

MINISTRY OF EDUCATION AND SCIENCE OF UKRAINE

**SIMON KUZNETS KHARKIV NATIONAL UNIVERSITY
OF ECONOMICS**

**CREATIVITY AND ENTREPRENEURSHIP:
TRAINERS' MANUAL**

Study guide

**Kharkiv
S. Kuznets KhNUE
2023**

UDC 005.511(075.034)

C88

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Рекомендовано до видання рішенням ученої ради Харківського національного економічного університету імені Семена Кузнеця.

Протокол № 7 від 29.06.2023 р.

Самостійне електронне текстове мережеве видання

Creativity and Entrepreneurship: Trainers' Manual [Electronic C88 resource] : study guide / O. Iarmosh, Y. Duan, Y. Bentley et al. – Kharkiv : S. Kuznets KhNUE, 2023. – 199 с. (English)

ISBN 978-966-676-873-8

Issues concerning creative thinking and idea generation, setting up start-ups, business planning and start-up funding, marketing strategy, branding and digital analytics for successful start-ups are presented and supported with slides containing a summary of each theme.

For trainers, entrepreneurs, university students.

UDC 005.511(075.034)

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ISBN 978-966-676-873-8

Introduction

The relevance of the creativity and entrepreneurship development in modern Ukraine must be considered in the context of emerging challenges and opportunities faced by entrepreneurs in the country.

The key factors determining the relevance and timeliness of the preparation of the study guide are as follows.

First of all it is support and development of the startup ecosystem. Ukraine is actively working in order to create favorable conditions for the startups and innovative project development. The study guide provides the necessary knowledge and tools to prepare and implement ideas in this fast-changing and competitive industry.

Another factor is the growing role of creativity and innovation. In the conditions of rapid technological progress and globalization, creativity is becoming a key competence for entrepreneurs, so the study guide will help trainers and lecturers teach entrepreneurs to develop creative thinking, generate ideas and put them into practice.

Building a business ecosystem is also of great importance. Ukraine is actively working on reforms in the field of business and entrepreneurship. The study guide provides practical recommendations for creating business plans, financial management, marketing strategies and branding, which are important components of business success.

Competitiveness in the international market is one more essential issue. Entrepreneurship development and introduction of innovations have become important factors in a competitive world. The knowledge and skills gained from the study guide will help Ukrainian entrepreneurs to find their place in the international market and attract investments.

Development of the digital economy is the last but not least point. Digital technologies and the Internet have changed the approach to business. The study guide includes a section on digital analytics that will help entrepreneurs understand and use data to make informed decisions in the field of marketing and business development.

The authors do hope that this work will become an integral part of modern Ukrainian entrepreneurial culture, which will help trainers to prepare and teach entrepreneurs to implement a creative approach to business, promote their ideas on the market and develop successful enterprises in the modern world.

The study guide is built in the form of a slide summary, which should help trainers visualize the material and prepare for communication with trainees and students.

The work was prepared by a team of authors and is based on their own expertise, as well as the experience of implementing the project "Create Creative Entrepreneurs" within the Creative Spark: Higher Education Enterprise Programme supported by the British Council.

Module 1

Creative Thinking & Generation of Ideas

Description

The purposes of the module are to provide opportunities for students to acquire a system of knowledge about the nature and essence of a creative approach to business thinking in management, to determine the role and place of creative thinking in research and management activities, to apply methods of searching and generating ideas as a basis for forming a creative organization, to define creative roles in the professional activity of a manager, as well as the management of innovative teams. The module contributes to the formation of students' creative thinking, mastering the tools of a creative approach to solving tasks in the future professional life.

Learning outcomes

On completion of the session, participants will be able:

- to see if a person has or does not have developed creative and critical thinking;
- to use the basic skills of creative thinking, critical analysis and synthesis for professional purposes;
- to generate new ideas (creativity);
- to compare the advantages of creative and dogmatic, critical and non-critical thinking in different situations;
- to apply creative technologies in practice;
- to use knowledge of thinking techniques to perform educational and professional tasks;
- to use acquired knowledge to identify, set and solve tasks in various practical situations;
- to be able to work in a team, have interpersonal skills that facilitate achievement of professional goals;

- to demonstrate entrepreneurship in various areas of professional activity and take responsibility for outcomes.

The Indicative syllabus is given in Table 1.

Table 1

Indicative syllabus

Topic	Methodology	Activities	Resources
1. The creative potential concept. 2. The role of creative potential in solving business issues. 3. The role of creative teams in solving business issues. 4. Specifics of creative management and creative entrepreneurship	A Blended Learning approach incorporating both classroom (face-to-face) and online delivery	Participants will be expected to take the lectures and participate in the associated learning-by-doing activities sequentially	[1 – 4]

Creativity is now one of the most sought-after skills for employees, and a creative approach is crucial in any field. While creativity and entrepreneurship are simply inseparable from each other. After all, this skill helps in finding solutions and ideas for business. A simple creative idea can make a company or brand visible, increase its reach and earn free and comprehensive media coverage with no huge costs involved.

With fast-growing markets, high speed of information dissemination and easy access to the global trading platform, today users may find it hard to distinguish between the products offered. It is also becoming more and more difficult for businesses to continuously develop new products/services. That is why the importance of creative thinking is growing every day. Creative thinking is beneficial to both parties: the user gets a better product, because the method is based on empathy, and the business gets more efficient development, because the goal of creative thinking in entrepreneurial teams is to create an innovative product that will ideally give the company a competitive advantage. True leaders today see innovation as a primary source of competitiveness and differentiation; they strive to apply creativity at all stages of the process. Many of the world's most successful brands give

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birth to brilliant ideas, inspired by a deep understanding of the consumer's life, and use design principles to innovate and create new or added value.

1. The creative potential concept

Creative potential is related to the practical activity of a person and is evaluated depending on how it affects this activity. The creative potential of the staff, its social role, i.e. human actions from the goal to the result, can be understood and evaluated only based on the general system of the enterprise organization.

That is why the study of creative potential should not be limited to it. The research of creative potential can be considered effective only if this research covers the stage of practical activity, that is, it goes beyond the actual assessment of creative potential.

The creative potential of each employee, as an individual subjective image of achieving a need, lies inside a person and is brought out through the self-realization of an individual, that is, through the realization of his/her creative potential. The creative potential of each collective employee is unlocked only if it contains a component identical to the needs of the enterprise in general.

The creative potential of the staff is a combination of creative potentials of the collective employee of the company, which are fully achieved in the process of creative activity in the creative interaction environment and are aimed at solving business tasks.

The realization of the creative potential of the staff is a social action that goes beyond the individual. In this social action, personal motivations are significantly reduced, smoothed, and transformed.

