



# ENTREPRENEURSHIP CURRICULUM

# A Note to Mentors

This course is designed to get students thinking about much more than just companies. Ideally, it will get students thinking about the power that they have to become leaders and create change in their own world, whether through products or another means of their choosing. We have created this curriculum to guide you through the course, but you are not bound by it. Add the ideas you like, pose questions that are not written, and challenge students to go beyond the scope of this document in developing their companies. Though this curriculum is intended to serve as a guideline for the class, the real learning comes from your relationship with your students, and your dedication to connecting to your own world. You are a *mentor* not just a teacher, so have fun getting to know your students, and be as creative as possible in how you teach!

## Guiding Business Groups and Discussions

### Discussions

Discussions are intended only to get students reflecting on the material presented to them, and allow them to find gaps in their understanding and ask questions. While useful tools in this respect, they can also eat up huge amounts of time during a class. None of the discussions included are supposed to be more than ten minutes in length, with five minutes being the target. Be sure to keep students on track during the discussion using new questions, and allowing students to speak only when they have been called on.

### Business Groups

Mentors need to stay engaged with the groups while they are working in order to keep students on task. A particularly effective way of doing this is having mentors cycle through groups, sitting with the students for a few minutes at each one. Mentors can contribute new ideas to the conversation, steer writing and discussion in the right direction, and answer any questions the students may have. It also proves an excellent opportunity to bond with the students, and give them encouragement that gets them excited about the product.

# Module 1

## The Entrepreneur

### Take Risks and Innovate

*"If you want to succeed you should strike out on new paths, rather than travel the worn paths of accepted success."*

- John D. Rockefeller

#### Lesson Overview:

What is the entrepreneur? This lesson is meant to shed light on this question through an analysis of the goals, qualities, and process that are inherent to entrepreneurship. The goal is an introduction to the art of finding and pursuing business opportunities within one's interests and passions, which will be applied to brainstorming business ideas for the development of a comprehensive business plan.

#### Lesson Goals

- What is the entrepreneur?
- The opportunity and the niche
- Form groups and brainstorm ideas

#### Introduction:

We will be talking about qualities of the entrepreneur and how they relate to the student. In doing so, we hope each student to be able to recognize a passion that they have, and use that passion to produce sound ideas that can be spun into a business plan. First, we'll identify some of the major characteristics of the entrepreneur. Afterwards, we'll build insight into the topic by studying the lives and decision of some incredibly successful individuals.

#### Key Terms:

- Business
- Risk
- Innovation
- Opportunity
- Targeted Focus
- Niche

### Opening Discussion:

- What is the entrepreneur?
- Who are some very well-known entrepreneurs?
- What are some things that all of the successful men/women have in common?

*Mentor Note: Be sure to grab a marker and write ideas on the board to facilitate the discussion.*

### **What is the entrepreneur?**

The dictionary definition of an entrepreneur is:

*“A person who organizes and operates a business or businesses, taking greater than normal financial risks to do so.”*

Notice the two critical keywords: business and risk. This definition, however, misses another important aspect of entrepreneurship: innovation.

In essence, the Entrepreneur is someone who sees an opportunity, a consumer need that is not being completely met, and takes risk to build a company and pursue profits by filling the consumer's need. They often do this by identifying new services that are not on the market or techniques that are new to the business world, giving them a new advantage for success.

Successful entrepreneurs generally have four key qualities:

- Motivation to achieve- don't stop until the goal is met
- Nonconformity— Seeing opportunity where others do not.
- Strong Leadership
- Innovation

This may seem a little bit abstract, so let's learn by example. The following are some case studies of excellent entrepreneurs, with notes on how they've exhibited these four qualities.

## Steve Jobs, CEO of Apple Inc.

Have the class read through the attached short biography of Steve Jobs, or tell a shortened version of the story through lecture.

Below are a few bulleted highlights

- Steve Jobs was fired from Apple in 1985, however he founded NeXT computer company and Pixar upon being relieved from his duties at Apple. By selling these two companies to Apple he rejoined in 1996.
- Jobs chose not to follow in the footsteps on Bill Gates in jumping on the Windows bandwagon. He created his own software, and persevered until it beat his competitors.
- Jobs is CEO of apple currently. Apple has posted profits of over \$1.6 billion and been ranked as one of the most attractive employee environments.
- Jobs has revolutionized the technology market, through creations of the iPod, iPhone, MacBook, and iPad

The lesson of Steve Jobs is that of taking great risk to launch a product that you feel is exceptional. One of Jobs' greatest attributes is that he absolutely commits to his product and his path, and people are inspired and motivated by his commitment. Jobs has the genius of being able to bring in technical innovations to pursue opportunities that are not as clear to others, and the leadership skills to rally a team that will make the product successful. Perhaps the most important lesson of all is Jobs' passion for his work— it is evident from his life path and tinkering as a child that he loved creating new technology and his job. This passion was a major tool in allowing him to overcome many of the roadblocks to his success.

Another important lesson to draw from Jobs was that he never undertook his projects alone. Although Jobs is a visionary, Apple would not have been possible without the contributions of Steve Wozniak, John Scully, and hundreds of other bright individuals. Jobs has been able to revolutionize multiple industries because he has consistently been able to assemble teams of incredibly bright individuals who were had the will and the brainpower to test the accepted order of the industries.

Hence Jobs clearly showed all of the four characteristics mentioned above: motivation to achieve, nonconformity, strong leadership, and innovation. A closer look will reveal that all of these characteristics are intertwined- strengthening one can lead to improvements in the other fields as well.

Watch the Steve Jobs speech at the Stanford Commencement Ceremony:

## The Opportunity and the Niche

John D. Rockefeller, oil entrepreneur, once said, “the person who starts out simply with the idea of getting rich won’t succeed; you must have a larger ambition.”

The desire to simply make money isn’t enough. It will lead to excessive opportunism and a lack of focus. What Rockefeller is stating is that one must have a specific larger goal. In the case of Rockefeller, it was to build an oil company that would efficiently distribute the product to meet the needs of the World’s growing industrial complex.

Starting a profitable company is a difficult task, and it is impossible to do without a targeted focus, or knowing exactly which service or product you are going to be providing to your customers. Each company needs to be able to find it’s niche.

Finding that opportunity is difficult to define, and the class will try their own hands at it as they form groups at the end of this lesson. First, however, it is important to understand the meaning of a niche.

For the sum of buying and selling of a particular good, economists use the term market. As an example, there is a market for video games, which is comprised of all the stores and websites on the supply side and everybody who has a computer or console on the demand side. As we continue to make the product in question more and more specific, the size of the market gets smaller.

At some small, undefined size, a market is niche. Most companies have a monopoly in some kind of niche.

As an example: Imagine if instead of video games, we considered just strategy games. Then, we shrink it down even more, we consider just turn-based strategy games. Finally, let’s say that we shrink it down to turn-based strategy games that take a long time, are highly complex, and involve building civilizations. In this final market, the game Civilizations would have a near monopoly.

Successful entrepreneurs find a niche for their company. In the case of Steve Jobs, he found his niche in home PCs that were affordable to the average consumer. While they were not the best or fastest computers on the market, they had a monopoly in that niche, and that made their product successful. When Jobs lost the monopoly as competition flooded in, he had to adjust his vision. That’s why in 2000, Apple went mainstream with its release of the iPod. They found opportunity in the niche of portable electronic music and took a monopoly in that niche, becoming the go-to company for consumers who desired that product.

## Brainstorm your Interests and Business Ideas

Place the students into groups of four, with groups of three allowed if the class has an odd number of students.

*Mentor note: Create the groups yourself, rather than letting students choose their own. Also be sure that the groups are of mixed gender, if possible. This will break up groups of friends and allow for more focused, productive work as the course moves forward.*

*Mentor Note: Be sure to write the down the groups that the students are in. It is important that they commit to them for the rest of the quarter.*

### Project Introduction

For the rest of the course, students will be working in groups to develop a business plan powerpoint, and the teams will then need to compete in an “elevator pitch competition,” possibly against other Moneythink schools in the area.

Have the groups pull out a piece of paper and start writing down some business ideas. These ideas must be feasible and relatively low-capital, such that the students might actually be able to go start the business if they had a few thousand dollars in funding. Business ideas like building a theme park or an airline are therefore not acceptable.

