**Lean Canvas: How to Create Your Business Plan Quickly**

Good morning, everyone. Don't we all love to knowledge it? I hope you had a wonderful holiday season, and you are looking forward to a happy healthy, safe, and prosperous new year. We want to welcome you to the Lean Canvas: Create Your Business Plan Quickly webinar which you can use to help you develop a loop and for your business. We have a lot of information to cover with you this morning and we will get right to it. But as she said, first of all let me introduce myself. My name is David Terrell and I am in southern Arizona at SCORE. I have been a SCORE mentor five years this June. I have been a serial entrepreneur most my life. For the last 30+ years prior to retirement I have owned two companies made up of project teams that work on special projects for the automotive industry. Our clients are the largest automobile manufacturers in the world. We have a lot of things to talk about today and a simple agenda. We will walk you through the key categories of, starting, testing, and growing your business. We will help you identify your target customers and what you need to do to get them to buy from you. We will help you recognize the importance of understanding your customers problems and how your product or service will solve them. Then we will provide you with some tools to help you identify and communicate your value propositions in a way that will set you apart from your competition. We will also show you how to test your solutions to your customers problems and in turn get valuable feedback. We will then help you analyze your cost structure and what your runway is and identify your revenue streams. Lastly will identify the key metrics that need to be monitored to help determine your businesses initial and ongoing success. With that said, will be covering a lot of information quickly this morning. So please note this webinar is being recorded and as such it will allow you to review it as many times as you want. So if everybody's ready, included, let's get started.

The first thing I would like to do is ask you a few questions. Try to answer them as honestly as possible. If you can answer yes, give yourself one point. If you can answer no or you are not sure, give yourself zero points. At the end we will add a few points and see how you do. The first question is do you understand accounting, taxes, legal, and regulatory issues? Second question is do you know what legal business structure you want your business to be . Do you enjoy competition? Because when you go into business, there is a lot of competition. And we have to be able to enjoy dealing with that competition. Do you understand marketing, advertising, and social media? You enjoy making decisions? You know, it has been said, especially with startups, that over 150 decisions are made before you ever begin to run your business. Are you a good manager, salesperson because you're going to have to sell your business. Do you manage your personal finances well? Because of people don't manage your personal finances well, we found that sometimes that certainly means that they don't manage their business finances well and that is where they can get into trouble. Are you willing to work 12, 14, 16, 18 hour days? Because sometimes he will probably have to do that. Do you know how to use computers? Is your family supportive of your business idea? If not, it can be even more challenging. Do you easily interact with all kinds of people? Do you like research , to research information, plan, or make plans? Because there is a lot of research. You will hear me say research many times in our presentation. We found a lot of people don't do enough research when they begin to start developing their business. Okay? Go ahead and look up what you have in terms of total points and add up your ones and take off your zeros. Basically, let's see what you came up with. If you had between 9 and 11 points, that is great. That says you know a lot about the different kind of skill sets that will be required to run your business. It does not mean you know everything by any means but you know a lot about a number of different skill sets. If you have 5 to 8 points, that is not bad either. For those of you who got 02 5 points, you know what, don't feel bad. That is pretty much like most other business owners out there today. Because we can't know it all, can we? We only have so much knowledge. Our knowledge consists of what we know. These are things we have learned, experienced, the skill sets we have developed. There is what we don't know. I don't know about you folks, but as I grow older, I find there are more and more things that I don't know. Lastly, what we don't know that we don't know. And what that means is we are not even aware of it. Often, sometimes in building a business, that is what we need to know. Some of you have heard the quote, the greatest obstacle to success is the fear of failure. I believe it is true that feel of failure can often be an obstacle. But I believe the biggest obstacle is not the feel of, fear of failure. It is the illusion of knowledge. Because sometimes it is that illusion of knowledge that prevents us from planning effectively.

Let's talk about planning. Do you need a business plan to start a business?

Maybe yes or maybe no. Maybe yes if you are going to pursue financing options. If you're going to go through a bank or lending institution. They need that kind of information to be able to mitigate their risk because they want to make sure that you can make those payments on time and pay them back the money that they loaned you plus interest. In addition, maybe yes if you're going to pitch to a venture capitalists or investor. Because and in venture capitalist or investor is much like the bank. They want to mitigate the risk as well, but most of the time a venture capitalist or investor wants to get the payback even quicker. You may also want to create a business plan if you are bringing on a partner or a supplier because many times they want to know more about your business and what you plan to do with that business. Or if you are already in business, I believe that is one of the most important places to use a business plan. You can use it as a dashboard. I have a friend who runs his company off his this plan. If you saw his business plan, you would realize it is over 400 pages long. It has all of his competitor data and all of the information about his wineries and the types of wines and not only the ones he makes but the ones that other people make that will be potentially out there in the future for him. And he also reviews that business plan quarterly. If the economy is not good, he may even review it monthly or more frequently because he knows how important that business plan is and helping him make the decisions he needs to make in his business. Now, do you need a business plan if you are in a position where you have a great idea, but you are not sure what you need to do next if you can build it into a viable business. Because those kind of ideas have to be built and ideas are easy to come by but building them into a successful is this takes a lot more time, effort, energy and information. Maybe you don't need a business you are not seeking business immediately or maybe even at all because sometimes people have the money they need to plug into their business or maybe they are bootstrapping it up and they are taking it very slowly and they feel comfortable with that approach. Also, maybe you are a startup and you have not tested your product or service in the real world in front of real customers. So just having a business plan will not necessarily guarantee that your business will be successful. Let's take a look at what some people are saying about planning. First of all, let's start with Dwight Eisenhower. Most of you know that Dwight Eisenhower was the supreme commander of the Allied forces in World War II which obviously involve a significant amount of planning. You later went on to become President of the United States. And that obviously involve quite a bit of planning as well and working with people that were doing the planning for it. But his quote is, no battle plan ever survives first contact with the enemy. Why do you think that is? Well, it is probably because the enemy is working off of a different plan. And I think it is very similar in business. I tend to believe that no business plan ever survives first contact with the customer. Because you are having to modify it and change it based on what the customer is telling you. He also said in preparing for battle, I have always found that plans are useless, but planning is indispensable. And then of course there is that renowned philosopher, Mike Tyson, who said, everybody's got a plan until they get hit in the mouth. When you start to build a business today, you will get hit in the mall. There will be things that come up that you may not be prepared for. There may be changes that you have to make in the middle of the stream so to speak. In this day and age, change is a constant. So, remember, until you get your product or service in front of objective customers, most everything out there is a swag. For those of you that are not familiar with the term swag, it is an acronym, scientific wild blank guests and I will let you figure out what the letter a stands for. Your customers will be the people who will tell you if you have a workable business model or not. Now, there are three stages, critical stages building a business.

