

Starting Smart to Running Right



The SSRR Model for a Healthy Business

Operations
Systems

Does the Work

- * Strategic Operations Plan
- * 365 Day Systems Manager

Administration
Pro-Active

Monitors the Work

- * Strategic Administration Plan
- * 365 Day Financial Manager

Leadership
Solutions

Directs the Work

- * Strategic Ownership Plan
- * 365 Day Decision Manager

Marketing
Humanizing

Brings in the Work

- * Strategic Marketing Plan
- * 365 Day Sales Manager

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THE 4 PILLARS

Cornerstones for a Successful Business

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THE 4 PILLARS

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The 4 Pillars

The H.E.R.O.'s strategy is a comprehensive business training program specifically designed for small business entrepreneurs. This strategy and curriculum utilizes universal principles of successful entrepreneurial endeavors and focuses uniquely on the functioning of a small/medium business. In order to streamline this important information, the HERO's model is divided into four primary areas—Operations (designing the systems that drive the daily activities of the business), Administration (establishing the “how” of those systems and the financial organization of the business), Marketing (generating new business and maintaining long-term clients), and Leadership (making the difficult decisions and strategizing solutions for the challenges that every entrepreneur will face). Along with these four “pillars” of business, the HERO's program provides instruction on how to approach accessing funding, tracking your successes and failures, and planning for the future.

First of all, we will discuss the four crucial pillars in business.

Operation	+	Administration	+	Marketing	+	Leadership
(Does work)		(Monitors work)		(Brings in work)		(Directs work)

For success in business, you must cultivate your skills, knowledge, and attitude in all four of these areas. Most ventures begin with a dream and hope to survive with a little luck. But, statistics show that 80% of new businesses fail in the first five years and fewer than 5% survive 12 years. The combination of luck and dreams does not work for most people. By adding a realistic vision and a lot of knowledge, you can beat these odds.

Assignment: *The Four Pillars*

Get a binder and divider tabs. On the cover of the binder, create a cover page with the name of your business in the center. Put your name underneath the title. If you have a logo, put it anywhere on the cover page. At the bottom of the page, write this statement of commitment.

“Everything in this binder is done for me first, and shared appropriately with others.”

Label the dividers with the following titles: Operations, Administration, Marketing, Leadership. Under Operations write “does the work,” under Administration, write “monitors the work,” under Marketing, write “brings in the work,” and under Leadership write, “directs the work.”

Once this assignment is complete, memorize the four areas. From this point on, undertake the journey of building unique tools, systems, policies, and procedures within each of these four areas. Start to place every business concept you learn into one of these four subjects. Entrepreneurial success will come with your ability in and management of all four of these main business topics.

Many business owners focus most of their energy only in the areas of their strengths and delegate their areas of weakness to experts. But, business failure is more often due to the owner's weaknesses rather than their strengths. Becoming an expert in the basics of all areas, especially those that are inherently difficult for you will reap great rewards for your business. You do not have to master tax strategies, or the inner workings of the technology you use, but you must have a basic understanding of everything. Entrepreneurs must do things that they dislike. In order to maximize on your weaknesses, first accept them, identify the basic area they are in (leadership, operations, marketing, and administration) and attack them head on. Utilize the knowledge and skills of others to assist you.

Rather than stumbling into mistakes by not knowing enough, undertake the time and effort necessary to become an expert in your business. This preparation will ultimately pay off. A successful entrepreneur delegates responsibilities to experts rather than abdicating them because he/she ultimately understands that he/she is 100% responsible for all business activity. More knowledge and skill in all areas will minimize errors and provide greater control.

It is only partially true that if you work hard, the rest will take care of itself. A few businesses may survive with this tactic, but most entrepreneurs will have to face their weaknesses. Once you identify and understand all four areas of business, identify the areas in which you are weak and begin to develop strength in these areas. If you are good at operations and your administrative skills are weak (very common for a new business owner), then focus your energies on that area.

Overview

This basic overview of each area identifies five respective areas of concern. This will be a beginning for developing your skills in these topics, but there are numerous additional issues beyond the five we are going to review in this reference.

OPERATIONS - Does the work. How to sell products/services, how to order new inventory, how to answer the phones... New entrepreneurs often consider this area their greatest strength.

The key word for operations is "SYSTEMS." Every aspect of your business should be systemized and procedural. And every system should be broken down into small steps, the sum of these steps resulting in the delivery of a valuable product or service. Improper operations will result in lost time and revenue. But, with explicit systems in place, solutions to everyday business challenges will be easier to find and implement. The systems you design will provide the necessary foundation for the next step in developing your business-creating proper forms, policies and administrative tools to make those systems work. This is how your work in the Operations of your clinic will lead into the Administrative work of your clinic.

The five concepts to understand in Operations are:

- Flow Charts
- Storyboard
- KISS-“IT” systems
- Key Result Areas-of internal and external roles
- Organization-checklists

1. Flow Charts

Flow charts map out the important steps in the completion of a task. Mapping will become a crucial part of designing your business systems. To develop a successful system, create a map on how to get from step 1 to the desired result. This visual tool is the first step in brainstorming procedures. Successful businesses maximize time efficiency by mapping processes that “flow.” Processes that break down into small steps derive optimal results. These firm procedures are critical to training staff and communicating with contractors, but additionally, you, as an owner will accomplish more by following a strict routine.

Even the smallest business should have an operational manual that holds the flow charts and systems procedures for all office activities. For example, a flowchart for a doctor’s single patient’s office visit might look like this.