The creative potential of the staff is the ability and determination to overcome obstacles and solve the tasks. This is about a motivated and unmotivated approach. In the first case, creative potential is based on knowledge, choice of methods, social criteria, cultural universals, etc. In the second case, knowledge may not play a decisive role, and then the process of using creative potential becomes intuitive, goes by trial and error.

The concept of using (realizing) the creative potential of the staff as an idealizing activity that goes beyond the existing conditions is to form a new image of the means and result of the future activity of the enterprise.

In order to be responsible not only for the goals, but also for the results of the organization, knowledge how to use the creative potential of the staff and how to evaluate it is of key importance. In order to evaluate the creative potential of personnel, it should be activated, that is, conditions for its realization within the organization should be created.

Activity:

Define the components of creative potential.

In your opinion, which components of creative potential are most developed in you?

For further information, please see the following resources:

1. Firth J. Creative thinking: workbook / J. Firth. – URL: <https://cutt.ly/66q9aru>.
2. Innovative entrepreneurship: creativity, commercialization, ecosystem : textbook / Yu. M. Bazhal [et al.] ; edited by Yu. M. Bazhal. – Kyiv : Pulsary, 2015. – 278 p. – URL: <https://repository.kpi.kharkov.ua/handle/KhPI-Press/27600>.

2. The role of creative potential in solving business issues

Solving any business task cannot be done without using the creative potential of the staff, therefore, in order for the actor to be fully responsible not only for the goals, but also for the results, knowledge how to use the creative potential of the staff and how to evaluate it is needed. For evaluating the creative potential of personnel, it should be activated, that is, certain conditions should be created at the enterprise.

When solving a certain business task, there is a contradiction between what the organization has and what it needs. This contradiction is, on the one hand, an internal incentive to activate the creative potential of each employee, and on the other, an incentive to external activity in solving tasks.

Modern business relies on the creative potential and improvement of personnel. Thus, it follows from the experience of American companies that every \$35,000 invested in education bring a profit of \$1 million.

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There are many descriptions of a creative solution to a business task. One of them is based on the consistent use of divergent and convergent thinking.

The process consists of the following stages:

- *Identification of the issue/opportunity* – the framework of the issue is determined, several different descriptions of the issue/opportunity are made, from which one or more are chosen for further work.

- *Idea generation* – many options for solutions are offered without any critical assessment of their practical value.

- *Idea selection* – the most promising ideas are developed before the final selection is made.

- *Implementation of the solution* – potential obstacles are analyzed and strategies are developed to overcome or mitigate them. A detailed action plan is made.

Of course, not every manager can use the creative potential of the staff. Some of them use the methods and techniques to develop it and do it quite successfully. However, when the manager faces a serious issue, he/she does not use the creative potential of the staff, because it is "risky". At best, he/she uses his/her creative potential, or the potential of the staff, but only at the stage of generating ideas.

There are many research methods for activating the creative potential of the organization's personnel.

Idea generation methods include: classic brainstorming; nominal group method; provocations; forced relationships; reverse course; two words; collective notebook; metaphors; synectics; bionics; horizontal thinking; paradoxical thinking; value-functional analysis; creative visualization; method of focal objects; ladder method; KJ Method using stickers; Disney's creative strategy; analysis of characteristics; reframing; morphological analysis; analysis of the topic; mental maps; checklists: SCAMPER list, CREATIVITY method, six questions, product improvement checklist; trainings, etc.

The following methods are often called the most common methods of activating and using the creative potential of personnel:

- *brainstorming* and its varieties: individual, written, direct and mass types. The double, idea evaluation, reverse, "ship board", and "idea conference" methods are also known;

- *the method of focal objects*;

- *morphological analysis*;

- *trainings;*
- *the Delphi method;*
- *the method of organized strategies;*
- *the scenario method;*
- *coaching.*

The brainstorming method was developed by Alex Osborn as a method of finding solutions to an issue or analyzing an opportunity based on the accumulation of the maximum available number of diverse ideas that are spontaneously generated by all participants in the process. The generation process involves a quick collection of various solution options for a specific question for further expert processing and forecasting of the effectiveness of the selected solution options.

The method of focal objects is based on the possibility of transferring randomly selected objects to the studied object that is in the focus of the transfer. The purpose of the method is to improve or develop a specific object on the basis of obtaining a large number of different options with different properties. The meaning of the method is determined by the name, that is, "focal" literally means "central; very important; connected with or providing a focus".

The essence of morphological analysis is that the issue is divided by the process participants into smaller stages. They will be analyzed and evaluated separately from each other in the future. In the process of analysis, all possible combinations of probable properties and principles of action are compiled, then a corresponding project is compiled for each.

The concept of training is most often used as a term for group work of people. Initially, this concept was conceived in scientific psychology, but over time it became very common in management. In management, trainings are used as a way to increase the level of knowledge of employees without breaking away from production, improve the psychological atmosphere in the team, and also to reveal the creative potential of each employee. In addition, trainings are used to speed up the resolution of some urgent problems, issues and business tasks at the enterprise.

The Delphi method involves a complete rejection of collective discussions. In this method, direct debate is replaced by a carefully designed program of successive individual polls, usually in the form of a questionnaire.

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The method of organized strategies to some extent helps to overcome the inertia of thinking. It is based on the principle of a so-called consideration of an object, subject or process every time from an unexpectedly new point of view.

The scenario method is a method of decomposition of the research issue, which involves identifying a set of individual options for the development of events (that is, scenarios), which together cover all possible options for the development of events.

Coaching is increasingly used to develop the creative potential of such teams. Coaching is a model of interaction thanks to which a top manager increases the level of motivation and responsibility of both himself/herself and staff.

An organization using top management coaching has a number of competitive advantages. That is, top managers are confident in their abilities and work with greater interest and higher returns. In essence, coaching in management is an explanation, assistance in decision-making, a special tool for increasing the efficiency of the client's activities. Coaching clients can be both top managers and teams. The use of coaching increases the productivity of each top manager or the team in general, improves relationships in the team and unites the team, which acquires the ability to react quickly and effectively in critical situations, to successfully solve emerging issues.

The coaching system is built on certain principles. The fundamental principle of coaching is the belief that all people have much greater internal capabilities and potential than those they manifest and realize in everyday life. The initial prerequisite of coaching is the belief in the unique creative potential of a person (organization), which makes it possible to achieve high positive results in all branches and spheres of production and economic activities. Coaching is aimed at identifying and making the most of the abilities and potential of a person or team.

The coach uses elements of management, organizational behaviour, organizational psychology, and coaching training.

Top managers hire a coach for the purpose of:

- achieving greater results;
- ensuring development in various spheres of life;
- achieving greater results faster and with lower costs.