The first stage is problem solution.. The second stages product market fit . The third stage is scale and grow. We will talk about each of these in detail. But first let's delve deeper into stage I. Problem solution.. To help us better understand stage I let's take a look at the lien canvas. This is one of the renowned people today that is out there helping entrepreneurs grow business. He has written several books. He wrote a book called running lien and scaling lien. He mentors a number of accelerators as well as serving on the advisory board of a large number of startups. I have used this for a number of things. I have used it to help people that are already in business to help identify what kinds of new products and services they may want to add to their business in terms of additional revenue streams. I've also used this canvas to help clients who are buying a business to help do the due diligence on buying that business. But it is particularly effective when it comes to starting and building a business. Now, when you look at the canvas, what you see when you look at that canvas? What seems to be a little strange about it? You are right. The numbers are not in sequence. They don't go across the page like you think they should, like we have been taught to read. There is repetition of the numbers in certain categories. Actually, the numbers are in sequence. The repetition of numbers is because you could start with either category, and you don't really get the full picture until you understand both categories. Now, we can start on either side, but first let's talk a little bit about the importance of customer segment. Go on the right-hand side of the canvas. On the right-hand side, you will see customer segments. What we mean by that is you need to ask yourself, as it relates to your business, for which target customers does your product or service solution create value for. It is important to start identifying those customers and where they come from. In addition to that, what other demographics, their psycho graphics and other market segments that can be helpful in identifying who those people are, and also how to reach them most effectively. In that group of customer segments, there will be early adoption which customers are most likely to buy your products or services first. For example, let me ask a question. How many of you out there have an letter I watch? How many of you have a iPhone or an iPad or a Mac? If some of you answered to all four of those, you answered yes, then you are likely to be an early adapter to apple products. You are really searching for the bull's-eye and the early adapters are often the bull's-eye in your target. And what I mean by bull's-eye, most of you are probably familiar with the game of darts. The object of the game is to put the dart into the bull's-eye. But you have to first know what that bull's-eye looks like and how far away it is and what needs to be the arch of the dart. You need to know a lot of things about that bull's-eye because if we don't know the bull's-eye in our customer segment target, then it is like we walk over to the wall and take the target off of the wall and throw it at the dart and we are likely to be as accurate in terms of reaching the customer segment that we are trying to reach. The other thing to look for is who are those early adapters that can help you gain demand and traction first. It will be important to begin to get that traction to show you that you actually have a viable product or service that people want. We will talk more about that a little later. So let's take a look at how markets are segmented and where those customers are. If you look at market segmentation, it falls into some categories. Demographics, geographics, psychographics, and behavioral. Now, sometimes demographics is not enough. As a matter of fact, let's say I want to study bike shop. I will sell bikes, repair bikes, and they will be bikes of all kinds. So would age be a demographic for me to look at? It might be. But it probably doesn't nail down those early adapters and the kind of people most likely to utilize that product or service immediately and some of the others, marital status, probably not, gender, maybe but not really, ethnic background, could be, the probably demographics is not going to be the best way to go. Geographics, if it is a local business, obviously I would want to focus on the local customer segment. If I am selling parts, maybe nationally, then I might be looking at that as well. But in reality, probably the best place to go for the market segmentation for somebody who wants to start a bike shop is people that like. So if I can identify ways to reach those people who have that activity, then I will be in a better position to try to identify those customers quicker. There is also behavioral patterns , benefits, some people use products or services more frequently. So as you begin to look at the market segmentation, this will help you have a better understanding about what your customer segments are going to look like. What is your target customer segment and what it will look like.

I said you could start on either side. Let's go over to the left side of the canvas and look at the problem category. It is very important to know the kinds of problems that your customer segment that you are targeting has because people don't buy your product or service necessarily because they like you. And sometimes because it may be because you are closer cheaper or whatever. But people really buy your product or service because it helps to solve their problems. So ask yourself this question. What three customer problems is your business helping to solve for that target customer? That means we have to know that target customer well enough to know what their problems are. In addition to that, what problems are causing them pain? Or if solved , create a feeling of gain for your customers think about your own experience. What problems cause you pain? Is a customer service, is it the quality of the product, things that fall apart after you buy them. Is its low delivery? It could be any number of things. Then think about what kinds of products and services you use now that create a feeling of gain, that make you feel better because you are using that product. We have all dealt with software that is not user-friendly. If it is more user-friendly, then we feel like we have gained in being able to use that software productively. What problems will customers pay your business to solve? What problems are going to be solved in such a way that it will create enough value that your customer wants to reach in their pocket and pull out money and give it to you? Because they realize they may be giving it to somebody else right now. That means you have to have a higher level of value. So let's look at what existing alternatives might be, your competitors. We talked about the importance of knowing that you will be dealing with competitors in the beginning . You have to start looking at, based on that target customer segment and the problem they have currently, who is currently solving the problems today? What do they do well in solving those problems? That is something you'd definitely want to be able to analyze and research and determine how you can include that is a part of your business. In your solutions. And even more importantly, what needs to be improved? What kinds of things can create niches