*Mentor Note: While the groups are speaking, the mentor(s) should be circulating between them, contributing to the conversation and offering new advice. This will move the conversation past an*

# Module 2

## Understanding Risk and Ownership

"There is no security on this earth. Only opportunity."  
- Douglass MacArthur

Do your research and accept responsibility.

### Lesson Overview

As students begin to think about different businesses that they might start, they will be introduced to two key elements of the entrepreneur's thought process: risk and ownership. We'll first take a look at how entrepreneurs take risks, and unpack the research they do that differentiates their risk taking from pure speculation. We'll examine Groupon.com as a case study of effective risk management. Students will then take a cursory look at the various types of ownership, and how that affects the risk that an entrepreneur takes. At the end of the lesson, students will assemble into their business groups to finish their brainstorm on the product that they will be developing for the remainder of the course.

### Objectives:

1. What is the difference between speculating and calculated risk taking?
2. Case Study: Groupon, the fastest growing company the world has ever seen
3. Finalizing business brainstorm. Writing the statement of purpose for the business

### Key Terms

- Research
- Calculated Risk
- Speculating
- Ownership
- Analysis
- Opportunity Cost

### Class Introduction:

A good entrepreneur understands the difference between pure speculation and calculated, thought-out risk taking. Before entrepreneurs invest time or money in anything, they spend countless hours analyzing a market and understanding exactly how much they need to sell to make a profit, and upon which variables those sales are dependent. It is only after this analysis that they decide whether achieving a profit margin is both *feasible* and *scalable*, and decide to pursue their idea based on those results.

Ownership is the ultimate advantage of being an entrepreneur. The entrepreneur reaps all the credit for his successful company, but is also entirely accountable for his failures. Ownership *always* involves risk. We will discuss the different types of ownership, looking at example of companies that are entirely self-owned, owned by partners, and owned by both investors and the entrepreneur.

### Class Discussion:

- What is the meaning of risk?
- Is risk necessary? Why?
- What kind of risks have you taken in your life? Which of them paid off, and which of them have ended poorly? Was there anything you might have done to better understand the risks that you were taking?

### Objective 1: Taking Risks

Risk is key to the success of any entrepreneur. Gain (or loss) occurs in proportion to the risk that one takes — The more one risks, in general, the more one stands to gain. Taking too much risk, however, can have very negative consequences. In order to understand how to avoid them, one must first learn the difference between speculating and taking calculated risks

#### Speculating

Speculation is art of *guessing*. When one is playing black jack, and asks the dealer for another card, he is speculating that that card will not push his hand over the value of 21. Speculating can also happen in investing- inexperienced investors might simply try and guess which way stocks are going, without doing any preliminary research. Entrepreneurs speculate when they get so excited about an idea that they never stop to really think about what the public reaction is, and whether or not making a profit is feasible. *Speculators always lose in the long run*. An individual might get lucky from time to time, but it almost invariably leads to net loss. The biggest proof of this can be found in casinos- the house always wins, and you'll always lose money in the long run at the slot machines.

#### Taking Calculated Risks

The key difference is calculating risk is *research* and *analysis*. For an entrepreneur, research focuses on gathering an array of knowledge about how a market will react to his product. Some questions that the entrepreneur might ask are:

- Potential Customers
  - Who are my potential customers?
    - *This question is critical to understanding exactly how the product should be shaped and marketed, and where it should be sold. A deep knowledge of the customer is the most critical thing that an entrepreneur can have.*
  - What are some of their habits? Characteristics?

- *This really serves to build a deeper knowledge of the customers. These key facts can also give you a better idea of potential points of sale and marketing strategies.*
    - What is the source of their need?
      - *Put another way, what problem is being solved?*
    - How much will they pay for the product?
      - *How much is a solution worth? For example, a novel solution for saving termite infested homes from destruction would be worth a lot more than a re-design of an electric can opener. Understanding what someone will pay is vital to determining your profit margin, and hence the feasibility of the business as a whole.*
  - Logistics and Cost
    - How am I going to manufacture/create the product?
      - *What does the design process look like? Is it incredibly extended, or simple? Does a lot of equipment need to be purchased to make the manufacturing and delivery of the product possible?*
    - How much does it cost to make the product?
      - *Exactly what it sounds like. Is the price within range of your initial investment? Less than what a consumer is willing to pay?*
    - What kind of technical expertise do I need?
      - *Some things are easy to outsource, like web development. Still, an entrepreneur needs to know the fundamentals of the business in which he wants to enter. If one doesn't know anything about alternative energy, he should get trained before he considers starting a business that sells solar panels.*
    - Are there any legal or tax concerns that might hinder the development or delivery of the product?
      - *There are literally thousands of different laws to which businesses must adhere. Are there any patent laws that might prevent you from selling the product? Overseas tariffs that might heavily raise the cost of the product in other countries?*
  - Summing it all up
    - What is my total cost? Is this less than my projected income?
      - *Plain and simple: will the business make money?*
    - Is my solution scalable?
      - *Can you grow the business? Or is it limited to a small scale? This especially important when considering the long term possibilities.*

Once you've got all of those questions answered, you've got enough data to make an informed decision on whether or not turning your idea into a company is a good move. Always keep in mind, however, that there is a great deal of inaccuracy in these projections. Costs always have a way of being larger than originally thought, and new barriers will always spring up unexpectedly. If you believe, however, that the

fundamentals of the business are good, then a business will often be able to overcome these hurdles. The only way to achieve this understanding, however, is through excellent research, and in-depth analysis that makes the entrepreneur an expert on the market they are entering.

*Mentor Note: Almost all of the concepts that are included in the research list above will be revisited. If you're short on time, don't go through the entire list. Instead, go over what you feel are the most important or broadest questions. The important thing is that students leave the class with an idea of the major factors they should be considering when choosing a business to launch.*

### Understanding Opportunity Cost

Why is it so important to fully understand risk? The answer can be found in *opportunity cost*. Everybody has a fixed amount of time and money at their disposal. Just as purchasing a new laptop probably prohibits splurging on an all new wardrobe, starting one business prevents an entrepreneur from working on a different idea instead. There are millions of ideas, but just one entrepreneur. They want to make sure that they are choosing the right one.

### **Groupon: A Case Study in Effective Risk Management**

Groupon is a Chicago-based company that focuses on bringing group discounts to individuals. The concept is that a company comes to Groupon and offers a deal, such as a \$50 gift certificate for only \$25. People come to the website to purchase the deal; however, it's only valid if a certain number of people log on and buy.

The brilliance of Groupon comes in the structure of the company. In its day-to-day sales process, Groupon actually gets paid before it has to pay for what it bought. That is, people buy the deal and pay Groupon for before the company actually has to face the cost of offering the product to consumers. The company, therefore, did not have to raise as much capital up front, as it only had to pay to build its website and company infrastructure, rather than developing its inventory.

Another big problem that Groupon faced in the beginning was "critical mass" — it had to have enough people using the site for it to be effective. To counteract this problem, Groupon was able to focus on geographically small regions, starting in Chicago, and target deals to specific customers using Google Adwords and social networks. It has successfully used this model in dozens of new cities, and is now operational in 18 countries across the world.

### Finishing the Brainstorm

Have the Students get together in the venture groups that they had formed during the first week. Using the some of the concepts that were presented in this lesson, the students should discuss finalize their discussion on exactly which product their business is going to sell. They should then write one paragraph on the product, 5-7 sentences long. It should give a brief description of the product, and should specify exactly what their target market is.

Note: Each business should focus on one product only, so that students really have a chance to develop it. Define the "product" is at the mentors discretion. - for example a printing business might be able print on both t-shirts and sweaters, but a sports camp should not have different baseball and basketball camps.

*Teaching Tip: When the students are in their venture groups, move around between them. Contribute to the conversation, keeping them on task and guiding them in the direction of a feasible business. There business ideas should not require too much capital (less than \$5,000 seed funding), and they should be able to develop a powerpoint plan for it within the constrained time that is available.*

# Module 3

## Developing Your Product

### Understand your Niche and Competition

*"I never perfected an invention that I did not think about in terms of the service it might give others... I find out what the world needs, then I proceed to invent."*

— Thomas Edison

#### Lesson Overview

Students will run through some of the basic problems and decisions that businesses face when developing a new product for the market. The lesson focuses on identifying the type of market into which the product will be released and the niche that the company will occupy, and how those decisions affect the development of the product. The students will then break into their business groups to answer some key questions on their own product and develop an executive summary.

