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# STARTING A BUSINESS

## *QuickStart Guide*

The Simplified Beginner's Guide to Launching a Successful Small Business, Turning Your Vision into Reality, and Achieving Your Entrepreneurial Dream

### ABOUT THE BOOK:

In the highly competitive world of business, what makes or breaks a new entrepreneur? Sourced from over twenty years of firsthand experience working with entrepreneurs, new ventures, and high-growth startups, author Ken Colwell, PhD, MBA has the answers. He concisely presents the core fundamentals that all new entrepreneurs need to know to get started, find success, and live the life of their dreams.

Business and entrepreneurship students, small business owners, managers, and soon-to-be entrepreneurs will all find a wealth of value within the pages of the *Starting a Business QuickStart Guide*. From the very first steps conceptualizing your venture to winning your first customers, delivering value, and turning a profit, this book acts as an invaluable blueprint for your path to entrepreneurial success. Colwell's clear voice, extensive experience, and easy-to-understand presentation come together to make this book a must-have resource in the library of every budding entrepreneur!

### ABOUT THE AUTHOR:

**KEN COLWELL, PhD, MBA**, is a seasoned strategic and operational leader with extensive experience working within entrepreneurial ecosystems and interacting with relevant private and public sector stakeholders at all levels in order to accomplish objectives. He has consulted for hundreds of start-up ventures and is the principal of Innovative Growth Advisors.

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start, but the short answer is mindboggling. When you exhibit the mindless approaches to stress, passion, and selfless outflow above, you're inviting the flow state.

There are eight characteristics of flow:

#### 1. Complete Concentration on the Task at Hand

- Focus to the point that the rest of the world fades away

#### 2. Transformation of Time

- Time seems to speed up or slow down

#### 3. Clarity of Goals, Reward in Mind, & Immediate Feedback

- An understanding of what needs to be done
- An understanding and desire for a successful outcome
- Immediate feedback to guide further actions

#### 4. The Experience is Intrinsically Rewarding & an End in Itself

- The task and its outcome, have value for the person performing it

#### 5. Balancing Between Challenge & Skill

- Often a pairing of high skill with high, manageable challenge

#### 6. A Feeling of Control over the Task

- The efficacy of the task is matched to the skill level of the person performing it

#### 7. A Feeling of Effortlessness & Ease

- Despite seeing challenges as difficulties, the overall one of effortlessness

#### 8. Actions & Awareness are Merged

- A maximum of focus leads to a loss of self-consciousness
- One has a feeling of being fully in the moment

#### Work-Life Balance and Working for Yourself

Life is all about tradeoffs and compromise. Everyone has to find their own balance. Life is a triangle consisting of work, home life, and personal life. Your work life is all of the things you do to pursue your mission and make a living. You have life outside of your family, your living space, and all of the things you do to maintain them. Your personal life is everything else, all of the social, spiritual, physical, and intellectual activities that make your life complete.



Figure 5 shows an equilateral triangle, with all sides completely in balance, but that's rarely the case. Usually, one or two dominate your activities at a given time, and the other one or two take a back seat. This balance shifts constantly. Maybe you have young children and your home life is your main priority. Maybe you just started your business and work takes up most of your time. Maybe you're at a point where your social life preoccupies you. If you spend more time on one, you have less to spend on the others. Time is a zero-sum concept. We each only have twenty-four hours in the day, and we each choose how to spend them.

The thing about being self-employed is that these areas tend to blend together. Despite the fact that it may not feel like it at times, there is much more to life than your business. Yes, your business is an expression of your passion and creativity. Yes, your business is an important part of your life. And yes, your work life is a big part of the triangle that makes up your life. But your business isn't your life. It was philosophical for a moment, if you and your business are one and the other half of the triangle, your business and well-being if your business has a special home? Being able to separate yourself from your business will allow you to make smarter decisions and will have a positive effect on your mental health.

#### Authenticity

Whether they are well-meaning or not, those around you will have something to say about your choice to pursue an entrepreneurial path. The concept of the individual and associated expectations surrounding negative authenticity. At its core, means choosing your path and knowing why you're on that path regardless of the opinions of others. Authenticity isn't contraindications, and it isn't an excuse to ignore good advice. Rather, it's a way of staying true to yourself, your goals, and your own happiness and success.