and opportunities for you to create more value for this customers that will pull those customers away from those existing alternatives . Also, when you are working with that competitor analysis, and analyzing those competitors in a way they reach their customers, what channels are they using to reach their customers? One of the things that I recommended with my clients on many occasions is to go in and do an analysis of multiple websites that the existing alternative is using , because those existing alternatives are going to tell you in many ways the best tools to reach their customers. So when you think about problems, if you don't think there is a problem, that probably is a problem. So how do I find problems? Well, like I mentioned before, what problems have you personally or other people that you know experience or learn about with products and services? Let me give you an example. A young man by the name of Neil Blumenthal. He broke his glasses. He could not believe how expensive it was, and how much he had to go through in order to get those glasses. And he said, there has to be a better way. So what he did is he went out and created war B Parker. They sell glasses online, Warby Parker. And they said there's a problem and he said people want afford to buy glasses online and they didn't like the more they didn't think the style was there. And then it hit him. What people do when they put on glasses for the first time? They look in the mirror, the color, style, the fit and how it feels. What if we could send out glasses with no glass in them, just the frames? That is exactly what they did. They went on to be a very successful company. Is a matter of fact he started another company that is also very successful today. Another thing to do is what is your target customer think of their biggest problems. A lot of times people talk about the problems. It used to be a people at a bad experience they might tell, a good experience, they may tell three or five people and if they had bad, 10 or 15. Today they can get online until 1000. And you can listen to what they are telling them and identify what some of those problems are. I had a client who was a wedding planner and as she began to talk about what she needed to put into her business as far as creating the value for our customers, I had her go on a wedding planner site called the not, The Knot. And she could identify things that people really like when they were planning a wedding. And she was also able to find out all the problems that they were dealing with. So what is the number one question that your target customers have about the problem? A lot of customers had that same kind of problem cussing kind of issue, you can bet, it is not being met effectively today. What kind of product or service, what could your product or service, excuse me, do to help them solve that? The other question becomes what does that existing alternative not provide? What is that nature opportunity or not provide to the target customers level of expectation. Pack in the 70s, back in the 70s there was an existing alternative for cooking called pots and pans. It required people to put together recipes, cook, and it worked very well, except for the fact that in the 70s, we began to see more women going into the workforce. Like it or not, women were the ones doing most of the cooking. So at that point, they would come home at night tired, stressed and have to go in and cook a full meal for their family. That was until a little company called rival manufacturing came up with the product called the crockpot. Some of you have undoubtedly experienced a crockpot in your life either through your parents or maybe you have one yourself. So it was that niche or opportunity and billions of crockpots were sold and are still being sold today. They have just got fancier and have more features. So once you have researched your customer segments, identified and understood the problems, and who the [Indiscernible] today you many times create your unique value proposition. Your UVP. If you go to the center category, number 2, ask yourself this question. What unique value does your business provide your customers? Most importantly, why are you different from them? Why you different in terms of the value you are providing than the existing alternatives, competitors, providing. And why does that difference matter enough to your customers that they would be willing to reach in there pockets and pull out money and give it to you. Here is a very important thing. What is your single clear compelling message, preferably in 10 words or less that outlines what that unique value proposition is. We will talk about that in a second. What pain does it eliminate. What game does it create ? Can your unique value proposition be used as a tagline in your marketing strategy? So let's take a little bit closer look at how you create your UVP. In step one, you identified your target audience, there problems and research to the existing alternatives. Let's focus inward and ask yourselves what was my passion and why did I start this company? What is your mission for the business? Why? And then ask how does that difference create value for my customers? Make a list of words and phrases and get out a sheet of paper and yourselves three or five minutes and make a list of words and phrases that reflect the value that your business provides. Rework those words into a short sentence, preferably 10 words or less and then bring it to life and turn it into a marketing tool. Your UVP should literally be integrated into every aspect of your business. So let's take a look.

These are some examples of unique value propositions. When we look at unique value propositions, one of my favorites has been around for a while, a long time and it is one of the initial unique value propositions for this company. That was when at absolutely positively has to be there overnight. Anybody have an idea who that might be? For those of you thinking Federal Express, you are exactly right. Notice that it is 9 words. Those 9 words literally tell their customers what the value is they are bringing that at that point in time was very unique. We can get the packages from point a to point B and we can do it overnight. It also told every employee that worked for Federal Express what their job was. Your job is to contribute to getting those packages there overnight. Another one, 30 minutes or less, or it is free. For those of you that are pizza lovers out there, probably recognize that as being one that dominoes uses. Seven words. 30 minutes or less or it is free. What a unique value proposition. The thing about value propositions is you need to test them. Test them to ensure they are still meeting that value. Your solutions are still providing the level of that. If you don't, competitors can pass you up. And kind of what we saw with dominoes is customers begin to realize over time that they didn't care if they could get in 30 minutes or less or if it was free if it tasted like cardboard. A little company down in Indiana, a little pizza shop inside a tavern in Indiana came up with a UVP called better ingredients, better pizza, and you all can finish it for me. Papa John's. Six words. And in those six words, they have become the fastest growing pizza franchise in the world. So testing those solutions is key. Let's go back and take a look at category 3 solutions. When we look at solutions, go back and review your customer needs that you are attempting to satisfy. As you are doing that, think of these letters, TLC. Maybe some of you are music fans out there and you remember the group TLC. Or maybe you think TLC, like most people do, stands for tender loving care. When you work with me there is no tender loving care. TLC means think like the customer. Put yourself in their shoes. What do they really want you to do to satisfy those needs. Take a hard look at the products or services that you are providing. What are the features in the benefits? What do those benefits create in terms of value for your customer segment? Also, what you need to do is test your solutions, especially those of you who are in startup phases. I can't stress that enough. Get them out there in front of objective customers, not friends and family, people that you work with . People that are objective customers can provide you with good information and tell you what they really think, because as you think about it, we want to keep refining the solutions. We want to be in a position where we can test it with our minimum viable product. What is the smallest thing possible to learn if your product or service has demand. Create a minimum prototype for your product or service, put it out there in front of customers, get feedback, determine viability, feasibility, desirability. The real learning starts when you get out there in front of your customer. When you get out there in front of your customer, focus on learning, not sales. I tell clients all the time that in the very beginning stages and this minimum viable product stage, it is important to get feedback because feedback at that point in building a business may very well be important, more important than money because it helps you refine the solution. You can do this minimum viable product face-to-face. I have had clients love that it on the telephone and also clients have done it virtually. Start with people who fit your target market. Create a list of five questions that you want answers for and build your minimum viable product testing around that particular list. Don't just ask customers what they want. Observe what they do. Was sent what they say and how they respond and then document their feedback because that feedback can be valuable in helping you refining those solutions. Keep in mind, the customer feedback can help you in a lot of ways. It can help you identify what features they feel are most desirable and expect. They can also tell you about features that maybe they don't see much value in it all but you may think are really important. The voice of the customer . Modify your existing solutions and identify other products or services. They may give you ideas and attempts at how to make your product better in their eyes or they might identify other products or services that could be built off of that testing process. They might help you identify other target markets for the same products and services. They might also help identify the best way to reach them and what are the best marketing chances to reach that customer through. Here is an important one, especially for all you perfect,. Realize your product or service doesn't need to be perfect at this phase. As a matter of fact, some of you will recognize that name. He founded LinkedIn. He said if you're just , not a little bit embarrassed about your product you probably launched too late. So let's take a look and see if it really works.

