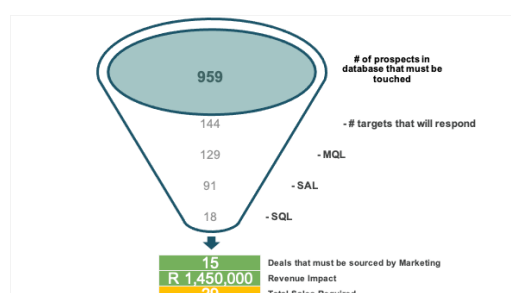
Marketing lead generation exercise: Marketing funnel calculator

An interesting exercise to conduct is the marketing funnel calculator. To apply the tool first input:

- ☑ your target revenue and average selling price / order value
- ☑ revenue that marketing is responsible for: how much revenue must come from leads generated by the marketing engine — in other words growth or replacement revenue excluding current / confirmed revenue

Then, from the bottom of the funnel to the top add the following data

1. Response rate from marketing campaigns:
   how many of the people that you contact ask

959	# of prospects in database that must be touched
144	- # targets that will respond
129	- MQL
91	- SAL
18	- SQL
15	Deals that must be sourced by Marketing
R 1,450,000	Revenue Impact
29	Total Sales Required

for more information (Call-to-action, clickthrough and other rates that generate enquiries)

2. Marketing qualified leads: how many of the enquiries that you get from your marketing campaigns fit your target profile (TIP: this should be fairly high else your marketing campaign / targeting is not cost effective)

3. Sales lead acceptance rate: How many of the proposals that you send out to customers reach the target person (this should be high again as your lead generation engine should give you the correct contact information)

4. Sales qualified leads: how many customers are interested in getting a quote for your product and service (in other words, how many of your proposals result in a sales meeting)

5. Opportunity to close rate: how many of your proposals and quotes turn into an order.

Once you have completed this exercise, the value at the top of the funnel will tell you how many leads you need to generate to achieve your new revenue targets.

Module 4 – Finding and Growing Customers

In order for your business to succeed you have to ensure you are adding a consistent number of new customers, while at the same time ensuring existing customers are retained (Customer Satisfaction Survey, Customer Lifetime Value Calculator).

You need to develop a monthly sales plan targeting the required revenue targets, including items such as the number (or value) of new customers with relevant product or service revenues linked to the overall strategy they are aiming for. After setting these targets you need to manage and measure the pipeline effectiveness (CRM Maturity Assessment).

> **TIP:** This module is tightly integrated with your work on sales efficiency (Pipeline Conversion) as well as your marketing strategy (Lead Generation). All three of these components have to work to firstly grow your revenue, but secondly diversify your customer portfolio to reduce revenue continuity risk.
>
> If more than 20% of your revenue comes from one key client, you should not only be focusing intense effort on retaining that customer business, but also as much if not more effort on finding other customers.

The Ansoff matrix is also a useful tool in this module to structure the program towards OKRs or projects that will leverage the existing company strengths and reputation into market penetration as well as finding new customers and markets.

Finding and growing customers exercise: CRM maturity assessment

This tool is similar to the product innovation and leadership maturity assessment tools described elsewhere in this manual. Download the CRM Maturity Assessment tool from the portal and complete the following steps:

☑ review the relative `Weighting` for the skills required to manage and grow sales

☑ complete the `Self-Assessment` questionnaire

☑ On the `Results` page review the overall view for your business

☑ On the `Recommendations` page there are some suggested activities to improve each of the scores. If you enter a target future state score against individual components (for
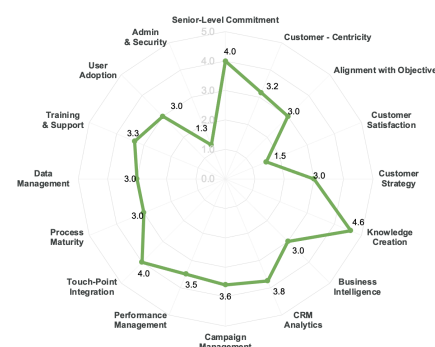
Module 8 – Sales Plan Delivery

If Marketing is about building awareness and trust, and results in leads, Sales is about converting as many as possible leads into orders. In order to effectively deliver and manage sales you have to measure sales performance on a weekly and monthly basis.

For sales to deliver on targets there has to be a business specific sales process and sales funnel (Sales Forecasting Tool). There are spreadsheets, sales pipeline software tools, mailing list managers and CRM systems that will manage the entire sales process from lead to order, and even manage after sales enquiries, service calls and so forth. If you deal with a large number of enquiries on a daily basis, this type of tool or system would probably be one of the early IT systems that you should invest in after an accounting system.