#### Objectives:

1. Meeting the Customer's Needs
2. Case Studies of Successful Products
3. Building the Business Plan- polishing your product presentation

#### Introduction

It's hard to build a good company without a good product. Even if all the other components of a great company fall into place, customers will not return unless a company solves one of their problems well. Identifying exactly how the company will solve those needs is an important step in building a solid enterprise, involving a myriad of factors. The most important of these are outlined below.

#### Key Terms

- Good
- Market
- Mature Market
- Price Point
- Niche
- Target Consumer
- Executive Summary

### Class Discussion: Defining a Product

1. What makes a product useful?
2. What are some products that you are particularly impressed by? What is so impressive? What kind of need does it solve?
3. There are hundreds of different places to buy a sandwich in every city. Do you have a favorite? What makes you keep going back to the same place?

*Mentor Note: the purpose of this discussion is to get students thinking about how a product fills a particular need or desire and why customers develop "product loyalty." Sharing your own experiences might be an excellent way of doing so.*

### Meeting Customer Needs

The product defines the company. Developing a quality product should be at the core of every company's culture, as without it the company has no reason to exist. A good product is one that meets the needs and desires of the customers, and that leaves the customer feeling satisfied and with goodwill towards your company, all the while producing a good profit.

A little bit of economics review: Each consumer need is filled by a *good*, or a product. The sum total of the buying and selling of one such good is called a *market*.

The most common type of market is a *mature market*. These are markets that already have a well developed supply line, and a stable field of competitors. A few examples of this might be groceries, computers, and furniture. We'll go more in depth on this in the section called "The Paradox of Sales."

There are also *new markets*, where a customer has a relatively new need that has not yet been met by a stable competitive field, and the space is filled with relatively new companies jockeying for position. Various types of internet services are probably the best example of this, as new types of needs arise all the time because of rapidly changing technology.

Unfortunately, there is no textbook way of identifying customer need. If there were, we would all be millionaires.

There are, however, a few basic guidelines that we can start from.

- 1) What are the consumer's problems? For example, if consumers need legal advice, they hire lawyers. If consumers need to get their plumbing fixed, they will hire plumbers. If they need to write, they will buy pens.
- 2) What solutions are already on the market? Most times, entrepreneurs don't attack entirely new needs, but attempt to solve the problem in a way that's more convenient, more complete, or cheaper than the existing products. A great starting point for developing anything is to look at what has already been developed, and improve on it with additional features, or a novel approach.

## A Note on Simplicity

Products are easier to sell when a customer easily understands what they are and how to operate them. When developing a product, it is important to keep in mind the importance of simplicity for a product.

Recall the case study on Steve Jobs and how he was able to make an impact in the technology sector over Macintosh, IBM, Dell and other big name companies. One of his key advantages was providing computers with a simpler design, which was more intuitive and easier for his customers to use.

Look at the figure displaying the two computers—The apple is a visibly simpler product. If you had to choose a computer just by looking at this picture, which would you choose?



When creating a product for the mass market, you have to assume that the consumer knows absolutely nothing about your product, how it works, and the market it operates in (this may not be true for customers in niche or specialty industries). The easier your product or service will be to use, the more people it will reach and the easier it will be to sell.

Keep in mind that this does not mean that your product has to be *technically simple*. The Apple computer, for instance, is an incredibly complicated machine that hundreds of engineers worked on for several years. In fact, a simpler user experience often means a more complicated development process.

Simplicity doesn't only have to be applied to products—it should also be applied to ideas. Simpler business ideas are easier to pitch, and typically give the entrepreneurs' clear goals. They also let the company develop expertise in one particular field, as they can focus all of their energy on improving a single product, service, or concept. A good model to examine is the fast-food chain Chipotle. Most people will agree that Chipotle burritos are consistently delicious. One way that the restaurant maintains its quality is by having very few ingredients- sauces included, there are roughly 12 different items that a restaurant needs to prepare. Compare the Chipotle experience to McDonald's, a restaurant that sells close to 100 different items, and it is clear which approach provides the better quality product.

## Discussion Question

What are a few companies that impress you with the simplicity of their concept or product?

## The Paradox of Sales

Every time consumers go to make a purchase, they are confronted with a plethora of choices. They have to decide where they want to buy the product, the price point at which they want to buy the product, and the brand that they wish to purchase.

As an example, let's say that I am at my apartment and need paper towels. My first decision is whether to run to the corner convenience store or the supermarket, which is much farther away. The paper towels are much cheaper at the supermarket, but it takes more time and energy to get there. Once I arrive at the store of my choice, I have to decide whether I want the double-ply paper towels or single ply ones. Finally, I choose between the generic and brand labels.

The consumer's wants basically get boiled down to three main categories:

- Quality
- Convenience
- Price

The paradox of sales lies in the fact that you can't ever give a consumer everything— if you want to stay in business, quality and convenience tend to work in inverse to price.

The question to ask is: *Where would I like to set my price point?* You don't always need to compete on price, but what you don't make up for in price you need to make up in Quality or Convenience. The trick is to find the balance that most appeals to your target market.

## An Introduction to the Niche

Recall that we talked extensively about filling a niche in Module 1. Having selected the *market* that we are going to enter, we need to select the *niche* as well. That is, as a small business, we need to somewhat narrowly define a *target consumer* so that we can tailor the product to their needs. For instance, if you want to enter the surfboard market, you might decide to focus your efforts on selling a particular kind of long board. Although the product may interest fewer consumers, the narrow definition will allow you to focus all of your limited resources, creating an excellent product with fewer competitors. As the business grows and more resources are made available, you can then expand into other markets.

### Class Discussion

What are some products or businesses that effectively target a particular niche?

How do they do it successfully?

What are some ways in which we can determine the right sized market—one that is large enough to thrive in but small enough to concentrate our resources? (There is no right answer to this question, but it is a useful thought exercise.)

## Writing the Executive Summary

Having finalized their product concept in Module 2, students should break into their business groups to write an executive summary. The summary should be between one and two pages double spaced. Students are encouraged to use this opportunity to refine their concept and further define their model.

When developing the product, keep these questions in mind:

- Who is my customer?
- What is my market?
- What is the niche that I plan to occupy?
- How does my company differ from companies in the same market?
- At which price point (given in relation to the positions of competitors) will the company sell its product?

# Module 4

## Building from a Solid Foundation

### Communication, Accountability, and Flexibility are Key

*"The greater the loyalty of a group toward the group, the greater is the motivation among the members to achieve the goals of the group, and the greater the probability that the group will achieve its goals."*

- Rensis Likert

#### Lesson Overview:

Students will look at the different parts of a company, and the various organizational structures that can maximize productivity and revenue. Student will then analyze these business models, looking at Southwest Airlines as a case study of innovative company organization. The class will end by breaking into business groups to define their own company structure by researching their industry and contemplating the most effective ways to set team-member incentives.

#### Objectives:

1. The anatomy of a Company
2. A thousand ways to build a team
3. Developing the structure of the new venture

#### Key Terms:

- Accountability
- Flexibility
- Vertical Structure
- Flat Organization
- Board
- Specialization
- Incentives

#### Introduction

Hundreds of different company structures have been put into place throughout history, and entrepreneurs continue to devise new methods of making their companies more effective. This lesson aims to present a few of those strategies, from the classic to revolutionary.

### Introductory Discussion:

- What is a company?
- Are there any basic elements that every company needs in order to be successful?
- Why do you think that establishing a company management structure and culture is important?

## The Anatomy of a Company

There are hundreds of different ways of organizing a company, but almost all of them share a few basic parts. A few of the most common company organs are bulleted below. Each of the “departments” represents a function that every company must fill to survive, much as a person needs all of their organs working in sync. In many smaller companies and start-ups, these “departments” are spread across whatever manpower the company has. For instance, a company sales team might also be the marketing arm of the company, or the product developer may also be the chief salesman and manager. Later in the lesson, we’ll discuss how to best organize the company to delegate these tasks efficiently.

