

2: BROWSE BEFORE YOU BUY

Why do I need to know the vehicle?

Business Plan is not enough.

One in three new businesses fail in the first year. Many new businesses are started with the use of borrowed money. The most common sources for this are the banks. For this the business owner needs to demonstrate that their business will be profitable and viable with the submission of a business plan. The banks (or any other lender) would never entertain any notion of funding until they are satisfied with the plan. Why is it then that so many businesses fail despite new owners providing a business plan and hopefully writing out their strategy?

They fail because a business plan is a simple setting out of profit and loss accounts, this means that the plan only takes into account how much money they expect to come in and how much expense they have estimated to occur. It fails to take into consideration many of the factors that are necessary to run a successful business. Also many people simply exaggerate their plan in order to get the finances they need. The plan is then never given any more thought and fails to deliver anything more than acquiring the funds.

This framework is much more than a business plan. It is your framework for running a successful business. It will help you plan, strategise, execute and grow your business.

Overcome the overwhelm

Running a business is not simply about buying a commodity at one price and selling it for more than you bought it for. There are many things that need to be taken into consideration, which can overwhelm both newbie and existing business owners.

I want to help you to overcome being overwhelmed in your business and help you to prioritise effectively to be successful simply by implementing 'your vehicle for business success.'

Discover your passion.

Many people go into business because they believe that they want to make a living out of it. Yet they have no experience, love or connection to the business that they are starting.

If you do not love or value what you are doing, then the chances of success is small. If every day becomes a chore then your results will reflect that.

If you had a job then by the end of the week or month you would take home a salary. You are not always guaranteed a wage when you start out in business. Many business owners work harder, longer and for less pay than they would if they were employed.

Do you have the passion and the will to keep going when the going gets tough? The vehicle will help you discover your passion for the business that you are thinking of going into.

I already have the passion

Great – many people are very passionate about things in their life e.g. sport, cooking, travelling, clothes etc. and they want to turn their passion into a business.

These people will have a lot of energy, drive and passion for their business but if they have not thought things through then they may find that their passion and love for things is not making them any money. This can be very demotivating and demoralising.

The vehicle will help you to address issues such as how will I make my money, what are my expenses and cash flow issues? It will

allow you to appreciate the intricacies of your chosen business and help you decide whether it is financially viable.

Hidden resources

Many of us want to do things all by ourselves. We are embarrassed to ask others for help. Sometimes we need help but we are scared of even addressing the matter. How often have our friends asked for help and we have gone out of our way to go and support them? What is even more surprising is that we would probably help people we hardly know, even strangers, especially if they paid us, if only they ask. So why do we believe that we cannot take advantage of that same goodwill?

The vehicle will help you identify how you can get the most from your network, your business partners and your customers.

Chemistry between the business partners

Too often businesses fail because somewhere along the line there is some sort of a rift or differences between the business partners. If these could be identified at the outset of your business then the chances of the business being destroyed by misunderstanding will be less likely.

The vehicle will help optimise relationships between business partners.

Drill in the basics

Too often we take the basics for granted and we then start to ignore them. If our foundation is weak and our appreciation for the importance of the basics is poor then the chances for our success is limited.

The vehicle will help you understand and appreciate the basics so that you can build a firm foundation for future success.

Growing your team

Your team and staff are probably the most important element of your business. They are an investment, a necessity for growth and they are more valuable than your customers. As you are building your team, it is essential that the people you employ fit into your systems and become an integral part of the business.

The vehicle will help you identify when you need to employ staff and what qualities each person would have to have to be a member of your team.

Innovation

Often we see that a business idea is doing well or we have a good business idea, yet when we try to copy them, we may not get the desired results. However, if we are able to plan and integrate innovations into our business, we can create a unique positioning that will help us be different from our competitors.

The vehicle will inspire innovation and help integrate it into your business.

The vehicle

The vehicle is a car and the different parts of that car represent an aspect of business. Certain concepts in business can be difficult to understand or appreciate fully in their own right. However we can utilise an analogy that everyone understands to build a link between the two and so have a more thorough appreciation for their business and what is involved in having a successful one.