Coaches help the top manager to perform all three tasks and do it quickly.

Coach consultations enable the client:

- to make sure that his/her inner strength increases;
- to strengthen and develop the internal potential;
- to define goals taking into account the client's personal values.

Coaching gives positive results for several reasons:

- mutual reinforcement (synergy) of the coach and the client creates a powerful impulse to realize goals and effective actions;
- the goals set are so significant and necessary for the client that they naturally encourage the client to get a positive result, in contrast to situations when the client has to be "pushed" to the goals;
- the client develops new skills and abilities, and they lead to greater success.

In fact, coaching is a special system of support for a person, which makes it possible to reveal his/her creative potential and achieve real results, both in professional and personal life, to form a creative team, moreover, to do it in the most effective way.

Activity:

In your opinion, what methods of activating the creative potential of employees should be used in your business?

For further information, please see the following resources:

1. Childs P. Creative thinking course : textbook / P. Childs. – URL: <https://cutt.ly/46q231d>.
2. Research training: innovation strategy, idea generation, motivation management : textbook / O. I. Savchenko [et al.] ; edited by O. I. Savchenko; National Technical University "Kharkiv Polytechnic Institute". – Kharkiv : Shchedra sadyba plus, 2015. – 240 p. – URL: <https://repository.kpi.kharkov.ua/handle/KhPI-Press/37017>.

3. The role of creative teams in solving business issues

Using the creative potential of the staff requires joint effort of many people, therefore the formation of various communities, creative specialists of the organization is becoming increasingly important. Innovative groups

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formed in organizations are known by different names: business communities, communities of interest, creative groups, innovation teams, topic groups, best practice teams, etc.

There are four types of communities, according to the purpose, aiming:

- 1) to provide assistance in solving everyday issues;
- 2) to develop and disseminate best practices, guidelines and procedures that can be used by community members;
- 3) to organize management and disposal of the amount of knowledge and creative potential that can be used by community members;
- 4) to innovate and create breakthrough ideas, knowledge and practical experience.

Business communities can exist within the organization or go beyond it, operate in physical or virtual space.

A team is usually created to use the creative potential of the staff in order to solve complex tasks (for example, to develop the most important projects), to perform special functions, as well as to promote creativity. A team is a type of collective and is usually a small group that unites people with various knowledge, skills and creative potential.

Team members should have:

- readiness to understand and accept common goals, to cooperate, to perceive the opinions of others, to trust each other;
- the ability to identify and solve issues;
- the propensity towards studying and self-learning, exchanging information;
- sociability, openness;
- high level of special knowledge;
- desire to achieve better results;
- responsibility.

A team is characterized by:

- the composition and leaders, that can often change depending on the nature of the task being solved. This does not fully extend to the top management of firms which today also often acts as a team;
- full responsibility of the leader, as the most competent member of the team in the relevant issues, for the assigned area and entrusting the official head with the functions of the organizer and coordinator of all work;
- significant intellectual, creative potential and status of the participants;

- high psychological and socio-psychological compatibility, cohesion, close mutual understanding, culture of joint activity;
- clear division of the powers of everyone;
- making the main decisions jointly after a comprehensive discussion, with the person responsible for the relevant direction having a decisive vote.

Work in a team should correspond to a person's interests and abilities (maximum use of creative potential), be complex, diverse, provide an opportunity to demonstrate independence, learn and improve skills, and be fairly rewarded.

In modern organizations, teams are often assigned the role of nothing more than generators of ideas at the appropriate stage of business decision-making, but there are various types of groups (teams) that can contribute to the development of the creative potential of personnel, increasing the dynamism and innovativeness of the organization. Let's consider some of them.

A *meeting* is the most common form of communication that can be used almost always. A schedule of regular meetings should be compiled – at certain intervals, depending on the nature of the team's tasks.

Offsite meetings are meetings that are held outside the place of permanent work. Such periodic meetings are useful for all types of teams, but they should be devoted to issues related to revising the course of action or revitalizing activities.

Learning through action involves the development of the creative potential of personnel through the interaction of people in small groups (up to six people). Teams look for solutions to existing complex tasks or issues and implement the necessary changes. Small groups work on tasks in the current activity or, conversely, set the task of taking a fresh look at previously unfamiliar issues. Each of the members of the small groups works on their own unique task.

Project groups. In a team of project executors, the entire group works on the same task and bears collective responsibility for the result. Today, organizations operate more and more often on the principle of project management, so people have to divide their time between different types of activities. As a result, the former certainty associated with the presence of one boss and a clearly demarcated sphere of competence are gradually receding into the past.

Virtual teams fit the above definition of real teams with the only difference being that they lack the element of face-to-face communication.

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The exception of the middle management link, globalization, 24-hour work mode and digital communication technologies contribute to the development of this type of teams.

Teams are created at all levels of the organization, but a special place among them is taken by the team of top managers (Top Management), which takes care of the most important and complex issues. Its role and significance especially increases in crisis conditions.

A healthy climate in the organization is characterized by trust, openness in the spirit of friendly competition. Concealment, mistrust, ambiguity in posing questions are the symptoms of an ineffective organization the functioning of which is unlikely to be purposeful and able to contribute to the development of creative potential.

The difficulty of managing the creative potential of personnel through teamwork can be caused by the lack of a culture of joint activity, individualism, desire for leadership, personal results, and impatience. This requires each participant to understand the overall situation. Therefore, an important role is devoted to free exchange of information with the volume, completeness and accuracy far exceeding that required for operational management.

Working in teams is a connecting link between individuals and organizations. Thus, initiatives carried out at the level of teams can be considered as catalysts for the development of both. In view of this, the development of the management team is an increasingly important task for improving productivity at the organizational and individual level.

The formation of a group (team) is an inevitable result of the organization's activities. Interacting with the organization means interacting with people at different levels of the organizational hierarchy, and it is the team that provides communications within the organization.

It should be noted that currently the systems, models and processes of managing the creative potential of the personnel of modern organizations should be distinguished as to diversity and depend on the strategic goals, available knowledge, abilities and skills of personnel. The analysis of existing practice makes it possible to single out the main processes that are present in any model in the activity of managing the creative potential of personnel. These are the following processes:

- formation;
- use;
- development.

Auxiliary processes include those that to one degree or another are included in all main processes, permeate them, ensure their course:

- accumulation;
- distribution;
- protection;
- evaluation;
- control.

If the main processes of managing the creative potential of personnel can be conventionally called horizontal, then the auxiliary processes are vertical.

The processes of managing the creative potential of personnel can be designed as separate business processes, or they can be integrated as parts of the main business processes of the organization. They are related to strategy, change management and people management as human capital that can be developed both qualitatively (knowledge, creative abilities) and quantitatively.