What's take a look at some billion-dollar companies that use that process. Many of you are probably familiar with the company Zappos. It was started by a young man who was out trying to buy shoes and he would find shoes in the size he wanted but he did not like the style and color. And he would go to another store and find the style but they didn't have a size. He began to realize that a lot of the retail shoe stores out there didn't have the kind of selection that a lot of people were looking for. So we did some research. In doing some research, he found that the shoe industry with the $40 billion industry but only 5% of shoes were being sold through mail order. He said, I wonder, if I could create a website and sell shoes online. If I am going to sell shoes online, I have to have a lot of different shoes, sizes, styles, a lot of colors. I would have to have a warehouse to put those in. I don't have the money to do something like that. But he was creative and he created a new VP where he went out and made agreements with retail shoe companies to take photographs of their shoes and post them on his website. If somebody bought the shoes, well, what would happen would be he would go back and pay the retail shoe company full price for the shoes and like we said, and he is not as important as feedback. He was getting feedback that indeed people would buy shoes online because they didn't have a website out there that focused on shoes before. And as a matter of fact, it was so successful, that they went on from shoes to many other products and Amazon bought them for 13 million dollars. Another one, a couple of guys, went to design school and lived out in California and they were kind of having trouble paying the rent on the loft apartment they had. And they realized there was a big design conference coming into California in their location. They began to talk to a bunch of people they knew and who they went to school with and other people they have met along the way and they realize that people are having difficult getting hotel rooms. If they got one it may be 100 miles away because of the location of the conference. And they said that is a problem. I wonder if we could set up privacy areas in our loft and charge people to stay here. That is exactly what they did. They charged $80 each and they had three people who stayed there. The only problem was they did not have any beds and beds were expensive. They thought, you know, we don't have enough money to buy beds, but maybe we can get enough money together to get some air beds and that is precisely what they did and that was the first step, for air bed-and-breakfast . I am sure most of you are familiar with Facebook. They have been in the news a lot lately. It was started at Harvard University by Mark Zuckerberg. It was designed initially for people to share information about their experiences. People began to start sharing information about all kinds of things. When they began to start sharing information, they created like-minded communities of people, either through people they knew or had similar experiences. As a result, it began to grow virally and we all know where Facebook is today. Groupon was started by a young man in Chicago. As a matter of fact, his first coupons were called Groupon were word documents in PDF. And his first customer was the motel bar in Chicago, Illinois. So, does it work? Absolutely it works. I will give you another few examples right here in our own local area. A lady who sold cookies at the fair, county fair, and the people love to cookie so much in the next year she loved sandwiches and made them. So she started a restaurant. Today she has five of those restaurants. A young man who started selling tea at a farmers market and he was successful any began to see people who really liked the teas he had and now he sells it internationally. So yes the minimum viable product will help you determine if you have a viable business or not. As we said before, it all starts with a great idea. That great idea if we look at the lean startup model and he wrote a book incidentally called the lean startup. In that model and all starts with an idea and up at the top you will see the idea. We build that I Dia into some sort of product or service and then we get it out in front of the customer, objective customer and they give us feedback. We measure that feedback and that data they give us and we learn from it. Based on what we learn, then we may be in a position where we can make some decisions. If they loved our product, and they gave us good ideas on ways to make it wetter, then we can persevere and plug that information back into the idea and continually improve it. The Japanese have a term for that and it means continuous process improvement. Or maybe they did not like it. Maybe they did not like our product or service. Maybe they felt like there were a lot of things we can do to improve on it and so many things that maybe we decide it is not the best idea. There was a young man and his father here in Tucson who wanted to start a Mexican restaurant. That is a novel idea if you are in Tucson because we have a lot of Mexican restaurants. So there would be a lot of competition to begin with. So they had that idea and built it into a product by creating a menu and creating, bringing on employees and getting equipment and all of that kind of thing. They created their product and service. Then they opened the doors for the grand opening and they measured the feedback and the data they got was not good at all. People didn't like the food and didn't feel the service was good enough and they learn from it. They could've plugged it in and made it better. They might have been successful. They decided