Two years ago (Jan 2011), I had invited 20 pharmacists to a presentation that I was doing. During this presentation they were offered an opportunity to join me in partnership in a business venture that I wanted to undertake. I was looking for three more partners, I had already taken on two other partners, to invest £25K

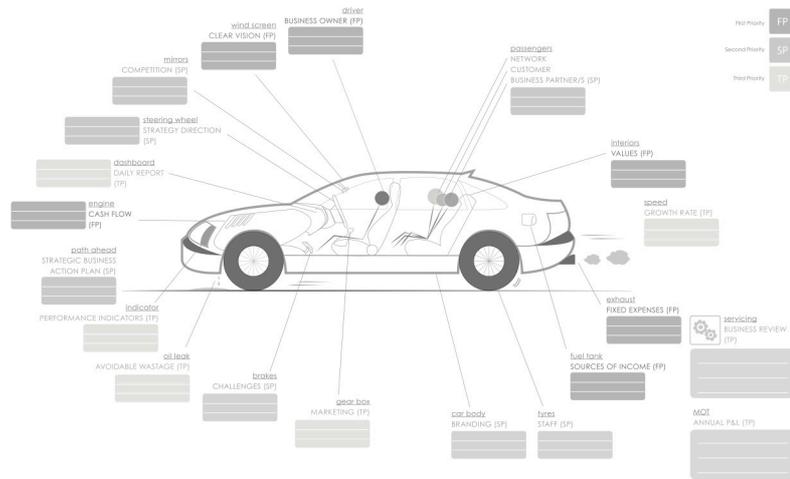
each into the project of establishing a new pharmacy on the outskirts of Leicester. Our competition was three of the biggest pharmacy outlets in the UK and one independent pharmacy that has been established by the proprietor since 1977.

Of the 20, seven showed an interest from which we, my two partners and I, chose the three partners whom we had decided would be best for our business. These new partners had no business skills; the first had worked for a multiple for several years as a relief pharmacist manager. The second, although qualified since 1996 had only ever worked as a locum pharmacist (similar to being a supply teacher) while the third had only qualified the year before and had worked as a locum since then. They did not know each other prior to coming to the presentation.

How did I take three pharmacists with no business skills and create a business that has a turnover of more than £400k in a year?

First, I had to teach them the appreciation of business. This had to be done without jargon and in a manner that they could easily understand and apply. Hence, I came up with 'your vehicle for business success,' in order to develop their insight and business knowledge.

Your Vehicle for Business Success



How do you drive this vehicle?

This section will introduce you to the vehicle. The vehicle that I want you to think about is a car. Everyone knows what a car is and how it works and here I have simply tried to highlight some of those qualities and create an analogy that can be used to understand each aspect of business.

The Driver – Business owner/s

The business owner is like the driver in the vehicle.

The driver is in control of the vehicle, they are responsible for the direction that the vehicle goes in, decides when to go up and down in gears, can steer the car towards wherever he or she wants to go, can choose to have a smooth ride or rough ride. They may decide to do something if the tyres go flat or they may keep driving.

The driver can enjoy being in control of the ride or allow themselves to be taken on a ride. The driver is in a very powerful position yet a very responsible one.

If the engine is making funny noises then the driver can choose to ignore it or do something about it. Whilst driving the vehicle the driver can either focus on the road ahead whilst occasionally glancing in the mirror, or decide to focus entirely on what's in the mirror.

If the fuel is running low then the driver can take their vehicle to the relevant petrol station and fill it with the appropriate fuel. If they notice that there is oil leaking from the engine, they can decide to tighten things up or just let it carry on.

The driver can choose what type of interiors they want or when to clean the windscreen. If the brakes became faulty the driver can either repair them or risk them failing by doing nothing about it.

Should the brakes fail it could endanger the vehicle and more importantly the other passengers in the vehicle.

The driver can influence the nature of the journey with the passengers. He or she can make the journey very pleasant and everybody can have fun while on the journey or they can create a very difficult atmosphere and the whole ride can feel very uncomfortable and awkward.

If the journey is planned well then the experience can be fulfilling, exciting, challenging at times, yet very rewarding. If not, it can be the opposite.

The driver is like the business owner because the business owner needs to be motivated about their business, they need to ensure that the cash flow in their business is healthy and if there are challenges then they need to rise to them.

Passengers – Your business partners, your customers and your network.