### *Mentor Note:*

*As you run through each company function, be sure to describe why it is important to the company with specific examples. Details about how the different pieces of the company relate and their importance have been given in italics.*

- **Sales**
  - Work on developing a consumer base, generating customers for the company.
  - By doing so, they act as the public face of the company and the primary (if not only source of revenue.)
  - In charge of pitching the company itself in its infancy, which is key to raising early capital. Many entrepreneurs will tell you that really good salesmen are the most important aspect of a start-up.
- **Marketing**
  - This group of people works on raising public awareness of the service or product that the company is selling.
  - They are in charge of devising ways to excite potential consumers about the product/service, hence generating sales.
  - In a lot of smaller start-ups, marketing is done by the salesmen, or entirely by word of mouth
  - *Marketing shapes the public perception of the brand, reaching out to ideal customers. A good marketing campaign can make a product memorable and more desirable.*

- **Management:** (leaders of the company)
  - Managers are in charge of the coordinating of all the company's employees and operations, making sure that things run smoothly.
  - In small startups, the manager is often (though not always) the founder or chief investor of the company. In other cases, companies bring in efficient leaders.
  - *Without a good manager, great ideas and good people can often go to waste, with no one to guide and coordinate them. They are the leaders of the company, giving the organization direction and motivating the employees underneath them. Good management also creates the positive team atmosphere that is so essential to success in business.*
  
- **Product Development**
  - Developer focus on creating the product or service that is to be sold. They can be artists, engineers, or a little of both, depending on the type of company that you are trying to build.
  - *Good developers allow the company to stay one step ahead of the competition, opening new business opportunities. They can also fine tune products already in the market, giving the company advantages in design or usability.*
  
- **Finance**
  - The financial divisions of each company makes sure the company has enough money to function on a day to day basis
  - The CFO is the head of this division, and is in charge of company payroll, raising money, etc.
  - Finance departments normally only exist in large companies. Young companies will normally outsource it to an accountant, or it will be the responsibility of the manager.
  - *A well organized finance system allows the company to understand exactly how much revenue they are making and where it is coming from, giving decision makers' critical information on how to adjust the business model and focus efforts. In addition, good finances allows the company to avoid fees by paying bills on time, paying the correct taxes, and getting access to good credit so that the business can expand.*

## o Boards

- Different to be an owner and leader of company
  - Owner –owns company and ultimately has final say
  - Leader- makes sure the orders of the owner are executed
- There are several different kinds of board, but the board is normally comprised of investors in the company
- *Boards are a non-essential element of the company. Though they exist to advise and assist the company with its high-level strategy, most of the time they are formed to give investors a say in which direction the company goes. Boards of Advisors in companies without investors are normally non-formal, or designed to attach the name of a high-profile individual to the company to attract investors or customers. As companies grow, however, they provide an important function in making executives accountable for their decisions.*

## Building the Team

Good teams are composed of members that complement each other's strengths. For example, start-ups in the internet industry normally bring on one programming founder and one business founder. They then often bring on designers, marketing specialists, and different types of programmers to fit their needs.

While it's important that each team member have a very general understanding of how other parts of the business operation work, it is much more important that each member have a specific task in which he is an expert. That's why technology startups have hardware specialists, programmers, web designers, and business people. Each of those skills takes a long time to develop, so one could have neither the skill nor the time to do all of them.

In addition, people have *innate talents*. That is, some people are naturally good at being engineers, others at sales, and still others at art and design. As a leader and an entrepreneur, it is your job to find these talents in people and use them to the maximum advantage at your company. The real trick is to be able to bring in very different people, while still maximizing the flow of communication within the team, which is crucial to success.

As an analogy, consider a football team. There are defensive players and offensive players, linemen, running backs, and quarter backs, and even special teams. Each player on the football team has a special talent, and it is because each player is very good at their own position that the team succeeds, not because players are good at all the positions. Note, however, that it is also important that the teammates be able to talk to each other for the plays to run smoothly and efficiently.

To sum it up, here's the two tenants of team building:

- Good communication
- Specialized expertise

## Company Organizational Structure

Different companies have different philosophies regarding the organizational structures under which they operate. There is no one right answer- each company needs to fine tune their structure to account for environment in which they operate. Although there are many different factors, here are just a few of the major considerations:

*Adaptability and flexibility:* In a world of rapidly fluctuating markets and changing technology, the business landscape can change incredibly quickly. Companies need to be able to adapt to these changes rapidly, so that they can stay ahead of their competitors and target new openings in the market

*Accountability:* There needs to be checks and balances within an organization to insure that each person is doing their job well, and that the company is being run as efficiently as possible. This might mean various structures of management: each employee has a manager that reports to another manager that reports to the board.

*Specialization:* If a company wants to compete in different businesses, they may need to divide the team into departments or divisions that focus on a particular area of business.

*Geography:* In the modern world, even the teams of small companies can be spread out across large distances or different countries. This may affect how the company is managed or the work flow is built.

Below is a brief description of the major organizational structures that modern companies use. Keep in mind that many companies use hybrids of these—each market and organization has unique needs.

- **Flat structure:** This is often used in small teams or startups. Partners share responsibilities, and each person reports to the entire team. Although partners favor different specializations within the company, there is no “manager”- each person is responsible for their own actions and overseeing those of their partners.
- **Bureaucratic/organized by function:** The company is split into divisions or departments that focus on a particular task. This may be things like engineering, sales, customer service, or finance. Each department has its own manager, which in turns reports to a CEO or other managing body. This is often used by companies who sell products that are similar, or where each new product does not require a massive new design effort. The furniture company IKEA is an excellent example of this kind of organizational structure.

- **Bureaucratic/organized by product (also called *vertical organization*):** This structure is normally used by large companies that have multiple different products that are being sold or are in development. Each division of this kind of company encompasses a particular product, and employees work on the “assembly line” of that product. Imagine that we are Motorola, and we are selling both military grade communications systems and consumer cell phones. Each product would be led by a manager who would manage the engineers, sales reps, and factory workers. These divisions, however, can be subdivided by functions, such that each department within the division has its own manager. This structure is most commonly used in industries where each product requires an enormous individual effort, such as technology and transportation.
- **Team functions:** The Company forms teams that work on particular projects, and generally operate on a very egalitarian structure. An excellent example of this is Pixar studios, where team management is used for product research and development. These teams may have a leader or be strictly democratic, and operate independently of outside management, though they report at project milestones and results.
- **Networks:** In the network model, the company only employs a core group of employees to oversee projects and develop the business. Much of the companies work is subcontracted to outside companies or consultants. This is often used in the construction and software development industries.

### Southwest Airlines: A case study

*See attached document.*

One of the most important things to notice about this case study is the flexibility that it affords: pilots help clean up planes, and the employees who know the most about a situation are empowered to make decisions. The three tiered management structure also avoids an excessive bureaucracy, which would make for mazes of red tape that would slow down the company's ability to react to the market.

Another key takeaway from the southwest airlines example is the importance of the team. Without the employees, there is no company, and the measure of their productivity is what makes or breaks many companies. The airline clearly understands that, and dedicates substantial resources to making sure that their employees are well taken care of. If you ever talk to a southwest representative, you'll notice the difference: they've almost got a smile and go out of their way to help.

Although Southwest has also clearly implemented some terrific programs to keep their costs low, their dedication to employees and customer service, their empowerment of their employees to make decisions, and their ability to adapt quickly to the market has kept the company thriving and successful while many other airlines are struggling to stay alive.

## Developing the Structure of Your New Venture

Students should get into business groups and develop a slide on how they plan to structure their business, both for management and possible expansion. They should also write a paragraph that describes how their chosen company structure will lead to high productivity and a successful business. They should also include 2-4 sentences on expected disadvantages, which should mention which other model might work for their particular business.

As they make their choice, students should keep the following key questions in mind:

- To whom is each member of the company accountable?
- How does this structure allow their company to adapt quickly to changes in the market?
- What incentives are given to members of the company to work hard?
- Why does this structure work best for their particular market and industry?
- Is there a way that two structures could be combined to make an even better fit for the company?

If there is time left, students should take the opportunity to revise their executive summaries.