Coming to the business —→ Waiting —→ Office visit —→ Leaving the office
At home

The model shows there are 5 steps in the patient visit flow chart. Each step has challenges to be addressed, and tasks/duties to be accomplished. In order to fill out this flow chart, ask yourself what these might be? What needs to happen for a patient to get to your office? Write this down start to finish and solve any problems that you identify along the way. In the Administration section, you will be asked to create any forms necessary for a client to arrive at your office-map & directions, intake forms etc. You will be judged on how smoothly your systems flow. The more mistakes you make, the more negative the judgment. By creating these flowcharts, you will ensure that mistakes are minimized and every system proceeds as efficiently as possible.

Every time you make a decision about how to do a job around the office, write it down as a system. Begin by identifying the major flowcharts around the office-doctor flowchart, opening of the day flowchart, closing flowchart, medicinary monitoring flowchart, financial flowchart etc.

2. Storyboard

Each flowchart map will create an outline of each individual system and the storyboard will monitor and measure each of the associated steps. This is the second step in developing your clinic systems. HERO’s emphasizes the importance of storyboarding

every operational system and procedure, breaking them down into stages. However identifying the steps is not enough. In the process, note the potential bottleneck areas where problems and crises could affect the overall flow.

Consider these six key areas when completing every storyboard-errors & bottlenecks, time, equipment & furniture, forms, dialogue, expected results.

Errors & bottlenecks: To err is human, but in business it costs money. It is important to identify potential errors in advance. Problems in the system may slow the procedure down or stop production altogether. An awareness of the possible problems will make solutions easier to implement.

Time: Time is money. Extended time frames are one of the biggest consumer frustration. They waste money and damage the business' reputation. Allocate a time limit to each stage in each storyboard and then stick to that schedule.

Equipment & Furniture: Specific equipment and furniture needs may be required to maximize the flow of a system.

Forms: Paperwork is part of every business routine. Think about what forms will facilitate the smooth flow of each system you create. Consider how the information on the form will assist you with that system.

Dialogue: Certain systems may require that you communicate directly with a customer, contractor, or staff person. For example, raising your rates requires that you communicate with your current patients about your new fee structure. In designing your systems/storyboards, consider how you will handle this issue when it arises.

Expected Results: Before moving on to the next step in any system, the previous one must be complete. Think about and write down the expected result of each stage as a goal to be achieved. As each goal is attained, the next stage can begin smoothly.

So, in summary, identify your business operations that require systemization, then break them down into stages and tackle each of the six issues for each one.

Storyboarding your processes utilizing the 6 measurements will provide these benefits:

1. Speed in solving problems. By storyboarding your operations, it will be simpler to identify the department, system and step which needs to be addressed to settle a business crisis. The six measurement areas will elucidate even more specifically what you need to do. Storyboarding processes will allow you to identify and resolve problems faster than ever before-freeing time and saving money.
2. Improvements and adjustments. Storyboarding also allows you to analyze your systems and procedures in order to improve on them. The busier your business becomes, the more your systems will be tested. The goal is for your systems to

stand up to maximum capacity. And the attitude with these systems should be “practice makes improvement, not perfect.” Never settle into a habit, the only constant should be change/improvement.

3. In court. If you are ever sued or taken to court, the organization that your systems and procedures provide will benefit your case. When the court sees disorganization and visible mistakes, it will assume a greater likelihood of your fault in the matter.

3. K.I.S.S. – Model of “IT”

Remember the acronym K.I.S.S.? For “keep it simple, stupid.” Whoever wrote it meant well, but we prefer, “Keep It Simple Smart.” Either way, the theory is the same. The simpler the process the smarter the system and smarter systems will be more effective in maximizing the operations of your business. The bureaucratic complexities only create frustration.

The challenge of this step in developing your business is to create systems that others can administer quickly and efficiently, so that you can delegate some of the management responsibilities.

Make “It” systems, not “I” systems

The first step in creating the keep it simple smart system is to develop a system that is not personal to you or dependent on any one person. Too many systems for small enterprises are designed for the ease of the creator. This is the “I” approach to systems development. People bring out the best of any system, however the basis of each system should be as impersonal as possible.

At start up, when the owner/operator of the business does all the work, the “I” approach is easy and effective, but this approach will cause problems in a thriving business. When your phone is ringing constantly and your product/service is in high demand, your systems setup will define your success or failure. Since success is the reason for taking this risk, set up systems with the “It” model from the beginning, even when you are doing all the work.

Whether the mastermind of the system is you or a staff person, the result will be the same. The seed will be planted for potential disaster, especially in the growth phases of an enterprise. So, accept your role as owner and set up every business system yourself with this “It” approach in mind. Call on expert advice if necessary, but don’t neglect this responsibility. When you add employees/associates to the business, teach them how to use the system. Receive their input on improvements and adjust accordingly. But, when system improvements are suggested, you, the owner, should make the final decision.

In order to do create “It” systems, remove yourself from the process completely. So, do not consider your preferences, your habits, or even your handedness. Set up every

system so that another person could maximize it, so that someone else could perform the tasks and fulfill the expectations required in making the business flow. Successful entrepreneurs delegate responsibility.

A K.I.S.S. system will be more functional and workable for you, your staff, and your clientele. Otherwise, you will create a model that you might like, but may not be practical.

Assignment: Identify the systems of the business, incorporate an “It” approach. Ensure first that the system stands alone and then incorporate people.

4. Key Result Areas

In the K.I.S.S. section we emphasized the importance of impersonal systems, but here we are going to discuss the importance of the people you choose to include in your business operations. The success of a business lies in its ability to foster teamwork and to bring out the best in that team. A system will only be as effective and efficient as the team members who perform each function everyday.

In order to maximize the functionality of each person you incorporate into your team, we suggest that you do the same thing for every ROLE in your business that we did above for your operational SYSTEMS. Make a list of the five key result areas that each person MUST be successful at in order for the business to run smoothly. Then, consider the qualities, training and experience that are required to accomplish those key obligations.