The module also has a sales skills assessment tool to evaluate your sales team.

> **TIP:** Sales, and especially pricing, is usually one of the last functions that small business owners delegate as they scale up, given how critical it is for the revenue of the business. However, as the majority of business owners start out by doing something technical (accountant, baker, plumber) it is highly likely that they do not have professional level selling skills.
>
> Using the sales skills assessment can be a useful intervention both in helping you identify and develop your own skills gaps, and in understanding how to recruit skilled sales staff based on ability, rather than first impressions and charisma.
>
> We know, after all, that conversational interviews are one of the worst possible ways to recruit good staff, and that good sales people are exceptionally talented at looking good in first impression conversations.

Sales plan delivery exercise: Sales forecasting tool

The sales forecasting tool allows you to keep track of all your current proposals and quotes in progress. There are two different ways in which you can use the tool.

The **first application** is to input all your current sales opportunities in the `Opportunities` sheet.

Simply add the customer name, product or service, estimated close date, which stage of the sales process you are at and your estimation of the probability of closing the deal. You can also record the top objections that you are expecting from the customer, in order to prepare your sales meeting / pitch.

The `Summary` sheet will give you the number of deals and your current pipeline value by stage, challenge and probability of success, and your total pipeline performance statistics (won, lost, pending).

The `Charts` sheet provides you with various graphical representations of the same information.

The **second application** of the Sales forecasting tool is to rank business development projects (or sales opportunities if each sale is unique). This works similar to the market segmentation analysis and project prioritisation tools (see elsewhere in this manual).

- ☑ input the `Weightings` for your assessment matrix
- ☑ add and score various opportunities on the `Project Scoring` sheet
- ☑ review the results on the `Bubble Matrix` and `Rankings` sheets
- ☑ ensure that you are prioritising your time and effort on the most important opportunities, and let go of those which are not a good fit or not profitable or attractive.

Operational performance

In this section you will be starting to improve your business capability to deliver. It relates back to the Activities and Key resources section of the Business Model Canvas.

As these BMC components relate to costs, the available levers are

- ☑ get increased production without increases in costs e.g. by increasing production
- ☑ reduced cost by eliminating wasteful (non-value generating) activities
- ☑ removing components from your value proposition if they do not differentiate you or if customers are not willing to pay the extra cost for having them
- ☑ reduce costs by more effective and efficient activities (e.g. automation)
- ☑ reduce costs by partnering with service providers who can deliver better results at lower costs

idea we could put graphic depictions of BMC in here with the relevant areas highlighted?

Module 5 – Capability to Deliver

For your client's business to grow it must be able to consistently deliver high quality products or services. In order to do this the right capabilities and competencies needs to be in place.

In this module you will conduct a core competencies assessment to identify your strengths and opportunities for recruitment and development. This assessment can be paired with an evaluation of the cost of having those competencies in-house, or finding external service providers to do this.

> **TIP:** If you are a small business owner or a solopreneur, this assessment could feel stilted and mechanical. In that case it is often more constructive to use the questions in the assessment as the basis for a development program for yourself.

> **ANOTHER TIP:** If you have identified the need to recruit additional staff, this schedule in combination with the activities block in the Business Model canvas could be useful to guide you to recruiting for the required skills by answering the questions:
>
> ☑ what activities does this person need to do
>
> ☑ what capabilities and skills does the person need to succeed at these activities
>
> ☑ how will we measure the successful outcome of these activities (metrics)

Simplistically stated high performance employees are those that have the right skills, the right tools and processes and the right attitude to their job. Having the right skills, tools and processes are 100% the responsibility of the business owner, as you are the one who decides what activities should be performed by the employee, and you will recruit, train and equip them accordingly.

Attitude is a bit more nuanced, and goes into the area of motivation and leadership, but it is fair to say that this is 50/50 between yourself as the owner and the employee. You and your leaders define the inclusive environment with the desired behaviours (values and culture) for the team, and the employee should bring their professionalism, passion and commitment to the work. Recruiting for fit in values, behaviour and attitude is also the responsibility of the owner, so the bulk of accountability for capability sits with you.

Capability to deliver exercise: Core competence assessment

Download the core competence assessment template from the portal and complete the following steps:

☑ review the relative `Weighting` for the areas of competence required to run and grow your business

☑ complete the `Self-Assessment` questionnaire

☑ On the `Results` page review the current state and suggested future goal state scores

☑ On the `Recommendations` page there are some suggested activities to improve each of the scores.