The passengers represent your business partners, your customers and your network.

These are the people that you will take on the journey with you. If your passengers are having a hard and difficult ride then it may not be long before they get out of the vehicle. If they enjoy the ride they will support you and make the trip fun. They can aid you in times of difficulty and encourage more people to want to join you on your journey. If the passengers in your vehicle are satisfied and happy you can expect a great journey ahead.

The passengers are like your business partners, your customers and your network because if your business does not meet the needs of this group of people they will leave, but if you please them they will help you grow.

The Interior – The owner's business values

The interior of your vehicle represent the business values.

The interior is reflective of the inner qualities of the car. Whether it is luxurious or not, does it have all the trimmings and the added extras?

The inside of the car can show someone how well looked after the vehicle is. If it is immaculate and pristine then all the passengers will appreciate it. If it is dirty or the seats are torn with litter everywhere then this leaves the passengers to make a judgement on the driver and on the car as well.

You can choose to look after the interior and maintain it, or let it run down. It is easy to make excuses but with if the interior is run down you can expect your journey to be uncomfortable.

The vehicle interior represents your business values and these are the things that are important to you in running your business. If all of your values are met then you will be happy and are likely to deliver a service that will be appreciated by your customers and will satisfy your partners.

The windscreen – Clear vision

The windscreen represents the vision for your business.

Imagine that the windscreen of your car is dirty and visibility through it is poor. Any looming hazards ahead may be missed which could have catastrophic effects on your vehicle, from being run off the road to being involved in a serious accident.

The passengers in the car will also lose confidence and may even bail out before things go horribly wrong.

A clear windscreen allows for a clearer visual assessment of the road ahead. Everyone knows exactly what direction the vehicle is

heading in, there is an air of confidence and everybody will want to stay on board.

Occasionally, the windscreen can become dirty or steamed up but as long as that is being addressed, everyone will gladly continue to enjoy the ride.

The vision for your business is like the windscreen of your vehicle because it needs to be clear so that you can see it and get to it.

The engine – Cash flow

If the engine in your car blows up, then your vehicle will no longer be mobile. Your car has stopped working and there no further progress in your journey. Your vehicle is now useless as it is no longer able to function or do the thing it was built to do. You can have a great-looking car but without the engine it is going nowhere.

The passengers will become disgruntled and have no choice but to get off and jump into another vehicle.

However, if the engine is working and especially if it is in immaculate condition, it will keep going even if the rest of the car is falling apart. You will always have some passengers and people wanting to join you on the journey.

The engine is probably the most important part of the vehicle and as long as it is intact your journey will continue.

Your cash flow is like the engine – if the cash in your company runs out then the business will cease to exist. As long as there is cash in the company your business will continue to survive and grow.

Fuel tank – Sources of income

If you ever run out of fuel then your journey will come to a temporary halt. As long as you are able to find the correct fuel your journey will continue.

Your journey should be planned in a manner so that you are aware of where the fuel stations are situated and when you are likely to need them to keep a constantly filled tank. There are many types of fuel: petrol, diesel and gas. If we fill our vehicle with the wrong fuel then that will damage our car. However if we modify our car to deal with *all* types of fuel then we can be on a great journey and find that fuel may never be an issue.

The different sources of income are like the fuel in your fuel tank because it keeps your business running.

The exhaust – The fixed expense

The exhaust represents the fixed expense in the company.

The exhaust releases the waste products from your vehicle. It represents the fixed expenses in your business. Every company has fixed costs and just like the exhaust fumes they cannot be avoided.

Steering wheel – Strategy direction

The steering wheel represents the strategy direction.

The driver controls the steering and can take the vehicle in any direction they want. The driver can turn corners, make U-turns and even change direction completely.

In any business it is important to know the big steps that you need to take in order to keep your business going in the right direction. If you steer your vehicle in the wrong way, you could easily lose your way.

Path ahead – Strategic action business plan

The path ahead represents the strategic action business plan and I call this the mighty action plan (MAP).

The path ahead is the route that you are taking to get to where you want to be. You can decide to take the fastest, the shortest, the toughest or any other alternative route that you want. However, if you have no specific destination, you may not like where you end up. The greater the clarity of where you want to go and where you want to be, the more clearly you can plan your journey. If you have a well-planned journey, you can be confident that the passengers and the driver are more likely to have a very successful and fulfilling ride.