The importance of teams as initiators of changes, improvements and, accordingly, leaders of strategy should be emphasized. To implement the processes of managing the creative potential of personnel, an easily accessible critical mass of employees is required, represented by the management team, especially middle and lower managers, given that it is the latter who can directly influence the effectiveness of the organization.

The processes of formation, use and development of the creative potential of personnel should cover all the defined groups of employees, because in modern flexible organizations (deprived of the middle link, with expanded powers of employees), the differences between managerial and leading roles are gradually being erased.

Therefore, the role of team development is to support planned and spontaneous changes in organizations. Organizations should choose whether to practice a traditional approach based on identified needs, or to apply a creative approach based on thoughtful strategy exploration and creation of "creative contradictions".

In times of crisis, judging by surveys of company managers, they are ready to cut costs, which is the most appropriate and progressive measure. Competent management of the development of the organization's creative potential and team formation should not play the last role in this process.

Finally, it should be noted that in the process of using the creative potential of the staff during the solution of business tasks, its development

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and transformation take place. On the one hand, it shows the extent to which social priorities have been actualized, turned into purely subjective motives of an individual's activity. On the other hand, awareness of the merging of personal interests with the interests of the enterprise relieves the existential tension of the individual goal.

Activity:

How often do meetings take place in your work group? Can we assume that creative tasks are solved at these meetings?

For further information, please see the following resources:

1. Childs P. Creative thinking course : textbook / P. Childs. – URL: <https://cutt.ly/46q231d>.

2. Innovative entrepreneurship: creativity, commercialization, ecosystem : textbook / Yu. M. Bazhal [et al.] ; edited by Yu. M. Bazhal. – Kyiv : Pulsary, 2015. – 278 p. – URL: <https://repository.kpi.kharkov.ua/handle/KhPI-Press/27600>.

4. Specifics of creative management and creative entrepreneurship

Today, in the conditions of the market economy, there is very tough competition among enterprises of various branches. This suggests that all companies should quickly adapt to different external conditions of competitors. In this connection, there is a need to make demands on managers, on their development skills, innovative ideas, as well as on the creative potential of organizations. The increase in requirements for managers is largely related to the escalation of reform processes and innovative transformations in Ukraine and abroad.

The word combination "creative management" is becoming fashionable and necessary. The very expression "creative management" consists of two words: creativity and management. To begin with, let's consider the definition of each.

Management is a special type of administration of an organization in a market economic system, which is characterized by: market mechanisms of economic development, which provide for the presence of competition,

freedom of entrepreneurship and making economic decisions, migration mechanisms for the movement of capital, labor, free pricing, which, in turn, determines the need for flexibility and adaptation in the behavior of a firm in the market, which is impossible without focusing on the human factor, high professionalism and creativity of the manager.

Creativity is the ability of an individual to act creatively in various spheres of professional activity, the result of which is the formation of new, non-standard approaches, technologies and methods of professional activity, development and production of new, unique products.

In many companies, there are special positions of creative managers, called to improve relationships in the team, working conditions, and establish a corporate culture within the organization. A manager with creative thinking knows how to see several options for implementation or use in the perspective of opportunities.

So what is creative management and why is it needed?

Creative management is effective management of structures, processes and resources to achieve the set goals using non-standard (creative) approaches. In creative management, creativity acts not only as an object of management, but also as a means of increasing efficiency, as a source of innovation, management style, development potential, and the human factor.

The concept of creative management intersects with the concept of innovative management (from the word "innovate" – to introduce innovations, make changes), but it is not exhausted by it. The connection between innovation and creativity in a simplified sense can be traced in the following definition: "Innovation is the borrowing, adaptation, or practical use of a creative element (i.e., a value-added product) by a third party". At the same time, innovation, that is, the introduction of innovation into the economy, technology, service, can also have a creative component, contain elements of creativity.

Creative management concerns the issues of team management, and those belonging to the subject areas that are not amenable to clear formalization, and are subject to mobile, "drifting" goal-setting criteria.

Creative management pursues the following goals:

assessment of the creative potential of an individual (a specialist whom they want to involve in solving creative tasks) depending on a number of factors of small business;

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ensuring a creative atmosphere in a team that has worked for a long time and has its own traditions, informal leaders, distribution of role functions, which has justified itself;

formation of groups of experts called to evaluate certain pre-developed proposals, in particular in the field of innovative policy, aiming to improve the state of affairs and prevent crisis situations in which the enterprise may find itself;

formation of temporary creative collectives of persons capable of effective participation in the group creative process;

assessment of dominant motivational attitudes, the reasons that gave rise to them, and possible ways of solving tasks in short and long term that require the use of the creative abilities of a specialist;

choosing heuristic methods, operations and techniques which should be mastered for a better and more efficient solution of creative tasks for specialists who have joined temporary creative teams.

Table 2 shows a comparative analysis of traditional and creative management.

Table 2

Comparison of two types of management

Theoretical concepts underlying organizational management	Traditional management	Creative management
1	2	3
Teaches	to manage scientifically, according to the rules	to use a non-standard, creative approach
Develops	theories of struggle	theories of cooperation, harmonization of relations (stakeholders, alliances, networks)
Adopts a strategy	as a trajectory of movement towards the set goal	as a set of decisions regarding the positioning of the organization in the environment (strategic potential, key competences)

Table 2 (the end)

1	2	3
Considers the basis of building an organization	by fragmentation of actions	through isolation of business processes (value, stream of value creation)
Sets the direction of information flows	top down	in any direction
Defines the main user of information as	an individual holding a certain position and other permitted persons	any member of the organization and any group
Organizes work	individually and in groups	in teams
Carries out management based on	power and motivation	trust and collaboration (leadership and culture)
Organizes staff training	for an individual; in a discrete manner	for a group; permanently (knowledge management)
Adheres to the product concept	the main focus is on quality that differentiates the product and makes it possible to increase the price	The main focus is on the price reduction, while quality should go without saying

The basis of the concept of creative management is the creative integration of the achievements of all schools and directions that may help any organization become unique. Creative management makes original decisions that contribute to the establishment of progressive relationships between the external and internal environment, as well as the formation of this environment. This interaction should be based on the recognition and implementation of social responsibility of business.

The formation of a creative approach to management determines the need to build modern structures that make it possible to reveal the creative and increase the motivational potential of the organization's personnel, to increase the effectiveness of joint work.

A creative combination of group and team work is appropriate in a creative organization. For the formation of a creative organization, consistent implementation of personnel, team and organizational planning is necessary. During organizational construction within the framework of the target, functional-technological and structural models, three separate levels

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should be taken into account and connected: personal, group and organizational. Thus, creative management can be implemented on the basis of the formation of creative management structures with creative potential.