# Module 5:

## Spreading the Word

### The Power of the Brand

*"You can have brilliant ideas, but if you can not get them across, your ideas will not get you anywhere"*

- Lee Lacocca

#### Lesson Overview:

This lesson seeks to analyze how entrepreneur markets their product, to generate sales or potential investments. Marketing involves making the consumer feel that they lack something, and the only way to fill that void is with your product. The more popular one's product becomes, the more powerful the name of that company becomes, thus making it much easier to grow as a company, ensure sales, and court investors.

#### Lesson Goals

1. Introduction to methods of marketing
2. The value of the brand
3. Discuss and write a marketing strategy for the company

#### Introduction:

Recall Module 3, The Product. We emphasized a 3-fold process in generating a successful product. An analogous model applies to marketing; the only difference is that now the entrepreneur must convey this model to the consumer in a simple, user-friendly way. The entrepreneur must make the consumer feel that they recognize and feel the same problem identified in the market, and that the only solution to this problem is your product. As one's product becomes more popular, a snowball effect arises where the name of that company can alone generate sales, regardless of the type of product. This is known as the brand name.

#### Key Terms:

- Marketing
- Negative advertising
- Brands

## Methods of Marketing

Consider the quote at the beginning of the unit: “*You can have brilliant ideas, but if you can not get them across, your ideas will not get you anywhere.*” Communication of your idea and solution to the customer is critical to the success of your business. After all, how can you succeed when few know that your product exists, or where to find it? Good *communication* of the entrepreneur’s solution is critical to both obtaining investors and selling your product. Consumers need to believe that your product is the the *best* answer to their problem.

There are multiple ways to communicate your product to the customer

- *Internet*: The internet has been growing at an astronomical rate since its inception in the late 90s. A decade later, it has grown into the number one form of marketing and advertising. The internet can be an effective way to gain the attention of millions of people at a very low cost. Increasingly, people also get their first impression of a company through their website. Here are just a few of the most important things that need to be considered in web advertising:
  - *SEO*: This stands for *Search Engine Optimization*. When people have a problem, they often try and find the solution on Google, Yahoo, Bing, or one of the other search engines. These engines find and rank sites based on a set of very complicated algorithms. There are special consulting and technical firms that specialize in getting websites a very high ranking on the search page for certain keywords. Think about it: who ever looks past the first page or two of google?
  - *Banners*: Websites sell a certain area of their page for advertising banners. The price of these banners varies dramatically, depending on the amount of traffic that a website gets and the placement of the banner itself. This is a good way to get a *targeted audience*. One can place their banner on a website that attracts a specific audience—if the company is selling new pots and pans, it may place ads on the food network website.
  - *Google*: Ever wondered how Google got so rich? You’ve probably guessed it by now—advertising. Google has a service that places ads on website related to your service, or on the search page based on certain keywords. What’s more, one only pays when the user clicks through the ad, which links to your website.
  - The important thing to remember about the internet is that it gives you the power to reach a *targeted audience*. There is so much noise that it is often difficult to be heard, but one can succeed by focusing their efforts on a few very specific keywords and websites.

- *Television:* While commercials may cost millions of dollars, there is a reason for that. They are perhaps the most effective way to gain the attention of a viewer. How many times have you been watching a program, and right at the moment the criminal is about to be caught, or you find out the winner to *American Idol* will a commercial interrupt the moment? The reason is that advertisers can readily gain your attention, so the next time you're in a store, subconsciously you have heard about that same product and will buy it because you feel confident in it.
- *Billboards:* The price of marketing via a billboard depends on its size and location. This can also be a very effective way to market, because millions of people each day may see a billboard right over a popular freeway overpass or in Times Square. Often, however, it is well outside of the budget of the aspiring entrepreneur.
- *Sponsoring:* Finding a popular icon to endorse your product may also be a great way to popularize your name. For instance, Steve Prefontaine, a famous runner in the late 60s early 70s, endorsed Nike. This allowed for Nike to obtain its brand-name, which we will later discuss.
  - For low-budget entrepreneurs, sponsoring can often mean supporting local events. This can be incredibly inexpensive: often, it just involves a donation of some of the product that you sell. The important thing is to make your brand active in the community in which you hope to sell. If you sell software, sponsor a tech conference; if you sell athletic clothing, sponsor a track meet.
  - As mentioned in Module 3, entering a market may be very difficult. Hence being ruthless and determined to market your product is essential. It is very common, for firms to engage in **negative advertising**, conveying your product is superior by directly talking of the inferiority of a competitor's product. Marketing departments are always on the lookout for firms trying to insult their product. A perfect example of this is in Figure 5.1.

#### The Takeaway:

The advertising market is enormous, yet the entrepreneur's budget is often very limited. The important thing is to maximize the impact of advertising money by buying the combination of services that *best targets the audience to which you want to sell.*

#### Discussion

- How will you communicate your idea to investors and customers?
- What are some examples of companies that have successful marketing campaigns?
- What do you believe is the most important aspect of marketing?

## The Value of the Brand

Let's return to our example of Nike. Bill Bowerman, founder of Nike, began making shoes in his garage using a waffle iron. He had his runner Steve Prefontaine, endorse the shoe and that started the success of Nike and its brand name.

<http://www.youtube.com/watch?v=qfSMbEJJTbc> (2:20- 3:58). Nike continued its strategy of obtaining the support of key athletes, becoming a sponsor of many of the athletes that became world famous, like Kobe Briant, Tiger Woods, and Roger Federer. These sponsorships cost the company tens of millions of dollars each year, but are worth it to the company. They add value to the *brand*. To emphasise the point, lets do a quick though experiment. Imagine that you walked in to a department store, and there were two identical pairs of white Air Force Ones. The only difference is that one pair bore the Nike swoosh, and the other did not. Which one would you pay more for? How much more would you pay?

Although the answer to that question is personal, market research states that while most consumers will pay up to \$100 dollars for the branded shoes, they will often refuse to pay even 40 dollars for the generic variety. Another great expample of branding can be seen in medications. When one goes to the drugstore to purchase medecine, even over the counter, the name brand variety is often twice as expensive as the generic version. As we mentioned earlier, simplicity is key to a successful product. Brand names allow for this to happen. Imagine you are holiday shopping and have a long list of people you need to buy things for, lines are long and you do not have time to go into every store and search for a special product individually. You will always fall back on to brand names. Brand names are safe and reliable. If you know you are sick, you will immediately go to the drugstore and find Tylenol, you are not in the mood to search through the active ingredient on every new drug and test them out to see which one is more effective. It has been shown over and over that people want brands that they can trust, brands of which they know the source. A good brand develops not only higher prices but a customer loyalty that brings in the stable revenue necessary for a successful company.

Many entrepreneurs like to divide brands into two categories

### Fad Name Brands

A fad-name-brand is one in which its popularity is momentary and short-lived. Examples include Pokemon cards, furby dolls, heely shoes etc. These items may have a life-span of a year. As an entrepreneur, you don't want your item to be a one hit wonder, like Ricky Martin. You want to ensure sustainable sales of your product.

### Sustainable Name Brands

Nike, Adidias, Barbie, etc. are examples of sustainable name brands: brands with life-spans that may seem infinite. It doesn't seem that Nike is going to be bankrupt any time soon.

### Discussion:

What differentiate these two kinds of brands? What are the key elements that lead to a brand's long term survival? Hint: The authors aren't sure if there is a right answer here. Let us know if you come up with one.

While the establishment of a brand-name allows for style over substance, one must remember that there is only so much leeway. That is, brand-names become brand-names because they are good, creative, unique products to begin with. For instance, many people believe Apple's iPad was simply an oversized iPhone. It didn't hold up to its usual reputation. Thus the importance of the Research and Development Team; which we will describe in the next Unit.

### Activity

- As a case example, take a poll and see how many students have heard Nike's slogan *Just Do It* vs. Adidas' slogan *Impossible is Nothing*. Which brand do they trust more? Why?

### Discussion

- What is the significance of brand names?
- What are some examples that you know of brand-names? How did they achieve their success?
- What is your logo, slogan, and name of your company?