When a person accepts a position within your business, share these expectations with them. Inform them that they are accepting the responsibilities of that role and are expected to produce the results of that position. Smaller businesses may require one person to assume more than one role and, therefore, may need to learn to wear different hats and change them accordingly. In order to maximize flow create the internal and external roles not by person but by position. If someone wears more than one hat, train that person accordingly. When each person focuses on a particular role and follows the checklist associated with this role, he/she should be able to perform the tasks of that position more effectively.

In every venture there are internal and external roles. Internal roles are tasks done within the business itself, such as bookkeeping, decision making, marketing, filing, reception, etc. External roles are tasks accomplished outside the business, such as bank management, accounting, legal, insurance, vendors, etc.

Think about the key result areas that must be completed in order for the business to be successful for both your internal and your external roles. Place these tasks in order of importance from 1 –5. Use them to choose the right people. Then, have everyone agree upon them at the start of the relationship. Now, you will have critical areas on which you can evaluate, train, and assist your people to more effectively contribute to your team.

By letting everyone on your team know their role and your expectations, you allow them to serve you better. This will result in efficiency of your business, a good experience for the client/patient, and job satisfaction for your employees/advisors.

Assignment: Create the internal and external roles of your venture. Identify 3-5 tasks and develop the training material to ensure areas are addressed properly.

5. Organize –checklist, filing, areas

Checklist

There is a place for everything and everything has a place. Effective business operations require excellent organization. Being methodical is especially important when two systems/flowcharts overlap with each other, such as the patient's visit ending/questions being answered and the patient paying for your service. Most mistakes are made at this intersection of two systems. When setting systems, the ability to coordinate intersection points can save a tremendous amount of time and money.

To ensure that all steps of both systems are accomplished, you will need to make checklists. Some individual systems will be so critical or complex that they require their own checklist, such as closing the office at the end of the day or the financial duties involved in paying your associates. These checklists should not be confused with key result tasks. Key result tasks refer to your expectations of the people involved in your business, checklists will make every system into a procedure. A checklist will help you do the same steps in the same order every time and this procedural approach will make sure that you do not make mistakes in the process. Each checklist should be broken down into three separate areas: Beginning, During and End. Two of these can be planned for, the beginning and end, but while doing the work any problem could arise, so your people must be prepared to deal with any curveball during the workday. Checklists are useful for training staff and for double checking someone's work.

Filing

Maintaining a filing system that works is a major challenge for most small businesses. In the HERO's courses, we teach a model to manage the "paper monster" by organizing your paperwork into four areas: Correspondence –information pertinent to the running of a business, Financial – audit trail, Personnel – critical information on staff and subcontractors, Forms & Policies – company approved forms and rules & regulations.

Area

Every workspace in your office should have an explicit purpose and all furniture and equipment should be placed strategically to facilitate this objective. Misplaced furniture or equipment can add chaos in the functioning of your business. The physical layout of a

workshop, storage space, office can be as important as the actual business you conduct. So, plan out your areas, define them and design them to fulfill their purpose.

Assignment: *Lay out your business process, develop checklists and workspaces that maximize productivity, ensures quality and incorporates safety.*

ADMINISTRATION - Monitors the work. A large part of your administrative time will be spent handling your finances, but the administration of your business also includes examining how your operational systems are being executed and all the paperwork involved in managing them.

Most new small business people count this area as their weakest. But, as an owner, you must master your weaknesses.

Every successful business should incorporate a dynamic external team, but the primary administrative tasks and duties must be completed internally. Abdicating these critical and important responsibilities to others will not free you up, but, instead, entangle and frustrate you. Accountants can help you by interpreting tax law for your business and by providing excellent advice, but they cannot run your business.

The five critical internal administrative concepts

- Manage financial statements
- Internal bookkeeping
- Listen to the stories
- 365-day manager
- Crisis & Challenge management

1. Manage financial statements

Financial statements can cause frustration and misunderstanding. However, an entrepreneur's financial life will be measured upon how well you manage these documents. The Balance Sheet and Income Statement tell you how the business is performing and why. Many courses will teach you how to read and interpret financial statements. However, there is a difference between acknowledging your financial status and managing it.

In administration, knowing the categories on your financial statements is not enough, it is critical that you learn the basics in managing them.

For instance:

Cash in bank: Always maintain a positive bank balance. Rather than allowing your account drain to \$0, kick in your crisis management plans when your balance reaches \$1000. This approach promotes a pro-active crisis management plan. In addition, we recommend that you have two bank accounts, a working account and a reserve account.

The working account is for your everyday use, the reserve account is for holding money temporarily until you submit your tax payments.

Draw: Manage your draws as if you were on payroll by putting sufficient funds aside in the second bank account to pay the government quarterly. Make sure these funds are set aside before taking money for yourself.

Sales. Separate your sales income from your services income. Doing so will allow you to analyze your income streams.

Business Meals. Budget accordingly. And, whenever you take someone out for a business meal, document the meeting on the back of the receipt. Business meals are only 50% deductible. Remember that the full amount cannot be expensed and adjust your tax strategy accordingly.

Net Income. The bottom line of the statement of profit and loss. Taxes are paid based on the figure on this line. Learn to manage your financial statements, maximizing your tax position and ensuring your taxes are set aside. Discuss your year ending financial position with your accountant in the ninth month of your fiscal year. By doing this, you will know your tax position and be able to map out strategies for the final three months to make the most of your tax position.

We are making the point that it is not enough for you to know the financial situation and statements that affect you and your venture. You have to undertake the challenge involved in managing them. As an entrepreneur, you must manage your financial state, not quarterly, not once year at tax time, but each and every day.