to put it. They said, you know, there are too many Mexican restaurants. Maybe if we have something different. They began to research what we don't have and what is not in the area. They found there were very few places that served fish and chips and no place that focused on fish and chips. So they said let's look at that and they researched that. They went on Google and they googled everything they could about fish and chips and they learned the best way to make the batter and what the oils were you needed to cook the fish in and what the temperature had to be and how to serve it and all of those different kinds of things they learn as they pivoted to a new idea. They reopened the business and Krispies today has a four star rating on Yelp and I just recently opened their second location because of the popularity of their new restaurant. They literally went from having to close the doors practically to having a second restaurant, and both restaurants are very successful today. >> So should you pivot or persevere? Remember, your goal was finding a plan that works before you run out of resources. We all have a runway when we start a business. Host of you probably live close to an airport. That airport has a runway that is a certain length. The reason it is that length is because the planes have to get up to a certain speed in order to take off and sore. Well, your business is the same way. You have a runway. Your runway at many times is based on finances let's say you have $10,000 to invest in your business. And you will spend $1000 a month or a burn rate. You will burn through $1000 a month. How long is your runway. For those of you who are math whizzes out there you know that is 10 months. So find a plan that works before you run out of resources or as Ash Maurya said start with plan A and go with the plan networks. So let's go to the next stage, product market fit. To achieve this stage, you have to determine do I have a product or service that many people want? Will it relieve pain and create gain for a large amount of customers? Because if you can't relieve that pain or create that gain for a large amount of customers, it is not likely there is a market where people will pay you enough money to make that business viable. At this point, it becomes pretty simple. Because if you can't create customer demand and traction, then it is not likely you can make money. If you can't make money, it may not be a good is this, but might be a good hobby. Remember, if that happens, you have not field. You had an idea that didn't work out. And there are many successful companies out there today that were started after many ideas didn't work out. It is because the people had the persistence to keep at it. To keep doing what they needed to do to find that successful business. So much of that starts with how your customers want to be communicated with the marketing channels, category number 4. So is a look at the marketing channels, through which marketing channels to do your customer segments want to be reached? Like we said before, we can find a lot of that's your our competitor analysis and we begin to look at that information and see how they are currently reaching them today and realize also that it is a complex animal, marketing. It changes and changes frequently. A lot of things stay the same but there are a lot of new ways to market these days and marketing is something you may need assistance with. Because those kinds of skill sets might not be something that you have. You also have to look at which of these channels, marketing channels, will be most cost effective for you. Because the key to identifying the channel in marketing strategies that will give you traction is being able to identify evidence of customer demand. That is a sign that your business is taking off. What we found is lack of demand, and ability to get customers to want to buy your product, not the product or service itself or the number one causes of business failure. Now, this is not a marketing webinar. That could take all day. Potentially several days. But one of the things that we find is that SCORE provides all kinds of workshops at the local level and national level, webinars, podcasts, articles, about marketing. The other thing is there are organizations, learning organizations that provide digital marketing classes and things like that. There are ways to identify these kind of marketing channels that will be effective for your business. Some of the possible marketing channel strategies that you're likely to experience and you have to pick or choose and this is not a full list and there are probably hundreds. But if you begin to look at some of the most commonly used marketing

strategies you will find that off-line ads, everyone thinks it has to be online. But depends on your target customer. If they are older they may still be reading off-line ads. It is very likely it may be a good way to reach them. Search engine optimization. Trying what you can do in search engine marketing which will help you identify the techniques that it takes to get your business high up on their list because if you are not in that top five, you will probably not get very many. The thing you're trying today is if you are not on the first page you probably won't get any hits. So there is that to think of, their social media ads. Social media is just a pool of all different kinds of resources. Like I said this is not a marketing read them are, webinar. Maybe are you , you are using blogs. I have several clients to do that. Maybe you're doing an email blast for current database, database you are developing and get your name out there in front of customers and help them understand what kind of products in servicing you are providing. Using Facebook. Facebook is a great community building tool to help you identify your look-alike customers it is certainly something we will see in the news a lot in our future. Public relations sometimes is unconventional. We have a business here [Indiscernible] and they parked classic cars all over the city with the name of their company on them and it is unconventional but it keeps the product and service out there in people who are driving by in a daily basis. Sometimes you are going to go to a tradeshow and some of you will have products that I have clients now are using train shows, trade shows and they got back from two really big ones, Florida and Indiana. In face to fill cells, sales. And you are able to get face-to-face with your customers and you are in a retail environment and you have a business where they come to you and face-to-face sales is a big part of that and the tools you might use. Business development and speaking engagements. Some of you may be holding seminars and workshops yourselves in order to be able to make people more aware of the visibility of your product as well as what it has to offer to your clients. So a lot of different channels out there and maybe you go to a networking mixer and some of you use those and maybe you are using YouTube. Like I said, do some research and find out which kind of marketing channels will be most effective for your business. And it may be as simple as a farmers market or complexes a tradeshow but you won't know until you begin to do the research necessary to find out. Our fifth category is cost structure. The next category defines all the costs and expenses that your businesses will incur while you're operating your business model. Obviously I don't have room on this to show you what those all our. One thing that we recommend is that you begin to put together a three-year projection which would include your initial startup cost as well as your in business cost based on those projections and SCORE has on their website or your local chapter website and you are identifying a search box if you want to go and find a three-year financial projections spreadsheet you can pull that information at . There are also other tools there are available to you and maybe even one specifically for startups that will help you identify what kind of financial protections you need in that initial stage. And when you are putting together that projection we recommend that you do a best case when things are going great and customers are buying from you or worst case and things aren't going so great and maybe things are a little tougher and any most likely case somewhere in between. That will give you of better idea of the ups and downs that your business is likely to go through as you build a startup business and a successful business. Along with that, you want to know your fixed costs are versus [ Indiscernible - audio breaking up ]. Fixed are those that [ Indiscernible - audio breaking up ] and utilities those are all costs that are fixed. And people providing those things [ Indiscernible - audio breaking up ] . The other costs are costs that are going to be variable and they will change and maybe we are trying marketing and marketing expenses will be different especially for a seasonal business where they might spend more on [Indiscernible] rather than others. And so employee costs can be variable because they may need to hire more employees at certain times of the year than other times of the year, but maybe my business is growing and those costs an additional employees.

David, so sorry to interject. I wanted to let you know to see if you could check your microphone. Maybe readjust. The audio is cutting in and out.