If the driver is on the wrong path or driving in the wrong direction, the passengers will become angry, disappointed or even lose hope. If you have an idea of where you want to go, you can simply get in the car and drive. You may eventually get to your desired destination but without planning, it is a road that is likely to have many challenges and you can expect a much rougher ride.

On the other hand if the journey has been planned, including stops and refuelling, then you can expect a much smoother journey and you may even get to your destination faster.

When a driver knows that they are on the right path they can be confident of steering the vehicle smoothly and easily to where they want to go.

The MAP provides the detailed steps that must be taken in order to realise your business vision. As you make progress through the MAP it brings you closer to your destination, step by step.

Tyres – Staff

The tyres of the vehicle are the staff in your business. The tyres are very important to keep the vehicle moving. If the tyres are not looked after then the ride in the vehicle will become uncomfortable.

Sometimes one or more of the tyres may become a little flat in which case it will need pumping up; at other times you may have over filled it and may need to take out some of the air. If the treads on the tyres are worn out, driving the vehicle can become dangerous.

If the driver of the vehicle does not look after the tyres then the least he can expect is a rough ride and some unpleasant experiences. At worst the tyres can put the vehicle at risk and endanger the driver and the passengers in the car.

If the driver of the vehicle looks after the tyres and maintains them then the tyres will overcome all the bumps and cracks in the road and they can look forward to a safe and great journey ahead.

Your staff and your team need looking after. If you look after your team they will look after you and your business and help to keep your business safe.

Brakes – Challenges

The brakes in the vehicle represent the challenges in your business.

The brakes in any vehicle are used to slow it down or to stop it. If the road is clear and you are travelling to your destination, there is no need for the use of brakes.

The brakes are there as a safety mechanism to help slow the car down if it gets too fast and prevent it from getting out of control. They are also be needed to slow the car down when danger needs to be avoided.

If your brakes fail you are more than likely to lose control of the vehicle and inevitably be involved in an accident. In the worst case scenario the collision could be fatal, destroying the car in the

process and, in this analogy, ending your business. Alternatively the car may just be damaged and the journey therefore stopped temporarily while repairs are taking place or if you are lucky, only superficial minor damages have occurred whereby the journey can continue without delay.

Look after and maintain your brakes and use them wisely to overcome dangerous situations and to ensure a safe and effective journey. It's worth remembering that overly cautious driving may also hinder the progress of your journey.

Responding inappropriately to the challenges in your business is like using your brakes inappropriately whilst driving. With care and consideration all the challenges can be handled in a suitable manner and you can continue your business.

Car body – Branding

The car body represents the branding of your business ... your promise.

There are many different types of car on the road. They appeal to people for different reasons. They make a different promise to the end user.

It may be the make or the design and shape or even the colour of the car. The state of the bodywork gives the onlooker the first impression of that vehicle.

Is the car clean and immaculate and does it attract people so that they want to join the driver on their journey?

Sometimes the vehicle looks pristine on the outside yet the interior is dirty, unkempt, ripped or damaged or alternatively there are cars that have a pristine interior with a damaged, rusty unkempt exterior. This lack of congruency may confuse your passengers and could

affect the trust and relationship that exist between the occupants of the vehicle.

If the car body is beautiful and appealing and is matched by a neat and tidy interior then the driver can expect that lots of people will want to take a ride in their vehicle.

Your branding is like the car body because just like the body of the car you will be a magnet for those customers that share your values and promise.

Mirrors – Competition

The mirror represents the competition to your business.

The mirrors are often overlooked yet they represent an important part of the vehicle. You use the mirrors to keep an eye on what is happening around you. You will use them to park safely, pull out safely, change lanes carefully and even notice if any vehicles that are way behind you are catching up.

When a vehicle is being driven, the driver does not focus entirely on the mirrors otherwise they are unlikely to get very far. Hence, whilst it is important to keep an eye on them it is not essential to focus all of your energy on them.

Every safe driver will take a look in the mirror before deciding to manoeuvre their vehicle in a different direction or when changing lanes. To have a great journey the driver should focus on the road ahead, glancing in the mirror occasionally.