Module 6 – Business Finance

If cashflow is the blood of your business, financial management is the heartbeat. Many smaller businesses fail dismally in this area, and it is a critical barrier to scaling up. The key question here is: How well are you managing cash flow, margins and profitability?

Our recommendation is that you link this module to an accounting professional for the more technical components (Income Statement, Cash Flow Forecast, Balance Sheet) if you are not familiar with the financial concepts, or go on a training course yourself — typically courses such as Financial Management for non-financial managers would give you sufficient background to be able to assist you with identifying gaps in this module.

Some of the core outputs you should consider for this module are:

☑ a break-even analysis if you do not know if you are profitable, or how much revenue you need to generate to break even

☑ the use of a formal accounting package to manage the business finances (remember that in order to get a loan, investment or good selling price for your business everyone is going to ask for 3 years of audited financial statements)

☑ basic familiarity with income and expense statements

☑ budgeting aka goal setting (see the comments about Targets and Resources under business planning)

☑ the finance drumbeat — what are the activities, meetings, reports, conversations and decisions that you need to do every day, every week, every month, every quarter, every year.

Managing cash, invoicing, collecting credit, paying suppliers, budgeting, reviewing actual vs planned expenditures, building reserves, making investment decisions and a myriad of other activities related to managing the blood and heartbeat of the business needs to become a habit that done in a regular, measured and controlled manner for your business to scale up.

Business finance exercise: Breakeven analysis

The breakeven analysis tool enables you to calculate how much sales you should achieve in a given period of time to cover your costs and make a profit. Download the tool from the portal and complete the following sections on the `Breakeven Analysis` sheet:

☑ sales per period: the number of units and unit price for sales — products, hourly billing rate, or units of serice delivered, e.g. haircuts
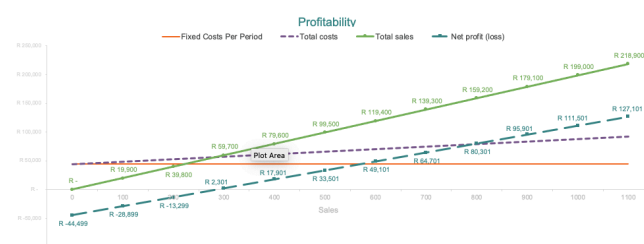
☑ variable costs which are directly related to the number of units sold, — commission, direct material consumed, shipping costs, other variable costs

☑ overheads or fixed costs per period. If your sales are monthly, then input the monthly overheads. If you are looking at annual sales, then put in annual overheads

The tool will calculate your net profit / loss and display pie charts of the breakdown of your costs and margins.

The `Results` sheet will break down your sales from 0% to 100% of your input value, and calculate the number of sales units where you break even (i.e. your revenue covers all your fixed and variable costs)

Break Even Point (Units)	285
Sales Volume Analysis	

The `Profitability Chart` will graphically show you how your various cost elements change with increasing sales, and the breakeven point where Net profit becomes positive.

Module 9 – Managing Optimal Teams

The most important aspect of executing your strategy is ensuring all your resources in the business are aligned to achieving its goals. If the people in your business are not 100% aligned to the business vision they will not be able to deliver effectively.

This module does not deal with the critically important components of culture, motivation, leadership, inclusion, values and all the other tools available to leaders to encourage optimal performance.

We have also referred to recruitment and skills development in a number of other modules, and managing the optimal team is based on having the right skills, tools and attitude in the employees — the responsibility for putting this in place lies mostly with the business owner!

However, once the team has been assembled, trained and equipped, the management of the performance of the team comes into play. You will use this module to gain a starting point to assess your own management and leadership maturity, determine development plans for various staff members, develop performance management frameworks, defining roles and responsibilities (org chart).

> **TIP:** Solopreneurs, freelancers and small or micro businesses with less than 5 people will often not see value in talking about this. However it is important to remember that you need longer term strategic plans for resource development and that you should still measure and manage how the team interacts and performs!
>
> The Management Leadership Maturity Assessment is a useful tool to complete, even if it is brought down to a less rigorous level, as this will identify areas for capability development that will prevent the business from scaling up at some future date if it lacks these capabilities.

Managing optimal teams exercise: Management assessment

Download the Management Leadership Maturity Assessment tool from the portal, and complete as follows:

- ☑ in the `Weighting` sheet, assign weights to the various leadership competencies that you wish to see in your business.

- ☑ complete the `Self Assessment` questionnaire

- ☑ view the spider diagram `Results` to get an overview of where your development areas are

- ☑ you can use the `Recommendations` tab for some ideas on how to improve the various areas based on your self-assessment.