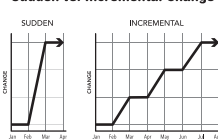
#### Continuous Improvement

In our world, the only thing that is constant is change. A philosophy of continuous improvement not only embraces change as a constant but refrains to be a desire of improvement. This philosophy is referred to as *kaizen*, a Japanese word that translates as "continuous improvement." More than a doctrine of ongoing development, *kaizen* promotes incremental improvement over broad, sweeping change. Incremental changes are easier to implement—they require fewer resources and can begin making an impact right away (albeit a small impact). Over time, incremental improvements add up and result in the same gains that broad sweeping changes might, but without causing the disruption that a total change of course can lead to.

In a professional capacity, this means incrementally and consistently looking for ways you can provide value to your target customers and enhance your core capabilities. In a personal capacity, it means applying the same logic of incremental improvement to find better ways to meet your goals.

That you must having something on every day, having your skills, working toward living a self-actualized life, or all of the above. More than just a tool to your personal, professional, and organizational growth, the philosophy of *kaizen* has the additional benefit of encouraging content with ongoing change—on attitudes that is not only healthy in the personal level, but absolutely critical for a new venture.

#### Sudden vs. Incremental Change



Entrepreneurs often make busy employees. They will never fully commit to an organizational culture or go all in to achieve organizational goals, because they don't see the payoff for them. They also tend to butt heads with their superiors because they have strong opinions about the right way to do things that are often at odds with the status quo. Because they are intelligent and driven, they don't usually feel outright (although some entrepreneurs are "cut-throat" they are conversationally conversational, but they often drift from jobs to jobs, getting easily bored and restless and looking for the next thing. Once this is said, they should give serious thought to starting your own business.

It is a professional capacity, this means incrementally and consistently looking for ways you can provide value to your target customers and enhance your core capabilities. In a personal capacity, it means applying the same logic of incremental improvement to find better ways to meet your goals.

These four characteristics of segmentation—use of identification, size measurability, accessibility, and fitness—are present in all segmenting efforts, no matter which segmentation method is used, and apply to both B2C and B2B consumers, or business-to-consumer and business-to-business consumers, respectively.

A business that has other businesses as customers is known as a B2B business, which stands for business-to-business (or sometimes brand-to-brand). A business that has consumers as customers is known as a B2C business, for business-to-consumer (or "brand-to-consumer"). Both B2B and B2C firms have the same task of identifying and segmenting their customers, though the criteria they select is different by necessity. But not all customers are created equal. Just as the market is segmented, so are the customers that your business targets. This allows you to focus your efforts and tailor messaging and product/service offerings to the specific needs of each customer segment.

**Quick Case:** Millennials—people who came of age during the '90s—initially proved to be a tough nut for marketers to crack. Did they act younger than their age or were they mature as a group? Were they frugal or did they spend their money freely? Marketers quickly learned that traditional methods didn't quite mesh with this millennial consumer, who did not spend frivolously and did not place as high a value on consumer goods as their parents had.

Nowhere was this clearer, or more public, than with the family record 2017 *Live for Now* campaign from PepsiCo. The ad was a short film that featured a well-known celebrity and popular music with "millennial themes" of social justice and activism. It was here seemed like a smash hit to those in the headlines, but marketers missed the mark to almost every measurable way, and the ad was pulled just a day after its release due to tremendous criticism.

Audience around PepsiCo's of pandering to millennial voters pointed out that the purpose of social activism not only appeared contrived and shallow, but that the over-the-top specific approach to fast-tracked corporate social issues that had real impacts on real people. The intended millennial audience further complicated the problem. For PepsiCo, through use of their social media savvy to draw further attention to what they considered a non-ad campaign, the PepsiCo ad was a costly high-profile flop. PepsiCo demonstrated that they were so close to understanding millennial audiences that they had been a decade ago, and indeed may

have lost significant market share and brand currency with the intended audience as a result.

#### Deep Dive: Market Segmentation

There are a number of ways to segment your business into two types of businesses that will directly to the end user (business-to-consumer, or B2C) and those who sell to other businesses (business-to-business, B2B). Segmentation follows the same principles for both, but is slightly different in practice.

#### B2C Customer Segmentation

There are four key methods of business to consumer segmentation:

<b>Behavioral Segmentation</b>	<b>Demographic Segmentation</b>
• Segmentation by customer behavior	• Segmentation by shared personal characteristics such as age or gender
<b>Psychographic Segmentation</b>	<b>Geographic Segmentation</b>
• Segmentation based on interests, values, and lifestyle characteristics	• Segmentation based on geographical differences

Let's take a closer look at each of these segmentation methods.