The competition is like the mirrors in the car because although it is important for us to keep an eye on our competition, they should not be the focus for our business.

Dashboard – Daily reports

The dashboard represents the daily figures that need to be observed.

Every vehicle has a dashboard and includes such things as the steering wheel, warning lights for engine malfunction, low fuel, low oil pressure etc. and displays for many other functions too.

It is imperative that you as the driver are keeping a regular eye on the dashboard. If there are any warning lights that come on then he needs to investigate it. If you choose to ignore it, then the damage to the vehicle could be fatal.

For example, if the oil or the engine malfunction light comes on, then these issues need to be dealt with immediately as this can directly impact the engine, sometimes damaging it permanently. The dashboard will not tell you what the problem is but will advise you that there is an issue that needs to be addressed. If the fuel gauge in your car is showing that it is becoming empty or low, then you as the driver knows that you need to fill up otherwise your vehicle is going to come to a halt soon. If the dashboard is not flashing any warning lights and all the measures are OK then you do not need to worry about the state of the vehicle and can focus completely on the road ahead.

The daily report is like having a dashboard because when there are things that stand out on any given day, you can take actions that will help the business grow or prevent it from losing profits.

Oil leaks – Avoidable wastage

An oil leak in the car represents the avoidable wastage of funds in your business.

If there is an oil leakage from your vehicle you should pay close attention to it. Running a vehicle that is drastically low on vital fluids

can cause severe damage. Preventing or reducing the leaks in the engine will significantly improve the running of the vehicle.

The avoidable wastage of funds is like oil leaking from your car and by simply tightening a few bolts in your business you can avoid losing profit unnecessarily.

Indicators – Performance indicator

The indicators in a car represent the performance indicator of a business.

Indicators on a car are used to inform other road users of the driver's intent to turn or change lane towards that direction.

If the driver is indicating to turn in one direction and then decides to go in the other you can imagine what is likely to happen. There are three possible outcomes.

1. If there are no other road users on the road at the time, then the car will simply be heading in the wrong direction. If you as the driver decide to keep going down that same road then you are likely to be going a lot further away from where you want to go until you turn around and start heading back in the right direction.
2. If there are other road users, for example pedestrians or other vehicles, you could hurt others and also injure yourself and your passengers. This damage is repairable and you can get back on the road after the setback but you will be delayed on your journey; how much will be determined by the amount of damage that has occurred to all the vehicles, passengers and people involved. Eventually you will get back on the road.
3. If the driver is driving at speed on a busy motorway and indicates in one direction then changes lane in the opposite direction it could

cause a very serious accident. It may cause serious injury to the driver and his passengers and could even be fatal.

When the driver is using his indicators correctly then he is being safe for himself, his passengers and other road users.

Performance indicators are like the indicators on a car because when you look at these parameters it will show you whether your business is heading in the right direction or not.

Gearbox – Marketing

The gearbox represents the marketing in your business.

I am sure that all of you who drive have at one time or another stalled your vehicle. This is when your vehicle stops suddenly because it is in the wrong gear.

For a smooth ride the driver needs to make sure that their vehicle is in the right gear at the right time. When the gearbox is used appropriately then acceleration can be achieved smoothly and effectively.

Your marketing needs to be appropriate and effective and should help you travel smoothly just like when your gears being used appropriately.

Speed – Growth

The speed of your vehicle represents the growth of your business.

Many people love speed. Fast is great ... well sometimes. Driving your vehicle too fast can hinder your ability to keep control of it. This can be dangerous for you and your passengers as well make the journey unpleasant. The chances of having an accident are increased and this can potentially derail your progress and cause considerable damage to your vehicle.

Driving very slowly can also be very painful and frustrating for the passengers and it is likely that you could end up losing them. Driving slowly will result in you reaching your destination later than you had anticipated and this could have its own repercussions.

A drive in your vehicle at a controlled speed, accelerating and decelerating gradually when needed, provides a much more enjoyable and pleasing journey. You are able to keep all of your passengers on board and possibly have more people wanting to join you.

The growth in your business can be measured just like speed in a car.

Servicing – Business review

Servicing your vehicle is like doing a business review.