Assignment: *Identify the categories on the Balance Sheet and Income Statement that affect your business. Understand and develop a management policy to maximize the benefits of each account.*

2. Internal bookkeeping

Every small business should keep an internal set of books, meaning we believe every new entrepreneur should do their own bookkeeping. Administrate your businesses 365 days a year. Do not wait for your bookkeeper or accountant to tell you how your business is doing financially.

Manage the daily financial affairs of your company and use external experts to ensure accuracy, make recommendations and assist when necessary. But, do not to count on them to run the business for you. Do not relinquish so much responsibility in this area that you find yourself blaming financial advisors for your mistakes. Learn to manage your own financial situation.

Every new entrepreneur should do their own books for four reasons.

1. Small business do not complete many transactions per week. If organized properly, one or two hours per week should suffice to manage your financial transactions. Thirty minutes each day will be enough for most of the administrative duties of a small business.
2. Your internal books should to you, the entrepreneur, because you will be the one having to make critical decisions and judgments. If you set them up, they will speak your language. Having to ask someone else to explain your position in a crisis is a waste of time. You need this information sooner rather than later.
3. You cannot change history. Third party experts will not keep up to date on your business. Discovering a financial situation three months later will not allow you to adjust quickly enough. You need to stay on top of your financial information.
4. Accept responsibility. If something goes wrong, face the truth and deal with it. Recognize that it is your problem 100% and cannot be blamed on anyone else

Our administrative motto is:

Tackle the challenges of today and plan for the gifts of tomorrow by understanding the lessons of yesterday.

So, it is time to take control and do your own books. Now, we will outline the internal set of books every entrepreneur should put together. Get a binder with 12 dividers (one for each month). Each month should include all of the following documents.

1. Balance Sheet and Statement of Profit & Loss. Set the categories on these documents yourself. Decide how you want to organize and understand the expense and income accounts. Third party advisors will set up your books to simplify their own lives, this will not help you communicate with your business. Their role is to help you with critical decisions about the books which you set up, not to do them. In the HERO's seminar, we provide you with a template chart of accounts, but you will decide which are important to you and may even add a few extras that you feel are important. Once complete, YOUR books will be set up with the accounts YOU need to monitor. They will produce financial statements the way you understand them. Once a month, your accounting software can easily produce these reports.
2. Cash flow. Financial statements identify the activities of the month, monies spent, received and owed. However, for small businesses cash flow rules. Financial statements will provide lots of information, but if you do not have real money in the bank, you will have a serious problem. Creditors may sympathize but they still want their money. Cash flow tracks all the monies deposited from every source and all the expenses paid. Your cash flow will tell you how much real money you made in any period of time. Some months losses will occur. However, if you suffer a negative cash flow several months in a row, it will seriously impact your present and future income streams. Every dollar lost today,

means more that must be generated tomorrow. Strictly monitor your cash flow. Again, your accounting software can produce this report.

3. Budget vs. Actual. Most people don't do it, and few actually enjoy it. But, budgeting will be your best financial communication tool and is a must. Budgeting allows an entrepreneur to measure his/her performance. A budget is an estimated, but realistic guess at future expenditures. And, budgeting is not difficult. List your expense categories and place a realistic figure beside each. Each month calculate your income and expenses and at the end of the month after put the actual figures beside your guesses. Next, start asking questions about the discrepancies. The answers you find will lead to adjustments, either in how you budget or how you spend. You should not use your accounting software for this one. Do this report by hand. Why? We believe that budgeting requires 100% attention and doing it by hand will encourage you to concentrate more fully on this job.
4. Income Stat form. Create a form that will allow you to break down your income into multiple streams. The purpose of this is to determine where your income is coming from. Every venture has multiple areas of income. Creating this form will provide you critical information on what areas of your business are bringing income in and which areas need attention or elimination.
5. Reconciliation statements. Reconcile your bank account statements and credit card statements every month. Reconciling allows you to note which deposits and checks have cleared your bank account. In business, no transaction is complete until it clears the bank. In addition, certain transactions such as bank charges and interest income will only appear on the bank statement. These need to be accounted for. Reconciling also produces audit trail information for accountants and auditors. Your accounting software will produce this report.
6. Graphs & percentages. Often, numbers will not communicate as well as percentages and graphs. Most of the accounting software today can produce graphs and percentage reports. Print them out according to your needs.

These six reports will form the backbone of your administrative department. Most can be completed via your computer software. Each year file a copy of your income tax return and year ending information with all twelve months of information and store them in case of future audits. This practice will create a financial history of your business.

Assignment: *Create the financial binder and the forms to use with it. Commit to doing the six reports as part of your business routine.*

3. Listening to the stories.

What are financial statements? So much emphasis is placed on the importance of these sheets of paper. Companies live and die based on the information contained on them, but

what do they represent? The truth is that they mean nothing without knowing the stories behind them.

If a business has sales of \$10,000 in one month and \$6,000 in a second, without any further information you might think the first month was a “better month.” But, if during the second month you took two weeks off for a vacation, this fact changes the analysis of these figures. Numbers are representation of events that have happened, a reflection of what the business is doing. So, you cannot know what they mean or make suggestions about improvements without knowing the associated story.

A “business diary” is as critical to your administration as these financial statements and reports. The stories define whether current strategies are working or failing. Stories provide clues as to which areas of your business need attention. Without the stories, numbers are just numbers. If you look, you will find a reason why you are busy today, and were slow yesterday. If you document important events each day, you will find important insights into your business’ activities. Keep it brief and to the point. Place this information into the financial binder according to the month, so that your stories can provide greater clarity about the parallel financial information.