That is so much better.

I am so sorry. I apologize. Hopefully this will be better. Back along with that we have the cost of customer acquisition and keeping those customers. Those will all be parts of the expenses you will be involved with as well. Infrastructure and insurance and employee costs like we talked about before, manufacturing costs and assembly and the costs of goods sold and the time you manufacture that product and everything that goes into the manufacture and the assembly of that product until the time it reaches the customer's hands. As we began to look at the next category, which is also category 5, revenue is the money that is burned into various business activities, the sale of products and services. Revenue can be generated in many different ways as well. One of the first things you want to ask yourself is how much will solving the problems that my customer segment, target customers in that segment have. How much would they be willing to pay. Because now I am beginning to identify a pricing structure. You may sign, find some of that and your competitor analysis. You may find some of that in your minimum viable product. But it will begin to tell us what revenue stream will be necessary to support that. And make it a successful business. Also, I need to identify how many different revenue streams can be created because in addition to my main product or service, I might have a number of other revenue streams, other products or services that can also be added to that revenue coming in. Will the revenue model support the cost structure required to operate the business? Because we have to get to a breakeven point to know if we can move beyond that breakeven point. The point at which the cost structure and revenue streams breakeven. Once we get there, once we go beyond that point, that is when we become a profitable or viable business. Revenue can be generated in a lot of different ways and businesses need at least one great revenue stream but they may have multiple streams. So what revenue stream will you use to generate income? It may be a sale with the physical product and some of you have a business out there that sells product maybe in a retail location are online covet your selling a physical product like the local hardware store down the street sells a physical product. Like Amazon sells a physical product or at sea, and maybe you are providing a delivery service or package delivery or Uber and is a good example of a provided service and maybe you are a barber and had a barbershop and you are providing a service. You have a business that is based on a premium model. Premium means you get the basics of that product or service for free. But you pay more for more services. You find after your you use the free product for a while, it is not enough. It doesn't give me all the features I really want to have in this product so I have to pay more to get those features. Maybe you have a product based on usage with hotels in telecom services and these are all examples of usage products. Subscriptions like Pandora, video games, some of you are going to have businesses that will be based on subscribing to your product or service. Maybe you are renting or leasing. Maybe you decided to buy a bunch of homes in your renting them out and that is your business. Maybe you have a recreational client that rents out recreational vehicles. Maybe you will make your money, revenue, through advertising and you will let other people advertise on your website and pay you to do it. Or maybe you will be a brokerage and you will help other people buy or sell real estate, or maybe a business or any other number of things that may be brokered. Or maybe you are a volume or unit revenue stream are you have a fixed price, but for volume orders, you will discount that price. So there are many different revenue streams and many different ways to generate income. As your revenue grows, it is at that point where companies tend to move into stage 3, scale and grow. How do you know if and when your business is ready to scale and grow. A good rule of thumb is if you're operating costs, things like sales, marketing, administration, are added at the same rate that you grow revenue, then your business likely won't scale because you are just breaking even. If you have operating leverage, on the other hand, if your growing additional revenue and gross margin at smaller operating costs and in other words your revenues growing in your operating cost of staying the same pattern it is likely that your business would scale. One of the things we find is that focusing on skill and growing your business is what causes many businesses to struggle and fail. If you try to focus on scaling and growing before your product or service is really creating demand out there for customers and you know that they want it and need it and will pay for it, that is probably wasted effort and we have all seen situations we had this great restaurant and people come there, big crowds, food is great and services great. But now they feel like let's open another location. We don't take into consideration all the different operating costs as well as the fact that they are losing some control over the way that that business is being operated if they are not there to observe it. As a result, sometimes scaling and growing your product too soon can be the reason why businesses struggle or fail.

The next one is key metrics. Key metrics help us to identify a critical success factor necessary to grow your business. And the key things to monitor is whatever key activities that your value proposition requires and go back and look at that value proposition and say what needs to be monitored in order to be sure that we are maintaining our value to our customers and cash flow will be important. Your accounts payable and accounts receivable, these will be recorded in the financial management documents and the direct costs and costs of goods sold will probably be in your accounting documents as well. Operating margin and net profit. Cash burn rate. All of these are things you will be looking at on a regular basis and monitoring whether they are going up or down and how they are affecting your business etc. However, there other critical success factors that we want to track. When we look at some of those might be, first of all, acquisition. How do customers find you? How do you find them? Because that will be really key to continue to grow your business and finding those pockets of customers and target customers out there that will be a new customers. We have to track how we are acquiring our existing customers today and how we find them. Activation. What is the first experience with your product or service? We have heard it said that you never get a second chance to make a first impression. That is so true because your customers making a determination and that first impression. They need to know you, but they need to like you and trust you as well to continue to do business with you. That first impression sends a lot of information to them to make those kinds of decisions. Retention. Do they come back? If so, it is an ultimate form of validation for your business. As we said before, revenue streams, we want to track those. And when you look at your revenue streams, if you have multiple revenue streams, which streams bring and what percentage of the revenue of the income because that will help you make decisions about adding additional streams, taking away from those streams, modifying those streams, all of those kind of things will help you as far as continuing to build more revenue stream and more revenue into your business.