Servicing is usually undertaken on a vehicle either when the vehicle has covered certain mileage, annually or when the dashboard indicates that a service is necessary.

There are two types of servicing. A basic service generally involves oil and oil filter change and new spark plugs or fuel filter. A more advanced and thorough service will include all the criteria from the basic service plus extras like lubricating of all working parts such as the hinges and catches and a safety check on the vehicle, for example on the tyres, steering, seat belt, wipers and so on.

A vehicle that is not serviced regularly compared to one that is regularly serviced is less fuel-efficient, less safe, less reliable and more likely to have a breakdown because faults may be overlooked until it is too late.

A vehicle that is serviced regularly will hold its value because it is being better maintained and naturally it will attract more buyers who are willing to pay higher prices.

A business review is like servicing your vehicle because it gives you an opportunity to evaluate your business and address anything that may need looking at, plan new strategies for the future and celebrate your business successes.

MOT – Annual P&L

The MOT (Ministry of Transport test) is like doing the annual P&L in a business.

The MOT is a thorough annual inspection of a vehicle to test for its safety, roadworthiness and exhaust emissions.

It is illegal to drive a vehicle on a public road without a current MOT certificate and is prerequisite for obtaining a tax disc. Some of the things that the MOT test covers are directional indicators, steering, brakes, tyres, body structure, exhaust and driver's view of the road, which includes the windscreen and mirrors.

Any car that has successfully passed its MOT test is able to be on the road for another year. It shows that the vehicle is in a healthy state and gives confidence to the passengers to continue their journey in the vehicle.

Similarly the annual P&L is like having an MOT. It shows you how well your business has performed in the last financial year and it assesses whether your business is fit to continue for the year ahead. Not forgetting that it will help you calculate your taxes and remind you that you need to pay them to keep your business open.

Summary and key learning

The importance of having more than a business plan

A business plan alone is not enough with one in three businesses failing in their first year. You need a more robust framework to be successful in business.

Being passionate about anything will bring results.

Many of us are passionate about things in life but it is not always possible to make a living out of them.

There are many hidden resources that we have; we need to know how to take advantage of them.

Unity amongst all of the business partners is vital.

All business partners need to know the basics of business.

We need creativity and innovation in our business.

Understanding business is easy

Having your own business means that you must understand the basics. Often that can seem overwhelming and difficult.

Simply having a business plan is not enough and you need to be able to understand the basics so that you can use your passion and expertise to create a business that is successful.

The analogy of the vehicle will help you appreciate and understand the basics of business. This understanding will inspire you to appreciate the need for action and when to take it.

The vehicle analogy

It may seem a little farfetched at the moment – you may be wondering how this simple analogy can teach you to have a successful business. Well, by simply appreciating this analogy it will

open your eyes to the issues and challenges in business. If you maintain your business in the same manner as a proud vehicle owner looks after his car then you too will have a successful business.

Everything does not need to be dealt with at the same time

Yes, there is a lot to know and do in running your own business but the great thing is that we do not need to do all of them at the same time. Just as we maintain our vehicle and tackle each issue at their appropriate time, we can do exactly the same in our business. However it is important to be aware of some things all of the time and we need to learn how to do that without becoming overwhelmed.

How do we overcome being overwhelmed?

We are all overwhelmed at times. So how can the vehicle help us deal with that?

The vehicle has been separated into three priorities. The first priority deals with you as the owner. This looks at your values, passion and vision and then addresses the viability of the business.

The second priority will assume that you have the required passion, vision and a viable business. Here we deal with the actions and steps needed to realise that vision. This priority will address all the steps that should be taken to move your business from concept to realisation.

The third priority will look at the tweaks in your business that will give you massive benefits and show when to take the steps that will improve your profits significantly. This priority will help you understand how you are progressing in your business, review your business and check in on progress towards your vision (are you still

on the right path on your journey) and how you can maximise profit by tightening operations in your practice.

So what's next?

Understand the principles of business that have been shown to you through the vehicle analogy.

Go through the next chapter, which addresses the first priority and complete the exercise in that chapter. This will give you clarity and create a vision for your business.

You can download the framework and complete the exercise on your laptop. This will allow you to keep everything in one place on one page. Going through the chapters will give you the ability to realise exactly what is going on in your business at a glance.