Creative entrepreneurship is closely related to the concept of creative management. From the very beginning, entrepreneurship is an independent activity carried out at one's own risk, aimed at systematically obtaining profit from the use of property, the sale of goods, the performance of works or the provision of services by persons who are registered in this capacity in accordance with the procedure established by law. Creative entrepreneurship is primarily self-employment or business creation in any creative field. A creative entrepreneur differs from a typical entrepreneur in that he/she is engaged in the creation or exploitation of creative or intellectual capital. Creative entrepreneurs invest in the development of talent, their own or other people's (Table 3).

Table 3

A comparative portrait of an investor, a businessman, an entrepreneur and a creative entrepreneur

Investor	Businessman	Entrepreneur	Creative entrepreneur
The least creative role in business. An investor invests in a business created by others and managed by others. Therefore, the investor can expect only a low profit in relation to the invested funds	A more creative role. The task of a businessman is to develop an existing business or create a new business, following clear and well-established rules. A real businessman is not the one who came up with a brilliant idea, but the one who was able to build a strong company on this idea and capture the market	A true creator. He/she invents new products, opens new niches, knows how to make money where others pass by. Entrepreneurship cannot be learned in management schools, let alone in economic universities. It is the talent, just like the talent of an artist or a musician	A person who is obsessed with his/her creative ideas. His/her uniqueness lies in the fact that he/she combines talent and money in his/her work. He/she gives birth to products or opens niches that keep investors and businessmen up at night. He/she forces capital to "dance to the tune of talent"

Creative management "works" where the created intellectual product cannot be unambiguously attributed to a single individual, but is definitely the result of collective activity.

Creative management is based on creativity – a field of knowledge about the productive collective solution of creative tasks.

Creative management implies theoretical and applied aspects. The theory of creative management is an integral part of the theory of creativity. Applied aspects of creative management are primarily associated with innovations.

Currently, creativity is mainly developed within the framework of training companies. Short-term trainings for the development of creative abilities of managers designed for specialists who have completed higher education, have become widespread. However, short-term trainings and courses do not solve the problem, since the development of sustainable creativity skills is only possible on a regular basis for quite a long time.

Creativity increasingly penetrates from the sphere of art and science into other spheres of human activity. Management is no exception. Revolutionary changes in technology and competition simply force companies to develop non-traditional approaches to solving traditional tasks, to look for fundamentally new solutions.

Solutions aimed at reducing the amount of routine work in companies and transferring such managerial work to computers, machines and robots are being implemented. Accordingly, time is freed up, which staff, especially management, can spend on creative activities. Specialists increasingly appreciate not only and not even so much the level of remuneration, but the possibility of creative self-realization, freedom of creativity.

Application of non-standard creative ideas and solutions in business and management is a direct result of increased intensity of competition, which requires new marketing ideas, improvement of advertising, more active use of non-traditional tools.

Management is impossible without creative thinking. The combination of scientific approach and art in the preparation of solutions is characteristic of business, and the challenge is that each approach finds its place.

Module 1. Creative Thinking & Generation of Ideas

Activity:

Think about the portraits of an investor, a businessman, an entrepreneur and a creative entrepreneur. Which of them are you closer to?

For further information, please see the following resources:

1. Childs P. Creative thinking course : textbook / P. Childs. – URL: <https://cutt.ly/46q231d>.

2. Firth J. Creative thinking : workbook / J. Firth. – URL: <https://cutt.ly/66q9aru>.

3. Research training: innovation strategy, idea generation, motivation management : textbook / O. I. Savchenko [et al.] ; edited by O. I. Savchenko ; National Technical University "Kharkiv Polytechnic Institute". – Kharkiv : Shchedra sadyba plus, 2015. – 240 p. – URL: <https://repository.kpi.kharkov.ua/handle/KhPI-Press/37017>.

Key references used:

1. Childs P. Creative thinking course : textbook / P. Childs. – URL: <https://cutt.ly/46q231d>.

2. Firth J. Creative thinking : workbook / J. Firth. – URL: <https://cutt.ly/66q9aru>.

3. Innovative entrepreneurship: creativity, commercialization, ecosystem : textbook / Yu. M. Bazhal [et al.] ; edited by Yu. M. Bazhal. – Kyiv : Pulsary, 2015. – 278 p. – URL: <https://repository.kpi.kharkov.ua/handle/KhPI-Press/27600>.

4. Research training: innovation strategy, idea generation, motivation management : textbook / O. I. Savchenko [et al.] ; edited by O. I. Savchenko ; National Technical University "Kharkiv Polytechnic Institute". – Kharkiv : Shchedra sadyba plus, 2015. – 240 p. – URL: <https://repository.kpi.kharkov.ua/handle/KhPI-Press/37017>.

Slide summary for Module 1

Module 1

Creative Thinking & Generation of Ideas



Creative Thinking & Generation of Ideas

Without a powerful and continuous inflow of fresh ideas companies would cease to exist.

That is why the main question that is to be answered by leaders and entrepreneurs is how to obtain real benefits from the creative potential of their workers, and, developing their potential, how to transform it into innovations capable of providing advantage over competitors.



Module 1. Creative Thinking & Generation of Ideas

Creative Thinking & Generation of Ideas

Top 10 skills of 2025	Top 10 skills of 2020
1. Analytical thinking and innovation.	1. Complex problem-solving.
2. Active learning and learning strategies.	2. Critical thinking.
3. Complex problem-solving.	3. Creativity.
4. Critical thinking and analysis.	4. People management.
5. Creativity, originality and initiative.	5. Coordinating with others.
6. Leadership and social influence.	6. Emotional intelligence.
7. Technology use, monitoring and control.	7. Judgment and decision-making.
8. Technology design and programming.	8. Service orientation.
9. Resilience, stress tolerance and flexibility.	9. Negotiation.
10. Reasoning, problem-solving and ideation.	10. Cognitive flexibility.

Creative Thinking & Generation of Ideas



EntreComp is a tool developed to increase entrepreneurial potential of European citizens and organizations. The framework is aimed at reaching consensus on general understanding of entrepreneurship competences through identifying three key areas, the list of 15 competences, learning outcomes, and qualification levels which can be referred to by current and future initiatives.

You can learn more about EntreComp on the webpage of the European Commission.

Creative Thinking & Generation of Ideas

Is it possible to learn creativity?



Creative Thinking & Generation of Ideas

The notion of creativity

- Creativity is an ability to bring something new into the existing order of things, something that wasn't there before.
- Creativity is manifested in the development of absolutely new systems, in a new combination of known information, as well as in the application of known approaches to absolutely new situations.
- Creative action has to be intentional, as well as to have a goal.