4. 365-day Manager

Businesses run 365 days a year, not quarterly or annually. Activities happen every day, and attention to detail is a daily process. Administration is the most likely area to cause business failures because it does not get enough attention everyday. Instead, it is often pushed aside for more “important” and less stressful tasks.

You can increase your internal control by developing guidelines (policies and procedures) within specific areas that require administration management. They are:

1. Personnel. Staff can be the most challenging area of business to manage because of the human factor. People are unique assets, but energy is required in bringing out the best from your team. And the management of people will not be as predictable as the management of your other business resources. The people who work for you and with you do so for their own reasons and benefit, not yours. Your employees will have different priorities than you do and money is important. So, make these interactions win/win so that you develop company loyalty and a mutually beneficial relationship.
2. Equipment. Material assets should either make money or save money. Never purchase a piece of equipment without first mapping out how it will generate or save money, how it will impact the business operations and how it will perform within the other business activities. We call this a cost analysis and implementation plan. Also, to ensure maximum return on any investment, create a maintenance schedule and log to guarantee optimum performance, especially in busy times.

3. Facility. Keep the facilities well maintained and ready to be sold in an instant if necessary. Your facility should not degrade over time. Keep everything neat and in its place just like when it was brand new. Maintain the facility each day. This is an issue of professionalism and portrays to clients that you take pride in your venture.
4. Financial. When you are wearing your administrator hat, negativity will be your greatest characteristic. Administrators must question and challenge each expenditure, every decision involving money. In the administrative role, you must approach these issues skeptically. If you WANT something, force your desires to talk your logical brain into it. Your reason must prevail over your dreams.
5. Business. Every business is governed by rules and regulations. Ignorance is not bliss for a 365-day manager, knowledge is. From leasing to marketing and purchasing, policies must be created to ensure that knowledge is power. A 365-day manager takes control of all issues affecting the business by understanding and working with them.

Assignment: *Create a policies and procedures manual and start writing these governing principles for your business.*

5. Crises & Challenge Management– Developing “what if” scenarios

Your business will encounter continuous challenges until the day that you close for good. In the HBBH program, we teach that these obstacles can be the greatest gifts your business receives. Through the solutions you generate, your business will grow and transform. But, changing this perspective does not alter the difficulty in any way. All small businesses must deal with the problems that come along, sometimes daily.

Problems come in two forms, challenges and crises.

Every entrepreneur will be faced with both types of situations.

Problems do not go away. In fact most crises begin as challenges, and only escalate through avoidance. Dealing with the four previous components of Administration and the rest of the pillars will prepare you and allow for administrators to deal with more challenges than crises.

Each of these require different strategies. In a challenge situation, you have time to reflect and, then, act. In a crisis situation, you have to act, then reflect. The goal is to minimize crises and resolve challenges as soon as they appear.

“What if” strategies should be part of every administrators thinking and approach. Developing plans to deal with future setbacks is a critical component of managing your business. What if the client doesn’t pay, what if the owner becomes sick, what if the

equipment breaks down, what if customers don't come, what if someone quits? In addition, you must consider what if you get the contract, what if demand is high and you need more material, what if new hires are required, what if the business grows too fast? Crisis and challenges are not always the result of negative. Prepare for problems caused by too much success as well.

By doing this, you will adopt the principle of prevention. "An ounce of prevention is worth a pound of cure." Mapping out "what if's" provides an administrator the opportunity and ability to effectively deal with all the challenges of the future.

Assignment: *Develop "what if" scenarios for all of the pillars and create action and reaction plans accordingly.*

MARKETING - Generates the work. The best laid entrepreneurial plans are useless without a sound marketing plan. Great operations, administration and leadership will still fail without clients. Most guidebooks for the new entrepreneur focus on marketing for good reason. Marketing is the area that brings work into the business. In this overview, we will address the foundation for your marketing programs.

The five important marketing concepts are:

- Humanize
- Initial Expectations, Experience, Lasting Impressions
- Compliment the Community
- Opposites
- T.R.U.S.T.

1. Humanize

We call them "customers," in accounting they are "income streams," as employees they are called "cost of sales." But none of these recognize what "it" is that really creates our success. We have, for the most part, forgotten the concept of humanity in business. In order to successfully build a marketing plan, the human element must be front and center. Every successful marketing plan will acknowledge the truth of following statement.

A human being reaches into their wallets, purses, bank accounts to pay for goods and services. In order to succeed, we must remember to humanize our marketing strategies.

Most business plans lay out the scientific components of a market area, such as demographics, population segments, etc. but few to none complete a community profile or assess the reasons why a particular person in that community will be likely to want this product or service. Humanity in a marketing plan is the cement that holds it together.

People generally make decisions based on intangible factors such as their emotions, the senses, and current trends. Successful marketing strategies must take these into consideration. This is the reason why branding is so successful.

In human marketing strategies, the heart (emotional reasons for buying) should balance the mind (logical reasons for buying). Both are important and both must be addressed. Your business will hopefully provide a product or service that offers a solution to a human problem (Logic). If you position yourself emotionally to best provide this product or service, you will be extremely successful (Heart).

Assignment: *Create a poster for yourself that will remind you not to forget the human aspect of your venture. You might include a picture of someone or a group of people.*

2. Initial expectations, Experience, Lasting impressions

Initial Expectations → Experience → Lasting Impression

Initial Expectations

Every person who walks through your door has initial expectations of you, your product, and your business. The person wants or needs a solution to a problem. Do not assume you know what their expectations of you are. Instead, ask and incorporate the answers into your business strategies. One easy way to accomplish this in the health care field is to ask on your intake form for new patients to list three expectations of you. As long as they are realistic, Your focus will, then, be on delivering them.