**Behavioral Segmentation**  
Segmenting customers into groups based on how they act or consume while making purchasing decisions is known as behavioral segmentation. This type of segmentation is designed to understand, predict, and target the following:

- The purchasing habits of your customers
- The usage habits of your customers
- The spending habits of your customers

Effective behavioral segmentation helps businesses understand the ways in which their product or service meets (or doesn't meet) the needs of different behavioral segments. Additionally, businesses can tailor their marketing efforts to each customer at times when they are most likely to

As some point, if you're successful, you'll have grown the business organically as far as you can, and you'll need outside resources to get you through high growth. This might mean raising capital, hiring new employees, licensing on professional consultants and managers, etc. This inflection point is known as the "base of the curve." The infusion of such resources to a startup with a solid foundation can lead to rapid, explosive growth. This is the point in which you make the transition from a startup to a fully functioning business, which brings about a whole new set of challenges that are beyond the scope of this book. Eventually, the explosive growth levels off and you reach maturity.

#### Will the growth path of my new venture look exactly like this?

Answer: Absolutely not. Your individual story, decisions, funding availability, professional network, and skills—in short, your entrepreneurial characteristics—will play a major role in shaping the growth path of your business.

#### Growing Your Venture

Initially, you grow your business simply by making more sales. However, the time will come when you have to think about growth from a strategic perspective. There are four overarching categories of factors that must be taken into consideration when thinking about the growth of your venture: the general environment in which businesses operate, the industry in which your business operates, your target market, and finally, your own organization.

Factors from each of these categories can help or hinder the growth of your business, and their collective impact means the difference between achieving growth goals and struggling to develop and grow your business.



#### The Environment

In this context the environment isn't the natural environment, but political, economic, social, and technological conditions that shape the environment in which not only your venture but all firms do business. Individually, you have no control over these factors, but they have the potential to exert a high degree of control over the future of your business. This means that it is important to monitor trends and developments in the environment that have the potential to have an impact on your success. Keep the following in mind:

- Environmental changes can be positive or negative. Just because an event is outside your control doesn't mean that the impact it has on you will be negative. Technological developments that reduce costs, legislative or regulatory relief, and shifting societal attitudes can contribute positively to the success of your venture. Tracking these developments will put you in the best possible position to capitalize on them—or brace the impact should they change course.

**Don't ignore environmental trends just because you can't control them.** It is true that you can't control national trends, federal or state-level legislation, or the direction society is heading in, but that doesn't mean you should turn your back on these developments. The closer you watch ongoing large-scale trends, the better prepared you can be to capitalize on or run from them.

#### Your Industry

Recall Porter's Five Forces model from chapter 7. Those elements describe the pressures that are exerted on a firm by competing firms and the nature of the industry itself in the form of barriers to entry, the power of suppliers, and the power of customers. When thinking strategically about the growth of your venture in the context of the industry in which you operate, keep these aspects in mind:

- How intense is competition? A firm that is reacting to competitive pressures does not have room to maneuver. It is difficult to take proactive steps to grow your business when your focus and resources are devoted to responding to developments from competing firms, the threat of a new substitute product, and the power exerted by customers and suppliers.



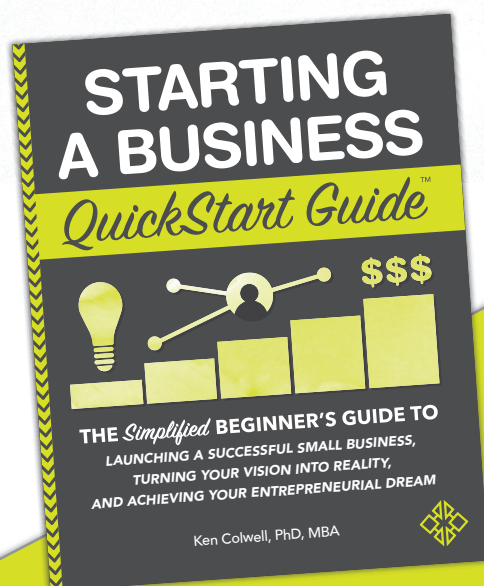
# KEN COLWELL PhD, MBA



## A LEADING AUTHORITY ON ENTREPRENEURSHIP

**KEN COLWELL PhD, MBA** is a seasoned strategic and operational leader with extensive experience working within entrepreneurial ecosystems and interacting with relevant private and public sector stakeholders at all levels in order to accomplish objectives.

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