Creative Thinking & Generation of Ideas

A portrait of a creative person

Creative people pay attention to their world, see things differently, challenge assumptions, take risks, are not afraid to fail, and strive to generate multiple solutions to problems. They are passionate about creativity and see opportunities to innovate.

Dr. Larry G. Richards

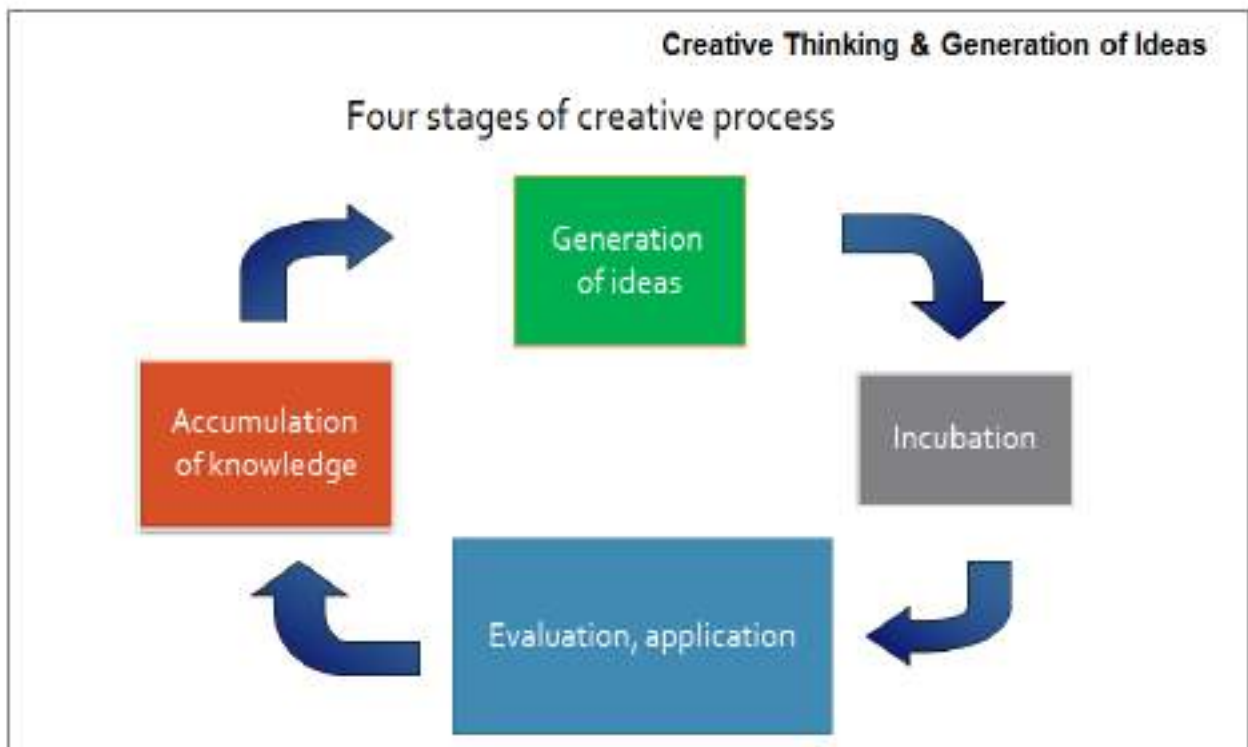
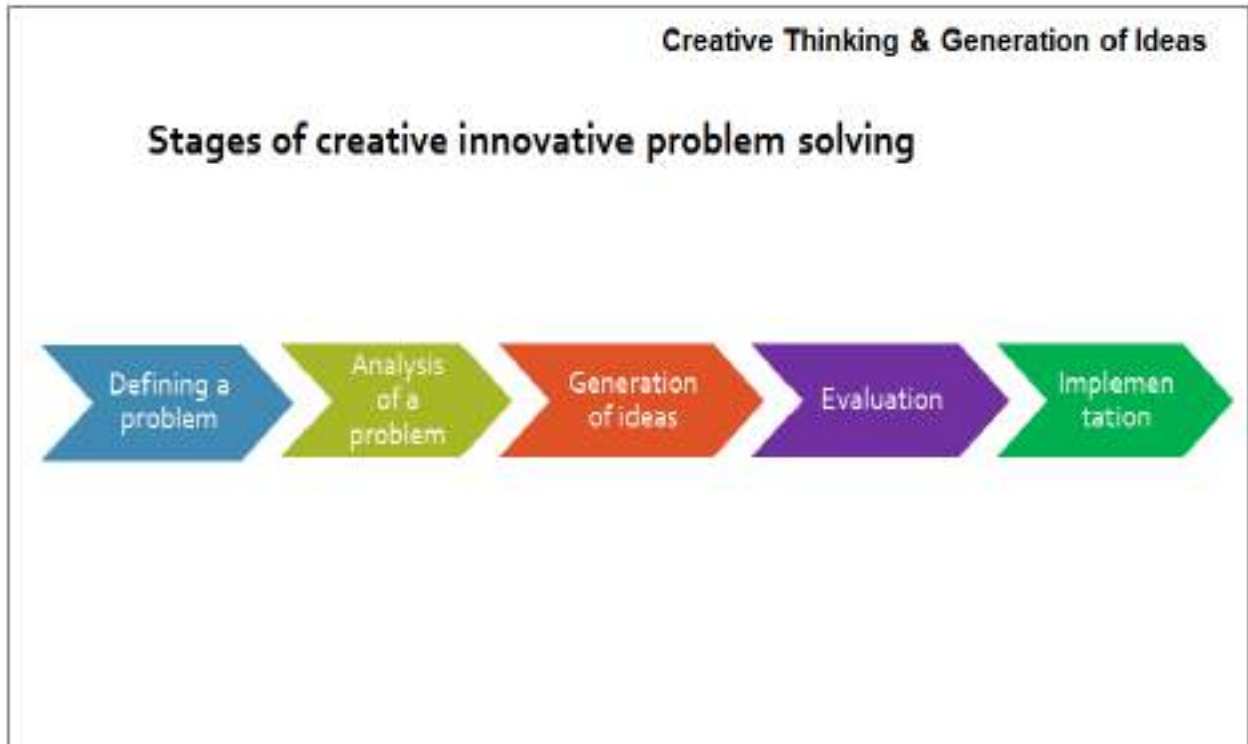
Everyday Creativity: Principles for Innovative Design