Lastly our referrals. That is key. Referrals, relationship marketing. Having other people to the marketing for you. It is the most, probably the most valuable as well as the least expensive type of marketing that can be done today. Do customers tell others? Do they tell their friends or neighbors or relatives or people they work with about the right product or service that your business offers them. If so, they become an advocate for your business. Lastly, number 7, unfair advantage. And asks the question, do you have an unfair advantage. Quite frankly, and startups most people don't really know because they don't have a good enough awareness of what they offer and how much of a competitive advantage that could be in terms of bringing customers in. If you do have one, how will you use it to draw business away from the competition? That will be important to understand. Lastly, is your product or service easily copied or bought. If it is easily copied or bought, then it is not likely that you would have an unfair advantage. So now that we have reviewed the categories that are critical to help you start and grow your business, let's take a look at a tool that helps you stay focused on what you need to do. Because if you try to focus on everything, you focus on nothing. This is a tool we use with our clients and it is a quarterly action plan and it is based on objectives and key results. The objectives and key results concept was originally developed at Intel by Andy Groves teams. Later Google began to use them when they had 40 employees saw that gives you some idea of how successful they have been in using it and they are still using it today. Wherever the process has been practice, practiced, it works. The objectives defined what you are seeking to achieve. So as you begin to look at the kinds of things you are seeking to achieve, I plugged in some of the things that go along with the lien canvas model. Your key results than are those achievements and measured by key results with specific measurable numbers, actions, set within a set timeframe. Typically key results do revenue market share growth customer engagement quality safety, but there are other things as well but those are some of the main things and as you think about your key results, make sure those key results are achievable, believable, but challenging. They should stretch you and give you some incentive or motivation to accomplish those key results in a way that they truly do accomplish those objectives. So work to identify your objectives and key results and we only picked 3 because typically that is all anybody can stand top of given time over quarter. You look at a quarterly action plan but you want to review it on a monthly basis and as you review it, you want to ask yourself these questions, what worked and what did not. What did you learn? What needs to change to move forward? Because as we are reviewing it on a monthly basis, let's say we accomplish an objective. We accomplish the key results that meet that objective. If that is the case and we have done it in a month, great. Then just add a new objective for the next three months. So you're looking at it every three months in terms of the objectives but you are reviewing it on a monthly basis and you are revising your quarterly action plan after review is necessary.

So take the things we talked about today, take that passion that created your great idea, and use it to take the actions necessary to build your successful business. Once again, I would like to wish everyone a happy, healthy, safe, and prosperous new year. I want to personally thank you for logging in today and the time you spent with us here this morning. Hopefully we were able to provide you with some practical tips and tools that help you create your business blueprint. I can't stress enough the importance of utilizing the resources available to you through score and as we discussed earlier, we can't know it all. There are thousands of score volunteers with a multitude of different types of skills and expertise available to assist you.

So continue to enjoy the information on the SCORE website, the articles, podcasts, webinars, and if you have not already, sign up for mentoring and find somebody who can help you when you're not sure what to do to take that next step. With that said, I will turn it back over to Alexa. Feel free to ask questions.

We will go ahead and move into the QA portion of the webinar. We will do our very best to address as many questions as possible in the time remaining. We do typically have more questions as time allows us to answer. If we don't

get a chance to address your question during this particular segment, if you are not already working with a SCORE mentor, as David mentioned, we would like to encourage you to connect with the score mentor after today's session. Mentors are available online or in a local chapter near you. They can help you apply the strategies that have been presented today and help you with your specific business needs. With that and we will go ahead and jump into the questions that have been coming in and we are receiving and this is a question coming to us from Robert and they want to know the business plan can have a lot of images to illustrate the business in the format of a picture is worth 1000 words.

Absolutely. And we see more that do have visuals but we know that people make decisions and what they see and hear and experience and a huge portion of our population out there makes decisions visually. I believe that a visual approach to building your business plan, maybe photos, as well as graphs or pie charts or things of that nature, especially when you get into those categories that might most effectively present that is a great way to go so absolutely I think a visual approach is certainly something you would want to consider as you are putting your business plan together.

Our next question comes from Stephen. He said he is getting started on his second business with two partners. Should the self assessment include the skills of the partners?

I think it is important to identify early on in the partnership what the roles and responsibilities are of each individual person in that partnership and we have seen people have come to us that have struggled with partner strip for that very reason. They didn't have the kinds of skills and experiences

that might have offset each other and it is good to find people similar. When you hire people, a lot of people you hire people that you like or are like you. Quite honestly, sometimes, you want people that are not like you, especially in a partnership, because you want those skill sets to balance out. It is important that each partner understands what the roles and responsibilities of the other partner are. So, Stephen, yes, I think it is something extremely important and should be outlined as a part of the partnership itself.

The next question is from Howard. Do nonprofit organizations use business plans?

Howard, absolutely. As a matter of fact , I have seen them used for nonprofit organizations and I have seen the business model that you have just seen use for nonprofit organizations because the key thing is nonprofit does not mean nonrevenue. Believe me, when you are in a nonprofit, you still have to make money. You just make your money a little bit differently. You may do it through grants or workshops. You might do it through endowments or fundraising. You still need money to operate the business because it is a business even though it is a nonprofit business.

This comes from a shod would like to know if the business model canvas also works for inventions.

As a matter of fact, I have one client that I have used the business model canvas with was definitely an inventor. When I first had the meeting with his client, one of the first things we talked about was, do you want to be an inventor, or do you want to be a businessman? Do you want to own the business? Because inventors typically have a lot of skills as it relates to the technology involved in creating their inventions. That is wonderful. They are very creative people. But one of the things that you typically find going back to those skill sets and the self assessments we did earlier, and I gave that self-assessment as a little bit tongue in cheek because nobody will have all of those skills. If you are an inventor, you will be focused more specifically on your next invention, how to improve on the one you have and that sort of thing. That is what we have seen anyway. If you are going to own the business, you put on a lot of hats. It is more than just inventing. I think it will require being able to find other people who can be your quote unquote board of mentors, maybe two SCORE. Certainly, you will want other people involved is welcome but you may also want to find people who will be able to have the skill sets like we talked about in the partnership that will be able to offset those creative skills that oftentimes inventors focus primarily on.

Our next question comes from Roxanne who is asking if the Lean Canvas takes the place of the full business plan or is this just a summary.