## **Discuss and Write a Marketing Strategy for the Company**

Business Teams should assemble and develop their own marketing strategy. It should include (though it is not limited to) the following items:

- Slogan and brand of company (this should be similar to Just Do It with a Nike swoosh)
- What streams of media we will use to market our product
- How will we guard against competitors
- There should be a section focusing on how we will get to the consumer
  - This should outline the problem we have identified in previous lessons and how our product solves this problem

The groups should also write a paragraph answering the following questions:

- How will you ensure that longevity and sustainability of your name as a brand?
- What forms of advertising will you use, how will you use them, be specific?
- What kind of market does your product operate in? How will you guard against competitors that try insulting your product?

# Module 6

## Getting your product to Market

### Location, Location, Location

*"I resolved to stop accumulating and begin the infinitely more serious and difficult task of wise distribution."*

- Andrew Carnegie

#### Lesson Overview

Students will first take a look at why the method of distribution and the location of the point of sale are so important to any business. In discussion, students will consider how distribution can impact sales in a number of different industries, from luxury clothing to food. Two extensive case studies are available to focus and help the discussion, and give students perspective. The class will then break into their business groups, where each team will develop a distribution strategy.

#### Lesson Objectives

1. Understanding how distribution effects sales
2. Case Studies of Distribution:
3. Business Groups: Setting up a distribution plan

#### Key Terms

- Distribution
- Visibility
- Accessibility

### The Basics of Distribution

*Distribution* is the process of actually getting a business' product or service to the customer. This includes the transport of goods from the place of manufacture to the store, and the stores themselves. With the advent of the Internet, distribution is sometimes as simple as setting up a website, or posting your items on e-bay. On the other hand, Wal-Mart's' distribution system is one of the most complex business machines ever assembled, with dozens of warehouses coordinating with hundreds of stores, all powered by enormous fleets of trucks.

The important thing to remember is that how you distribute your product radically affects the viability of your business model, the final price of your product, and the way that your product is bought and perceived.

Holding to the mantra "Location, location, location," some business owners claim that the way you get your product to the customer is just as important as the product itself to achieve success. To understand the claim, let's just look at a few examples of how the location of the place of sale makes a big difference.

- **Designer Clothing:** One way in which designer stores differentiate themselves is by placing their stores on well known streets, where there is a lot of foot traffic going by. Their location in the center of “prime” shopping grounds allows them to charge huge margins on their clothing. That’s why stores like Hugo Boss can always be found on places like the Champs Elysées in Paris, Fifth Avenue in New York, or Michigan Avenue in Chicago.
- **Concession Stands:** If a concession stand is parked on a street with plenty of restaurants, or on a street where there is not much traffic, the owner will most likely have to keep prices low, and will not generate a very high volume of sales. If, however, the concession stand is placed in the middle of a rock concert, or a theme park, the people have no option but to buy the food and water at the prices that are set. Furthermore, the owner has a captive audience, or a large concentration of people who are looking for the product. A perfect example of this is bottled water. Bottled water at sporting events, concerts, and theme parks, is often 3-5 times the price of what you would pay for the same bottle at a Walgreens.
- **Trading Firms-** In order to make money and stay on top of the markets, as well as give an aura of prestige, trading firms need to be close to trading floors, like the New York stock market or the Chicago commodity exchange. Although this is quickly changing with the Internet, being in large cities also allows these firms to be surrounded by other businesses and at transportation nodes, essentially surrounding themselves with potential customers for their service and allowing them to attract talent to work for the firm.

Hence where one decides to put their business has an enormous impact on the business itself. When deciding where one is going to distribute, keep these five critical questions in mind:

1. *How accessible is it to potential customers? Are you close to your targeted customer base?* One generally wants to make the transaction as easy as possible for the potential customers.
2. *Is it important that your presence is very visible, or will customers come to you?* This has to do with what kind of niche a product occupies, and how much effort a potential customer is willing to give to undergo a transaction. This may be best exemplified by the restaurant industry: one will never find a McDonalds that is not both very visible and immediately accessible. Many upper scale restaurants, however, are almost hidden, such that a customer has to go out of his way to find it. McDonald’s is a stop; the expensive restaurant is a destination. By the same token, the location of an office is not important a handyman service- most of their customers will find them through the yellow pages, online, or via other advertisements.

3. *What are the costs associated with a given location?* Operating in some locations can carry very high costs. If you were to try and open a storefront on Michigan Avenue in Chicago, the real estate prices would be much higher than if you opened the store on a street a few miles outside of downtown Chicago. Likewise, if you were to operate your business in Manhattan instead of Minneapolis, your payroll costs would have to be much higher to meet the cost of living of your employees.
4. *Are your customers more likely to demand your product in one location than another?* This is relatively self-explanatory. There is a higher demand for drill bits in Saudi Arabia than in Singapore, and a higher demand for expensive restaurants in wealthy neighborhoods than in middle-class suburbs.
5. *How will my location effect costs of transportation of people and goods?* Shipping and transportation are often some of the biggest expenses for businesses. For example, the author once went to a Subway restaurant on an island in Alaska where a “foot long” sandwich cost \$9, whereas the same sandwich only cost \$5 in the continental US. It was the small-scale shipping of all the products from a distant location that almost doubled the price of the sandwich. Other examples may include being a stock trading firm in Memphis. The industry is not really centered on Memphis, so the company may have to pay for a lot of flights to bring in consultants or high relocation costs for employees who move to work at the firm.

As always, you are looking to maximize your profits, in this case by finding the ideal balance of location and price. Notice that distribution is another example of how important it is to be an expert on the company’s target customer—it is simply impossible to make wise choices unless one truly understands everything about their sources of revenue.

#### A Special Note on the Internet

While the Internet offers the benefits of incredibly low start-up costs and access to customers worldwide, there are also some serious problems associated with being an online store. On the web, you may be very difficult to find, and you will also be competing with hundreds of other stores like yours. Therefore, there is very little margin on your price, as customers can compare prices and switch stores in seconds, without any loss of convenience, your prices must be comparable to those of your competitors. If you do plan to open an online store, it is important to have a very well defined strategy for how you will attract customers.

#### **Case Studies**

Please see the studies on Wal-Mart and Amazon.com in the case studies attachments.

## Business Groups: Setting up a Distribution Plan

Students should assemble into their groups, and create a new slide on their method of distribution. They should also write a paragraph that explains why their particular method is effective for their business.

Students should be sure to answer the following questions in their paragraph:

- How much will the cost of distribution affect the cost of the product?
- Is their product one of convenience, luxury, or necessity? How far will customers go out of their way to get it?
- Is the product perishable? How is the company cutting down on shelving times to deal with the issue if it is?
- How does the method of distribution affect perception of the product?

Students can use any remaining time to polish their executive summaries and marketing strategies.

# Module 7

## Take Care of your Customers and Meet the Right People

### Communicate, Listen and be Flexible

*“Do what you do so well that they will want to see it again and bring their friends”  
- Walt Disney*

#### Lesson Overview

Though this lesson is primarily on customer service, we start with developing a basic understanding of Networking. Networking is a vital skill for any entrepreneur; it is through developing the right connections, partners, and deals that any great organization is built. The same themes of networking—understanding the people around you, and how you can work together to achieve goals—are applied to developing a basic understanding of customer service. The lesson takes students through some of the basic models that are applied in business to customer service, as well as some common customer service scenarios in the business world. Students will take a look at Zappos.com, a case study in the impacts that good customer service can have. They will then be prompted to build their own customer service model in their business groups.

#### Lesson Objectives

- The Value of Networking
- Customer Relations
- Define your customer relations strategy

#### Introduction

This lesson is about reaching out to people to create strong bonds, new friendships, and useful alliances. Networking allows one to reach out to individuals in the business world, and by presenting something of value and helping them, creating allies that will move your own company or project forward. Similarly, customer service is about ensuring that you have helped the customer beyond what they expected. Good customer service can make or break a company. Although it can represent a significant additional expense to any business, it is essential to developing the strong, loyal customer base that represents a huge portion of any business. It also promotes good referrals, which is the best possible kind of advertising. Good customer service differentiates you as a business, and is also a marketable asset. Companies with great service can often charge more, and attract more customers, than those without.