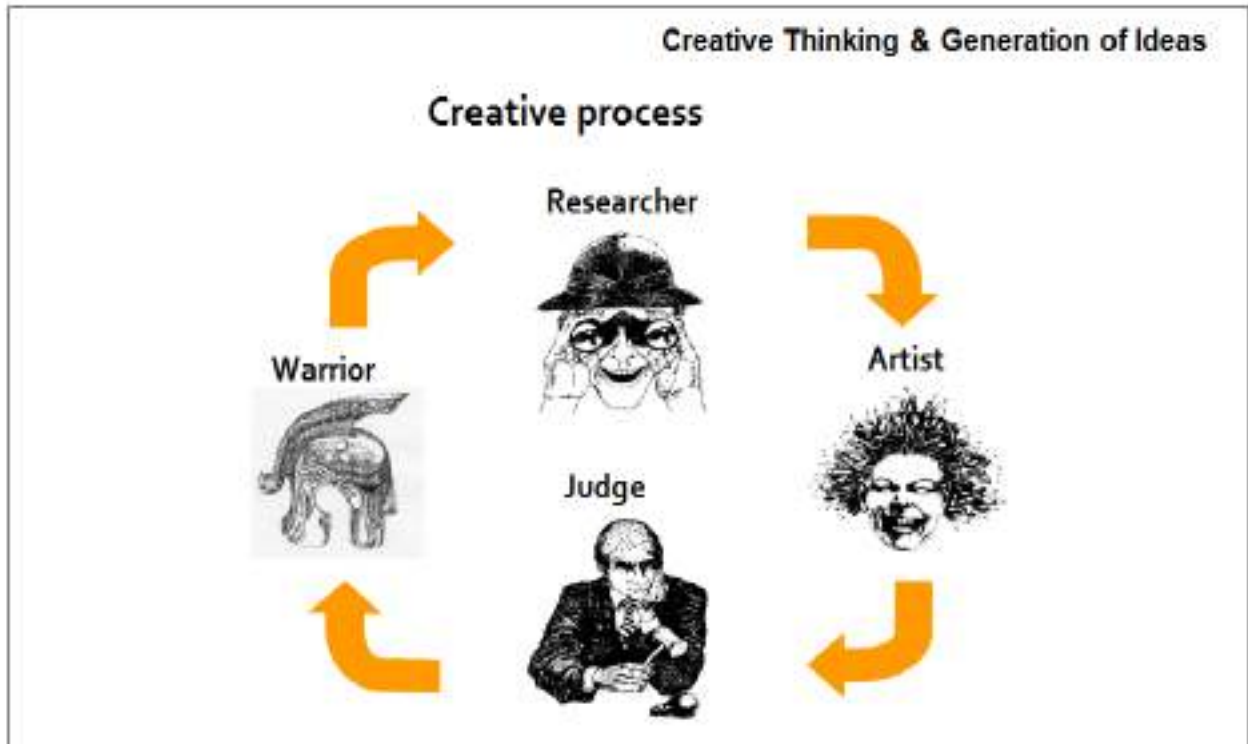


Creative Thinking & Generation of Ideas

Brilliant ideas are often closer than you think!










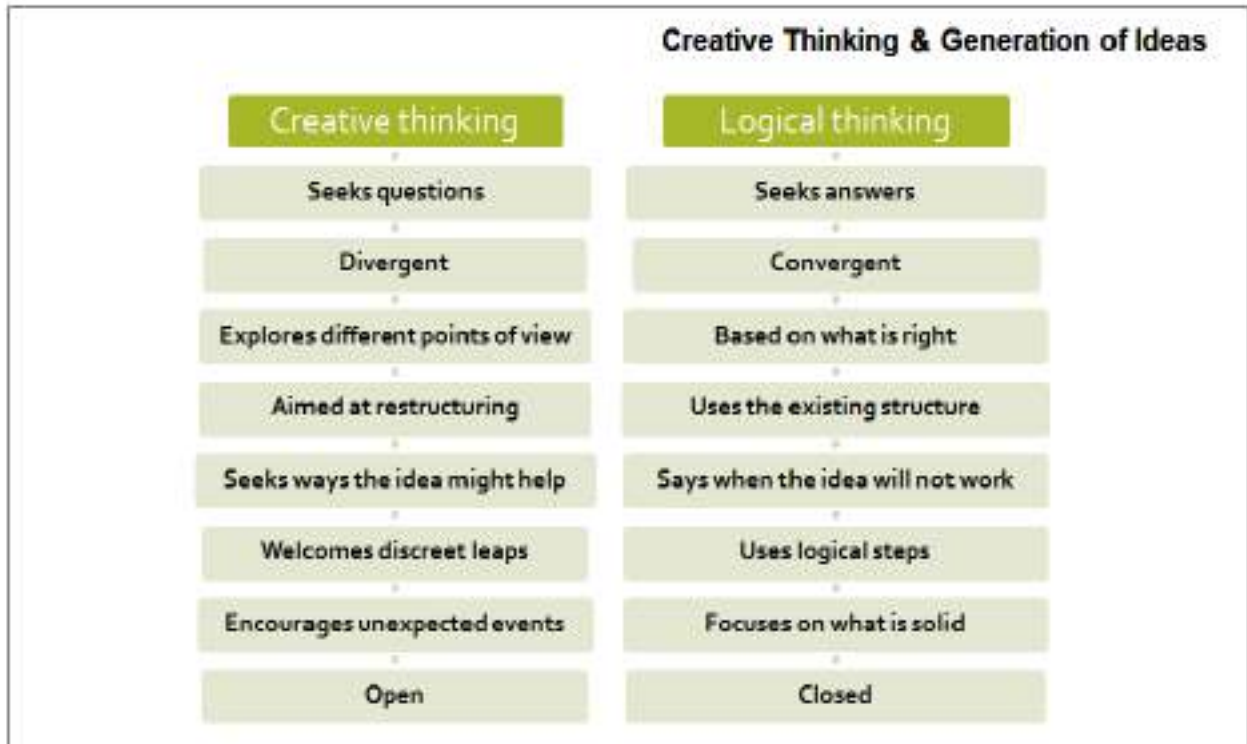
Creative Thinking & Generation of Ideas

Mental blocks

<p>Correct answer. It is not logical. Follow the rules. Be pragmatic. It is an easy game.</p>		<p>That is not my thing. Do not be a fool. No ambiguity. You cannot make mistakes. I am not creative.</p>
---------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------







- Creative Thinking & Generation of Ideas
- Distinguishing features of creativity**
- **Conceptual readiness** – ability to generate many ideas.
 - **Mental flexibility** – ability to think out of the box.
 - **Originality** – ability to give unexpected problem solutions.
 - **Justification of decisions** – readiness to analyze deeply.
 - **Impulsiveness** – desire to implement an idea at once.
 - **Assertiveness** – readiness to challenge authorities.
 - **Tolerance** – being very tolerant to other people.