Advertising will inform people of the services and products you provide. And it gives you the opportunity to set yourself apart - such as best price or exceptional customer service. These statements create the “initial expectations” one has when dealing with the business team.

Experience

Imagine standing in front of a restaurant looking at the menu displayed on the window. While reviewing the menu, a stranger walks by and says, “I wouldn’t go in there, the service is lousy.” Learn this important business principle.

“If someone likes you, they will tell 3 others. If they dislike you, they will tell 300.”

People will judge you based on the experience they have during their interaction with your business. From the first moment, you will be measured. Often these judgments will be based upon the promises you made in your advertising. Act accordingly. If you claim a benefit of investing in your venture, then deliver it. Develop the necessary systems to provide your customers with the experience they want, otherwise 300 people will hear about it.

Lasting impressions:

If an entrepreneur correctly identifies initial expectations and delivers a positive experience, chances are high that the client’s lasting impression will be extremely

positive. This enduring impression is of the utmost importance. A person window-shopping may not buy anything, but may refer a friend or colleague or return another time to do business with you. Therefore, every interaction should leave a positive impression.

When establishing a marketing strategy, consider what is required to meet your customer's initial expectations, deliver a beneficial experience and ensure a positive lasting impression.

Assignment: *Draw a map with the three areas. For every marketing strategy, create a list of tactics to accomplish each of the three.*

3. Compliment Community

NEEDS

WANTS

Need - what a person desires but will not necessarily commit to.

Want - what a person will commit to.

In every community, the needs and wants are different. This balance will depend on trends, economic stability, novelty of your product, etc. Your challenge will be to develop a clear understanding of whether your product/service fills a want or a need of the community you are in.

In marketing, entrepreneurs often position their product or service as filling a "need." But, regardless of the perceived need, if people do not want the service the business' chances of surviving are slim. Most entrepreneurs rely on their own perspective when assessing wants or needs. Instead, create a "commitment" protocol, a strategy that will help you determine whether or not people are willing to commit to your venture.

Once you understand whether your venture satisfies a want or serves a need, your positioning strategy will become clearer.

Assignment: *Create a list of questions and a protocol that will provide you a clearer understanding of whether your business fulfills a want or need in your area. Continually assess this issue, as it might change.*

4. Opposites

Everyone wishes to position their venture uniquely in their community. Everyone believes their venture to be different, offering some aspect of a service that others have missed. Yet, when challenged on their "uniqueness," most entrepreneurs cite the same issues such as customer service, quality workmanship, pricing, aftercare service, etc. What each states is not so different. Without addressing this matter, most marketing strategies miss a critical point.

The greatest North American pastime is COMPLAINING. In this understanding exists a clue for you as an entrepreneur. Listening to these complaints is crucial to successful marketing campaigns. These complaints provide critical humanistic information about the mindset of a community. It notifies us about the negative experiences people are having. In the movie Field of Dreams the line, “Build it and they shall come,” offers great wisdom in regard to this subject. In business, we have a choice, we can either compliment the mindset by confirming the negatives being delivered by others, or we can position ourselves uniquely by doing the “opposite.”

Doing the opposite means positioning your venture so that it does not compliment the negative mindset of the community or profession you are in. Look at the health care profession, people complain continually about it. If you want to be successful in this profession, position your practice to do the opposite.

To discover what people are complaining about, do a “frustration survey.” We believe these surveys are the best way of finding out what people think. It is a simple, but powerful tool.

Rather than provide a list of predetermined questions, though, come with a blank piece of paper. Choose a busy location where strangers will be accessible and ask what frustrates them about your industry. As you gather answers, write them down. Limit yourself to 10 responses. When more than one person gives the same answer, make a check mark beside the number. Each additional response to a particular frustration emphasizes the importance of that complaint! Once the survey is completed, you will have a powerful tool with which to focus your marketing strategies.

Build your venture to do the opposite. And if the opposite is impossible, then develop strategies that will lessen the negative impact of that complaint.

Any business that wishes to be different should engage in this survey at least twice a year. In simple terms, if your venture does not create a complaint, people will let others know. The most successful marketing will be word of mouth referrals.

Assignment: *Create a frustration survey form so that you can begin listening to what people complain about. Utilize it once or twice a year.*

5. T.R.U.S.T

The final, and perhaps the most important, humanistic marketing principle involves creating a venture that nurtures trust. In this day and age when people are leery about “experts” in all fields and when “sales” are not really sales, an entrepreneur has to work harder than ever to establish trust.

Trust is an important part of every salesperson's strategy. From first contact to lasting impressions, developing trust is critical. So, how does one build trust? The answer lies in the word itself.

Successful enterprises are built on solid structural foundations, simplified systems and trust. Trust likely being the most critical. So, make this pledge, "In T.R.U.S.T. I will build my business."

T-Truth
R-Respect
U-Understand
S-Special
T-Teach

Truth. It is practically impossible to develop trust without a commitment to the truth. Be as honest as you can and expect the people you deal with to return the favor. If a client is not truthful with you, consider whether or not you want them as a future customer.

Respect. Mutual respect for the people you deal with will often lead to more success than being liked personally. Of course both are important, but integrity and respect is fundamental to profitable business dealings. With your customers, respect means saying acknowledging their presence, listening to their needs, and looking them in the eye. With your staff, it means saying please and thank you, and giving clear instructions. The 3 "C's" which provide the foundation for respect are: caring, compassion and concern.

Understand. It is important to listen to the needs and wants of your customers and, then, to confirm that you clearly understand their expectations. However, it is also important that your clients understand your business, your role. Misunderstandings about what you offer will create confusion, frustration and negative word of mouth publicity. If you give detailed and clear explanations, you will have fewer of these problems. So, communication in both directions will facilitate successful business relationships.