Actually, more and more organizations today are starting to use the canvas approach. The canvas approach was originally developed by [Indiscernible] and the categories were little bit different than what you saw here on the lien canvas created by Ash Maurya. He took his canvas and began to develop a little bit differently and made it more likely to focus on startups and early-stage businesses. But, yes, as a matter of fact, we have even financial institutions here locally that are saying, if you can come in and give us a good understanding of your knowledge of each of those categories, and probably, even more importantly, how those categories interact together, then that is the information we really need to be able to mitigate our risks as we talked about before. Now is every lending institution going to be willing to take a canvas? Probably not. Because there are many people who are still looking for that traditional business plan. You have to know which organization you're working with. A lot of micro lenders today would use less than a full fledged business plan. I am certainly not saying there is an value. It just depends on how you will use it and what your needs are as to whether or not it will create the most value for you, Roxanne.

Our next question is from Katrina. She is asking how a UVP is different from a mission statement or is it?

A mission statement is helping you identify the why and helping you identify the passion behind your business and the values of your business. Yes, there is a mission statement and there is value. But the UVP is what you will communicate to your customers. In a way in which you market your product or services. It will also be communicated within your own organization. But it sort of becomes your mantra if you will. That is why it needs to be shorter. I have seen mission statements ridiculously long because they wanted to put everything in there that they felt was important. That is all well and good. I am kind of of the opinion and have ran my companies this way. If you have a mission statement, you have to be able to pretty much everybody in the organization needs to know what it is and should be able to repeat it and understand it and know what they are doing to make that part of the mission. In addition to that, I think it is important that your UVP is short, succinct. It sends a very strong message that separates you, makes you different, and shows your customers why that difference matters. >> Our next question comes from Marjorie. What is the difference between the lien template and the swot analysis?

The swot analysis focuses primarily on strengths, weaknesses, opportunities, and threats. I think, typically, in a startup phase, and again, I am not saying that the lien canvas can only be used for startups because I have used it for several other things, but in the startup phase, I think sometimes it is difficult for people to know what their strengths are until they get their product or service out in front of the customer. So they may not know what their strengths or wait, weaknesses are. If they don't understand the importance of identifying the customers problems, then being able to know what the opportunities and threats are will be difficult. I think they are both great tools, and I have used them before many different times. What in terms of, are they are like, I think there is a significant difference in terms of the way that you identify the information in Lean Canvas versus the way you would identify your strengths, weaknesses, opportunities, and threats.

Our next question is coming in from several folks wanting to know if there is a blank Lean Canvas template available. If so, where could that be accessed?

Well, Ash Maurya has a website and that will provide them with information that they should be looking for.

Okay. Next question. This comes to us from Geneva. David, does every business need a mission statement?

Well, if you walk out of your door, and you go down the road, and you start walking into businesses and you start asking questions, do you have a mission statement , I think you would probably find that there would be a lot more businesses out there, many of whom who have been around for many years, that probably do not have a mission statement. Does that make them any better or any worse ? Not necessarily, because they may live that mission statement and they live it in such a way that their customers see the value that their business provides. So it is great to have a mission statement. It helps get everybody on the same page so to speak, especially your employees. A mission statement to customers is a valuable only when it is the actions provided reflecting what the mission statement is. I have been in situations before where I would walk into a situation where there was a waiting area, and I might see a mission statement on the wall, but the experience I am getting is not that mission. So I think it is more important to live the mission and for your employees to know the mission and know what they need to do than to just have the mission statement.

We have time for one or two less questions. This next question comes to us from Matt who wants to know if you could provide the top five things, maybe three to five things that your business plan should absolutely contain.

Well, I think number one, you have to have, if we're talking about the business plan versus the business model or the Lean Canvas we just showed you, you need to have done a lot of research about the customers and their problems, no question about that. You need to know your story and you need to know and communicate that the most effectively to whoever you are using the business plan with. Secondly, your finances. You have to have a business plan and also for the Lean Canvas, you want to have that one three-year projection that shows this is what we will do and here is how we will do it and here is how we will make money and here is how we will spend the money. In addition to that, you need to know the revenue. How will we make the money and we need to tell people that and identify. Your marketing plan will be a key part of your business plan because we can talk about it and like I said, if you can't make money with it, it is not business. It is a hobby. We need to be able to show people it is a business. We have to be able to show how we will reach those customers and what tools you will use to make that happen. And probably, we also have to be able to encapsulate that information into that executive summary but we don't do that until we have written the rest of the business plan, that is the rule of thumb to use because it is easier to identify a summary of what you are expecting to do versus your entire business plan after you have already completed the other information.

[ Event has exceeded scheduled time. Captioner must proceed to captioner's next scheduled event. Disconnecting in 2 minutes. ]

It is hard to separate out fact specifically. Because so many of the things we are talking about, you will find in both the business plan and a Lean Canvas, but your Lean Canvas is a one page document basically. You should fill it out probably in no more than one hour. It is getting those initial thoughts. Then, once you have built on that, begin to look at each of those categories and dig into each category as to what is important because you will add additional things. I think that you will find that either way you will get a lot of the same kind of information.

Okay. David, those are all the questions that we have a time for. To address in today's webinar.

Thank you so much for having me. Good luck, everyone, out there with their businesses. I hope that you find someone that can assist you, a score mentor that can assist you and take you to that next level of where you want to go.

Absolutely. We received so many great questions. If we did not have an opportunity to address your questions, we definitely encourage you to connect with a score mentor. They can be found online at www.score.org/find-mentor where you can request to work with a mentor. As a reminder , a link to the recording of the session and presentation slide deck will be emailed out in a postevent email and we will send that a little bit later on today so be on the lookout for that. On behalf of SCORE, I would like to thank you all so much for attending this session. Thank you so much for your patience with the technical issues that we had at the beginning . We do appreciate your time and value your being here very much. I would like to give a very big thank you as well to David Terrell for presenting with us as well. Thank you, David so much. Great presentation.

You are certainly welcome.

Our next webinar is taking place this Thursday it is maximize your after-tax profit on your 2018 return. You will learn what is new on your 2018 return and what you can do to lower your tax bill, questions to ask your CPA or tax advisor and much more.

Thank you again, everyone. We hope you have a great rest of your day and take care. >> [ Event concluded ]