### Key Terms:

- Networking
- Business Alliance
- Outreach
- Deliverables
- Follow Up

### **The Basics of Networking**

Networking is an essential tool for any entrepreneur. Although companies may be comprised of an array of different material assets, they are built, run, and serviced by *people*. Though this may seem an obvious statement, consider the implications: it is only by building strong connections to people, and motivating them to help you by appealing to their own interests, that success can be achieved. Although it is not always about “who you know,” as some would claim, knowing good people can give you access to resources that would otherwise be completely unavailable. We talked earlier about the value of teamwork; networking is about expanding your team past just the core group of people that are working on the same project. It is about finding people with whom you can work together for mutual benefit and developing new friendships.

#### *What is networking?*

Networking is meeting people, making new connections, and building friendships that are profitable to both people. Networking is a way to grow your business, make sales, and negotiate deals. Networking gets you more customers, partners, and supporters. And networking is fun, too- who doesn't like new friends?

#### *What are some of the most common mistakes or misperceptions in networking?*

The biggest mistake anyone can make is thinking purely in terms of “how will this profit me?” People may go to meetings or networking events, trying to ascertain only what they can draw from each person, how they can maximize their own benefit from each new connection. This inevitably shines through. Others can generally tell when a person doesn't care about their welfare or their success. If they sense that a person is not genuinely interested in finding a way to work together so that both people benefit, they are unlikely to be interested in helping you in the future.

#### *How should you network?*

In order to become a networking star and grow your business connections, the key is to be absolutely genuine and honest. It's important to have a deep understanding of what your goals are and why you are pursuing them, and how you can provide value to other people. This called your *personal value proposition*. Once it's clear in your head, you can start conversations with new contacts by offering them help on one of their goals and getting to know them, rather than just trying to sell your product, which can be incredibly intimidating to people.

*Where are some good places to network?*

The true answer to this is everywhere. There are people that can help you all around you, especially in places so close you would never have thought to look. Start with who you already know. Perhaps, ask a teacher you respect if they'll spend a lunch talking with you, or reach out to one of your parent's friends to have a phone call. Otherwise, there are hosts of events that are designed to bring people together so that they can network. These might be tradeshow, conventions, or cocktail parties. A good place to look for these is on the websites of any of the clubs, organizations, or companies that work in an area that you are interested in. Several of these organizations will have open events, and they are a great place to meet people.

### Discussion

- Who have you met in the past that has helped you achieve your goals?
- What are some resources that are immediately available to meet new people in your field of interest?
- How could you use networking as an effective tool in the college admissions process?

### Activity: Speed Networking

Students should get up and talk to two people that they are not close friends with, and are not in their business groups. By the end of the session, students should learn one new (non-trivial) thing about each person that they talked to, and forged a "partnership" with another business group that will help grow their business. This may be something like a customer referral system, or providing a service to one another.

### **Keeping Customers Happy**

Creating good customer service isn't just a matter of answering phones and trying to fix whatever problems a customer might have. Good customer service should be built in to both the products and culture of a company. Although building a good customer service structure is a little bit different for every industry and company, every organization should incorporate the six critical action steps that are outlined below.

- *Build business to customer loyalty:* Be familiar with everyone involved in a project and when possible, learn personal information about them. A personal touch coupled with a professional approach builds a relationship of trust and willingness to experience the human side of business.
- *Evaluate, anticipate and accommodate your client's needs:* At the beginning of a project, make sure that there is clear communication about your client's expectations regarding the scope of a project and a timeline for delivery and work diligently to fulfill the terms of the agreement.

- *Follow up:* Follow-up is a key ingredient to the success of a project and client satisfaction. Each time a task is performed, whether directly or through a third party, follow up with phone calls and emails to ensure accurate, timely delivery and client satisfaction.
- *Develop the Expertise:* Invest time and resources to become an expert in your field which allows you to create value for your client on many levels. Clients should feel comfortable that you are among the best in your field, and have excellent knowledge of any situations that might arise.
- *Set Clear Standards:* Adopt a standard of excellence that should never be compromised. Always go the extra mile.
- *Be Flexible and Efficient:* Act to solve any and all complaints and problems to your client's satisfaction. Approach each complaint with a "Can Do" attitude in a courteous and professional manner.
- *Let the Customer Know:* When you go out of your way to do something exceptional for a customer, be sure to let them know. They will be more appreciative of your hard work.

#### A few great tools of customer Service

Outlined below are some great tools to keep in mind when striving to achieve great service.

- *Track everything:* Build a tracking system (in Microsoft Excel or a database program) to allow employees to see the status of every customer and project the company is working on. This is an effective tool that helps to keep projects on schedule and status visible at a glance. It also lets the company to attach special notes, addendums, or documents to a particular account, allowing for greater flexibility.
- *Communicate:* Regular communication via telephone and email is absolutely essential. Communication allows companies to understand what the customers are thinking; hence permitting them to better meet needs.
- *Availability:* If the customer has a problem, let them talk to you about it. Be available for phone calls and in person meetings so that the customer can express himself completely, and you can work aggressively to address their concerns.
- *Reach Out:* Schedule teleconferences and videoconferences to address any issues, questions or concerns on a scheduled and regular basis. This is essentially the same thing as communication, though setting it on a schedule or talking in groups often allows for more information flow.
- *Ask:* Always ask clients to give the company feedback. How are we doing? How can we improve our service and create more value for your company?
- *Make it a team effort:* Promote teamwork within an organization to achieve excellent customer service. Identify and appoint a lead person that best matches the personalities of the client to ensure ease of communication and efficiency.

### What happens when a customer is not happy?

Regardless of a company's level of expertise and diligent service, mistakes and miscommunications happen. If there is a problem, a company needs to be sure that it has the resources it has to fix it. It is often worth losing money on a deal that had an unexpected problem in order to retain customer loyalty and the value of your brand.

- *Have a backup:* Build strong and loyal relationships with third party service companies for to make sure that you have the flexibility and resources to meet client needs. Having a strong relationship allows you to reach out them at reasonable rates and have confidence in their performance, making these agreements a key tool in company's arsenal. If you're a contractor, for instance, this may mean having a good relationship with a handyman who can go make small repairs to a mistake that was recognized only after the construction was done.
- *Communicate:* Communication at all times with co-workers regarding status and client's thoughts and concerns. Catch the pattern on this point?
- *Offer something extra:* Go the extra mile to offer the client something additional for free, or deep discounts on the current deal if the problem cannot be fixed.

### Discussion

- Think about the business that you are currently creating. How might you go the extra mile to give customers a good experience, while remaining cost effective and profitable?

### **Zappos.com: A case study**

See the attached case study.

### **Building your own Customer Service Strategy**

Students should break out into their business groups to write a short blurb on their own customer service strategy for their business. The blurb should be about two paragraphs long. Groups can also add a slide to their PowerPoint, though it is not required. In the blurb, students should answer the following questions:

- What are some of the most typical problems that you anticipate your customer's will have in dealing with your company, and how will you address them?
- How will your customer service affect the price point of your product? (E.G. If you plan on selling surplus goods at a steep discount, your requirements in customer service may not be the same as those of a luxury retailer.
- Is there anything unique about your customer service strategy?
- Be sure to include a general overview of your strategy in the blurb.

# Module 8

## An Introduction to Sales

Don't Sell. Solve!

*"In business, honesty is absolutely essential. The best principle is "under promise and over deliver"*

*~Richard Denny*

### Lesson Overview:

Students will first go through an overview of some of the fundamental concepts of sales, and some of the tools that good salesmen use to create transactions. They will then move on to understanding and practicing the elevator pitch, which they will have to present to the class the following week, or use in the Elevator Pitch Competition if the chapter is organizing one.

### Lesson Goals

4. An Introduction to sales
5. Understanding the pitch
6. Practicing the pitch

### Introduction:

Selling a product requires the entrepreneur to be ready for any question that an investor or customer throws at him/her. Thus, entrepreneurs must know their business plan, product, and market all the way through, so that the pitch flows naturally. The pitch should be engaging, capturing the attention of the listeners, getting them excited about the product and the new opportunities that it affords them. When pitching, focus on the question: What is the *value proposition* of this product? In other words, how does this solve the consumer's problem?

A good sales pitch highlights the most exciting features of the business plan, focusing on the parts in which the listener would be most interested. It should be engaging and moving, but its key purpose is to provide a strong argument for why a particular solution is the best option for the potential customer.