Special. We each want to feel important, proud, loved, and cared about. We also want to feel that what we do makes a difference. When it comes to making someone feel special, all you have to do is to remember the golden rule.

"Treat others the way you wish to be treated."

Every marketing strategy should incorporate how people should be treated to make them feel special. This might include a thank you, a follow up call, a gift, a good bye or a hello. It doesn't take much to make someone feel good. By this point, you know your industry, you know the emotions associated with frustrated clients. Create your own golden rule checklist so when people interact with your business they leave feeling special.

Teach. The perception that if a customer is given too much information they won't need your services is false. Too many small business entrepreneurs refuse to educate their customers about their area of expertise. But, you need to realize that consumers will not do a job themselves just because they know how. Most successful companies, including Home Depot and IBM have adopted the opinion that an "educated consumer is a better paying customer."

As a business strategy, ignorance may have worked in the past, but in today's market, knowledge is key. There are two reasons for educating people. First, you will give your clients an understanding of what you doing or selling. Secondly, once educated, they will be able to better explain your product and services to others.

In the spirit of this, create a set of educational material to give out to potential and current clients as a "gift." Not sales material that promotes the highlights of a product and service, educational material that describes how to properly utilize a product or service.

Every business should create an educational strategy as part of their marketing plan. Knowledge is a gift, teaching shares that gift. And the more you share that gift, the greater your chances to succeed.

Assignment: *Create a marketing brainstorming form. For every new marketing strategy, consider how to address the five acronyms in T.R.U.S.T.*

LEADERSHIP - Directs the work. The moment you decide to open a new business, you become an owner. Every enterprise requires sound leadership. The strength of an owner's skills, attitude and knowledge will reduce mistakes.

The five pertinent leadership issues are:

- Being a student of business
- Networking—developing a cycle of influence
- Communication
- Health
- Develop a living plan

1. Being a student of business.

No matter what profession you are in, you are **in the business** of that profession. Many people hold to the belief that if they are a chiropractor, building contractor, lawyer, accountant, or day care provider all that is required for clientele to come is to be the "best." If this were true, everyone would enjoy the same level of success. Instead, the approach should be that you are **in the business** of chiropractic, contracting, law, accounting or day care. The first important step is to become a student of that field and understand all aspects of it as much as possible. The more you know about the

leadership, administration, operation and marketing of your chosen field, the greater your chances are to succeed.

Entrepreneurial ignorance is a nightmare, not bliss. Knowledge is powerful and helps you make better decisions. With this understand, your time and energy will have to be directed towards the business of your chosen profession. Rather than continuing to upgrade your skills in the field, take this opportunity to increase your knowledge of business concerns.

Learn the rules and regulations, do's and don'ts, benefits and liability issues, licensure laws and conditions of your specific discipline as these can undermine the success of your venture.

Assignment: ***Identify areas of your business in which you need information, start gathering it by meeting with mentors and teachers who can walk you through these areas and provide you with insight.***

2. Networking – develop a circle of influence.

No one person can do this alone. The HERO's principles alleviate many of the concerns associated with being an entrepreneur. But, you will still encounter weaknesses in your business savvy. Revealing your weaknesses in order to ask for help will prove to be one of your greatest entrepreneurial assets. Humans excel at helping. In fact, the purpose of any business venture is to provide a service/product that alleviates a problem for someone else. An entrepreneur goes into business to help. So, ask for it when you need it.

In the world, there those that can and those that cannot. Business is the forum that brings the two together.

Part of working smart is the ability to ask for help pro-actively and not after you need it. Successful entrepreneurs invest in help pro-actively. The less your ego interferes with this, the happier and more successful you will be in the long run.

The key is to gather the right people around you. Henry Ford best summarized business success when he stated the best model of entrepreneurial success is to surround yourself with people smarter than you. Choose your network carefully. Then, utilize their unique talents wisely.

Incorporate a team of people that can assist you in the growth of your venture. Every venture can succeed with a strong circle of influence.

Networking should become a part of your entrepreneurial lifestyle. However, limit your circle of influence to a select number of people. "Too many cooks in the kitchen" could not be truer of business ventures/decisions. Under leadership, networking allows you to collect allies and colleagues whom you can assist and will assist you in building a successful enterprise. At the HBBH seminars, we always recommend that students create

a “business group.” Commit to each other and to meeting regularly, then dedicate that time to mapping out strategies and completing assignments.

Successful ventures include numerous capable people. It is time to share your strengths with others, and for others to share theirs with you. Answers are all around you, you only have to ask for HELP and develop your circle of influence.

Assignment: *Create an HERO’s group of your own. Commit to meet regularly with a few others who are also in the business of their chosen profession. Keep the number below 5. Pledge to helping each other build the foundation required for success, not just to referring clients back and forth. Honor your commitment by scheduling your meetings as a part of your entrepreneurial life. This Business Coach Reference manual is filled with assignments. Share the work necessary to complete them.*

3. Listening

All communication is “interpretational.” What we say may not be what you think you heard. The primary problem with communication for most entrepreneurs stems around their passion for the venture. Passion can blind you.

Entrepreneurs need to be great “speakers” about their venture. If you are shy, your vision could be in serious jeopardy. Entrepreneurs should love the opportunity to share the benefits of their venture with anyone willing to listen. However, our passion to inform others about what we are offering cannot overshadow the other aspect of communication – LISTENING.

In business, the importance of complimenting the mindset of a community cannot be overstated. In order to effectively position your business, you must compliment what people are currently thinking, popular trends, local economics, political and social issues etc. Each has an impact on how and what a person purchases. In order to do this, listen to your surroundings. This approach involves asking lots of questions before you present new information. Be curious. Do not jump to any conclusions about what your community thinks about a certain topic.

There is a time to speak and a time to listen. You will often derive more benefits from listening first and speaking second. A venture must seize its window of opportunity and you will discover when that time is by listening to the “clues” provided by your community. The ability to patiently listen and gather information is a critical Leadership skill. Speaking out about what you have to offer is the Marketing skill. A good balance of the two will lead to success.

A profitable venture must be flexible enough to hear what the community has to say and to continually adapt to it.

Assignment: *Keep up with community events. Join local groups. Become part of the community. Read the local and national newspapers. Develop a “clues” journal in which you track events that may impact your venture, either now or in the future.*

4. Health

“The mind is a terrible thing to waste.” But, for an entrepreneur the body is too. Your health is critical to the future success of your enterprise. The health of the business owner is seldom addressed in entrepreneurial education guides. Most focus on numerous strategies to develop the mind, but none address personal health care. Doing the work to achieve your own health potential should be part of your commitment to success.

Rather than ascribe to the entrepreneurial model of long hours, little sleep and high stress, remember to eat well, find time for exercise and schedule breaks to manage your stress. Invest some time, money and energy into preserving your body if you intend to own your own business. In the last two years, two businesses that we consult closed down due to personal health issues. In both cases, the owner’s health was not a consideration in the business strategy.

As part of your circle of influence, include a health team. Commit time towards caring for your health because time is money. In order to maximize your time, you must have a healthy body. Illness will cost your business dearly. Your clients will have no choice but to go elsewhere.

If you are serious about being an entrepreneur, then be serious about your physical health. Commit to preventative appointments with your health team to ensure maximum physical ability to match your maximum mental abilities.

Assignment: ***Make a doctors appointment and get a complete physical as soon as possible. Make an appointment with a nutrition expert and agree to an eating plan. Create a prevention plan to manage your stress. Your physical well being is as important as your mental well being.***

5. Create a living plan

A living plan is different from a business plan. In the process of building a successful venture, these are two distinctive steps. The business plan starts a venture. It is part of the “starting smart” process. Once the business begins, you will need a second plan, the “running right” process. A living plan encompasses both.

Starting smart plans are written when financing is required to go forward with a business endeavor. It focuses heavily on human information and scientific research that prove the idea can work - 50-60 pages of information that will convince someone to fund the project. Doing so ensures a venture will Start Smart. But, make your business plan useful to you by writing it FOR you first. The content should serve a purpose in the start up of your business, not just to attain a loan. In addition, pay attention to grammar, formatting and other details as this will leave a lasting impression with anyone who reads it.

So, then, what do you do once the plan is approved? You get the funding, but how will you go forward to run the venture? How are you going to manage the finances, access new clientele, supervise staff, manage growth, handle day to day crises, pay taxes, manage inventory etc. Over-emphasizing the business plan is a critical mistake as it does not address the answers to any of these questions.

Running right is the second and more critical aspect of any business. The running right plan outlines the tools required to manage the four pillars once the business starts. It focuses on systems and strategies to maximize operations, administration, marketing and administration.

Financial advisors often state that the business plan is a “vision.” In the business plan, the goal is to make your best guess about the future of your venture based on gathered research and information. Very few businesses replicate those predictions exactly.

However, without a running right model to follow the starting right plan, you will have only half of a successful entrepreneurial equation. Completing both appreciates the two as equal components of the entrepreneurial journey.

The simple equation for success is:

Start Smart + Run Right = Success

The living plan encompasses both.

Assignment: ***Create two checklists. One that identifies what is required for a starting smart plan. The second that lists what is required for a running right plan.***

WHY

We have now covered 20 concepts in four main areas and suggested several critical assignments. The homework in this guide is only a fraction of what we will recommend, and what you will need to do, to start and run a successful project. Businesses are failing at higher rates every year because entrepreneurs are not solidifying the foundation of their enterprises with strong pillars.

Many “dream” of success but are not willing to “work” for it. An entrepreneur must undertake the necessary time to build a successful model.

At the end of this HERO’s overview, consider for a moment the things in your life that you love most. Most people starting a new business do so for two reasons – to make money and ultimately to do more of the things they love to do. Money is important, but spending time enjoying life is more essential.

Everyone has personal passions including reading, family, biking, singing, traveling etc. What truly motivates people is their passion, not running a business. The ultimate goal is

outside of the business. This is very important to understand. Why else would any entrepreneur undertake the overwhelming challenge of establishing the 4 pillars? The best way to free yourself for the things you love is to build a strong foundation in operations, administration, marketing and leadership. It will take time and commitment, but the investment will pay rewards in the success of your business and fewer time wasting hassles.

Statistics show that more and more people are undertaking the challenge of starting a new business. It is an exciting time. But statistics also demonstrate that many fail and few survive. And just as the beginning is energizing, the end can be crushing. A thriving economy will result from strong businesses. Strong businesses grow out of solid foundations based on the four pillars.

Something is missing in the education of entrepreneurs, the foundation. Twenty years of research and discussions with experts have gone into this model. We have been honored to have the gifts shared with us and it is an equal honor to share them with you. It takes courage to make a difference. Have the courage, take the time and build your venture from the foundation up. There are no guarantees in business, but this preparation will give you the best chances.

In the HERO's seminar series and one on one coaching, we offer you the opportunity to learn how to successfully set up and administer your business. We encourage you to attend these business courses and get a business coach as they will reinforce the assignments which have been outlined in this manual and provide you with multiple other constructive projects.

We wish you limitless future success.

The HERO's team,
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