### Key Terms

- Value Proposition
- Pitch
- Elevator Pitch
- Transaction
- Promotions

Here's the real secret to sales: if making the transaction isn't easy, you're doing something wrong. Consider, first, why we put sales at the end of this curriculum. Without a product, there is no sale. If you do everything with your *product* right, from development to distribution to marketing, sales should be as easy as being there and following up with your client.

Good sales are made long before the actual transaction, and future sales are guaranteed by you the quality of your *deliverables* and service afterwards. In other words, your work before the point of transaction in developing a good customer base and good clients makes the sale possible, and your work afterwards makes it valid, and ensures future sales.

The pitch itself, then, is not about *forcing* the transaction. Salesmen who do that are often termed "sleazy," and give a bad name to the trade. The pitch is about effectively communicating your value proposition to the consumer, so that they fully understand the solution that your product offers, and why it's right for them. Forget what you've heard about being able to "sell ice to eskimos." Ice has no value to an Eskimo, so whatever salesman succeeds in selling that is probably a liar or a cheat. A real salesmen would leave that business to go work for Sears and come back to sell insulating drywall and heaters. That is when the money would really start rolling in.

To reiterate, the transaction itself should be easy. The real work in sales comes from *finding* the customers, *follow up* with them, and ensuring their satisfaction after the sale is made. Good salesmen don't cheat and they don't lie: ethical issues aside, you'll eventually get caught and its bad for business. Instead, salesmen "spin": they show their product in the most favorable light possible. This means highlighting the features of the product that are best tailored to the particular consumer that you are talking to. In order to spike sales, companies often improve their value propositions. Although this can decrease short-term profits, the increase in volume, and the acquisition of new customers that these sales bring, can lead to greater profits over time.

- *Rebates*: Rebates are great ways to establish a relationship with the consumer. A customer will buy the product and then turn in a rebate to get some money back off the product. It's a way for a company to offer a discount without paying for it upfront. Many consumers actually forget to mail in the rebate and thus companies make money by promoting the rebate without actually having to fulfill it.
- *Rewards*: Many companies offer rewards points, after a consumer reaches a certain amount of points he/she may redeem them for a free item. This ensures the consumer to keep spending money to obtain more points. Of course the consumer never makes up the total amount spent, but it provides great incentive. Examples of this involve United or Sony pairing up with VISA credit cards.
- *Free Trials*: Cell phone companies, for example, the iPhone and AT&T engage in this practice. They will reduce the cost of the iPhone if you buy it with AT&T subscription. This ensures that you stay with AT&T as a customer.

- *Sales*: Companies to sale to both lure people in to buy. In reality sale items are simply products that are on clearance and were unable to be sold. In this manner, the consumer feels that they are getting a great deal. In reality, the company is selling items that would've been otherwise thrown away.

### Discussion

- What do you think are some of the most effective ways to sell a product?
- Why are sales so vital to a company and how does it effect profits?
- Why might a company offer a promotional offer?

### The Elevator Pitch

Until this point, we've talked primarily about selling to a particular consumer. In order to pitch and sell effectively, remember that we are focusing on a single question: How am I solving the consumer's problem? In order to answer this question effectively, you need to understand your consumer and your product inside and out.

#### *Mentor Note:*

*Keep in mind that when we speak of the consumer, we're not necessarily talking about a particular individual, but a target demographic. For instance, a surf shop will target surfers, a nightclub owner the 20-30 demographic, and a wireless service provider almost the entire population.*

To effectively pitch your product, you've also got to explain the concept in thirty seconds or less. One doesn't need to go through a whole lot of detail on this pitch- the concept is just to be able to introduce the big ideas and grab the interest of your listener. Imagine that you are in an elevator, and all of a sudden a big name CEO walks in. You've got to be able to convince him that your company is a good idea in the time it takes to go up a few floors! Even if you're not in an elevator, people tend to have pretty short attention spans- if you don't capture their attention in thirty seconds, it will often wander off.

The effective elevator pitch is given in a few simple components:

1. Introduction of the problem
2. Overview of your solution
3. Defense of your solution in comparison to competitors.

Numbers one and two are fairly self explanatory. For number three, ask yourself the same question that we've asked many times this course: What makes your product unique? What problems does it solve that its competitors don't, or what advantages do you have over your competitors?

## Developing the Pitch

The class should go into their business groups to practice and develop their pitch. The students should break the pitch into the three sections mentioned above, writing an outline of the key points of the pitch. Students should practice pitching to each other, and mentors should circulate around the room giving feedback. Students should hand in their outline at the end of class so that mentors can go over them and offer written advice.

Creativity in the pitches is encouraged. Without a little humor and engaging the audience, the pitch will probably be boring and unconvincing. All pitches however, should include the following elements:

- What is the problem that needs solving?
- How is the solution or business strategy unique?
- How big is the market?
- Why do you think that this particular venture will be successful?

Answering those four questions successfully will be critical to doing well in the pitch competition. It is important that students keep in mind how to *engage* the audience. In other words, it isn't just about presenting the information. The salesman needs to get his audience excited and fascinated by the product with his or her own energy.

## Practicing the Pitch

As with all things, pitching requires practice, so students will practice pitching by delivering it in front of the class. Each pitch will be given by the business group as a whole.

- Students will be placed in front of a panel of their peers and be grilled with customers about their product.
- The mentor must also ask leading questions with follow up answers, allowing the student to grow comfortable with practicing his/her elevator pitch.
- Pitches must be short, sweet and to the point allotting only 3-minutes per pitch.
- Each company should have their various departments speak. That is, those departments that we have spoken about in the previous units

### Discussion

- What were your strengths and weaknesses in your pitch?
- Do you have enough facts to back up questions that were asked?
- How was your demeanor in presenting the product? Did you stutter? Sway back and forth? Talk to fast? Articulate?

# Module 9

## Final Presentations

### Show Confidence and Make Eye Contact

#### Lesson Overview

Each group will present their business plans to the class in a 1-4 minute pitch. This should be a refined version of the pitch that was given in module 8. After each pitch, the student should take 2-3 minutes of feedback about their presentation and their business.

*NOTE: If your chapter is hosting a Youth Entrepreneurship Summit, then it will take the place of this lesson. Please refer to the “best practices” documents that are posted on the Moneythink Website.*

#### Lesson Goals

- Business Plan Presentations
- Constructive Feedback
- Farewells and Reflections

*Mentor Note: It is best that this class is entirely organized before any of the students walk through the door. That is, you should have randomly selected the order in which students will present, and students should be familiar with how the class will go. It may be helpful to have some random selection method to determine the order of the groups; it will avert any potential discomfort on who goes first or last in the session.*

#### Running the Pitches

There is not enough time for the group to show off their entire PowerPoint, so the presentations should be done spoken, without the help of a visual aid. If the group made a poster or a mockup of the product, they should feel free to bring that up.

It is important to carefully budget the time of the class, so that each group has a chance to present their project. As an additional safety measure, be sure to over-estimate how long you think the presentations and critiques will take by about 20%.

Pitches should usually be no longer than 90 seconds, and commentary no longer than 2 minutes. If time allows, more commentary should be given to the groups after all of the pitches are done. Although not judging, the mentors should be taking notes during the presentation, and should give four or five written bullet points of constructive feedback to the group after class.

### **Judging the Pitches**

The judging should NEVER be done by the class mentor. It is best to bring in outside business professionals and entrepreneurs to judge the pitches, so that students can talk to them before and after class, and receive a critique that gives them some good exposure to the business world. If no professionals are available, the pitches should be judged by mentor captains, or other MT mentors. Refer to the “best practices” documents (Youth Entrepreneurship Summit) on bringing professionals into a school to judge.

### **Farewells**

Mentors should say goodbye however they feel most appropriate, perhaps reflecting on what they learned from teaching the class. Encourage students to keep in touch with both you and the Moneythink organization, and look for opportunities such as essay writing help, externships, or just plain friendships.

Be sure to distribute the end of class survey to the students, encouraging them to write freely and be critical of what they did not like, while praising what they enjoyed and giving us constructive feedback and new ideas on how we can improve. The information they give is invaluable to helping Moneythink grow and improve its programs.