Creative Thinking & Generation of Ideas

Characteristics of creativity

- **Abstraction** – ability to operate abstract ideas.
- **Linkage** – ability to see the link between unlinked things.
- **Prospect** – ability to evaluate the prospect of things.
- **Interest** – desire to change routine processes.
- **Courage** – ability not be afraid when your creative ideas are criticized.
- **Paradoxicality** – working with contradictory things.
- **Comprehensiveness** – ability to use comprehensive approach.
- **Sustainability** – ability to improve constantly.

Creative Thinking & Generation of Ideas

In order to be creative...

1. Be open, positive, susceptible to new things, promising, curious like a child.
2. Use creativity stimulation methods, such as brainstorming, business games, etc.
3. Study real-life examples and ways in which famous people developed their creativity.
4. Activate yourself.
5. Practice, practice, and once again practice even if it is killing you.

Creative Thinking & Generation of Ideas

Four factors that influence our creativity

Thinking	Culture	Environment	Education
Critical thinking promotes our creativity. It helps us determine how logical and solid assumptions are, establishes links between the new and useful.	Our understanding of creativity depends on the values that prevail in the culture. In China creativity = = knowledge in certain area. In the USA creativity = = thinking out of the box.	Four elements influence creativity: friendly atmosphere, enriched environment, presence of situations without typical ways of doing things, encouragement of original solutions and own initiative.	Promotes the development of creativity, when an educator can: give assignments with several solutions, teach the algorithms of creative thinking, encourage individual search for answers.

Creative Thinking & Generation of Ideas

Concept development and generation of ideas



Whenever you see a successful business, someone once made a courageous decision.

Peter F. Drucker

Creative Thinking & Generation of Ideas

Idea (from the Greek *ιδέα* – pattern, form, image) in a broad sense is an imaginary pattern of a certain thing, phenomenon, principle, which singles out its main, dominant, and essential features.



Creative Thinking & Generation of Ideas

Creativity (from the Latin *creatio* – creation) is creative skills of an individual, which are characterized by readiness to produce absolutely new ideas.



Creative Thinking & Generation of Ideas

Wallas (1926) singles out the following stages in the creative process:

- *understanding* – search and defining a problem or an opportunity;
- *preparation* – the foundations of the solution to the problem are laid;
- *incubation* – quite often unconscious thought process plays the main role at this stage;
- *illumination* – often takes the form of a sudden "Eureka!";
- *verification* – at this stage the idea is accepted by other people verifying its viability.

Creative Thinking & Generation of Ideas

Creativity development barriers:

- limited definition of a problem;
- fear of evaluation from other people;
- stereotypes (age, gender, status stereotypes, fixed ideas, habits, etc.);
- low self-esteem, lack of self-confidence.

Creative Thinking & Generation of Ideas

Myths about the development of creative thinking

Myth: Not all people develop creativity.
Fact: "Ordinary" students are as good at learning as gifted ones.

Myth: Creativity is to be learnt when you are young.
Fact: People of all ages show good results.

Myth: Creativity is taught only at special universities.
Fact: Learning in professional environment is better than academic learning.



Myth: Creativity has to be developed every day.
Fact: Learning effect can last up to 1-2 years.

Creative Thinking & Generation of Ideas



Module 2

Business Start-up

Description

This session examines the different requirements for business start-ups. It aims to equip participants with the knowledge and skills required to critically analyse business model strengths and weaknesses and the ability to create insights and interpretations.

Learning outcomes

On completion of the session, participants will be able to:

- have a good understanding of the resources required for starting a business;
- implement business start-up principles;
- identify new business opportunities by understanding customers and market needs;
- understand the importance of value proposition and market segmentation.

The indicative syllabus is given in Table 4.

Table 4

Indicative syllabus

Topic	Methodology	Activities	Resources
1	2	3	4
1. What do you bring to the business? 2. Resources for starting a business. 3. Understanding your products and services	A Blended Learning approach incorporating both classroom	Participants will be expected to take the lectures and participate in the associated learning-by-doing	[1; 2; 4; 6; 10 – 15]

Table 4 (the end)

1	2	3	4
4. Understanding customers and their needs. 5. Developing your brand. 6. Developing your unique selling point (USP). 7. Business planning. 8. Managing yourself – time management	(face-to-face) and online delivery	activities sequentially	

1. What do you bring to the business?

As an entrepreneur, the most important thing that you bring to your new venture is **YOU**. Therefore, you need to have a good understanding of what that means for you. Think through your motivations for going into this venture, why you are considering it, your personal drivers and what you want the business to achieve for you. You also need to take into consideration any constraints or barriers that you may have to setting up the business. For example, a shortage of money, time or skills.

Furthermore, consider the following and how this may be applicable to your business venture:

- your *knowledge* – skills and knowledge that you have that are applicable to your business venture;
- your *experiences* – experiences, both personal and non-personal, that you've had that could relate to the business;
- your *character* and *personality traits* – the kind of person you are and what your natural inclinations are.

In addition to the above, to succeed, you will also need passion, a belief in what you do and a commitment to the hard work required to achieve it.

Entrepreneurial traits

Research has identified the following traits and characteristics as entrepreneurial traits that add value to businesses:

creativity – the ability to create (Merriam-Webster Dictionary); the ability to produce or use original and unusual ideas (Cambridge Dictionary);

innovation – a new idea or method or the use of new ideas and methods (Cambridge Dictionary);

risk-taking – the act or fact of doing something that involves danger or risk in order to achieve a goal (Merriam-Webster Dictionary). For example, starting a business always involves some risk-taking;

opportunity spotters – the ability to identify opportunities or situations where it is possible for you to take action to achieve your business goals.

Myths about entrepreneurs

As you take stock of what you bring to your particular new venture, beware these popular myths about entrepreneurs so that you don't get side-tracked by them.

1. *Entrepreneurs are visionary.* There are no automatic visionaries. Visions evolve as opportunities emerge and you get to define your own vision and measures of success for your business.

2. *Entrepreneurs have good ideas, and you do not.* Ideas are a dime a dozen; very easy to come by. However, you don't know how successful they will be until you take action on them. This applies to everyone, even entrepreneurs.

3. *Entrepreneurs are risk-takers.* Entrepreneurs may be willing to accept risks (it comes with the territory), however, like just about everyone else, they do not like risks. The difference is that they take steps to limit and mitigate them in any way they can.

4. *Entrepreneurs have money, and you do not.* This is just not true. Having money for your business does not guarantee its success and several money-starved start-ups have gone on to become wildly successful.

5. *Entrepreneurs are extraordinary forecasters.* This is also not true. They are just willing to live with the uncertainties that come with running a business and organise themselves to cope with and indeed influence them.

6. *Entrepreneurs are not like the rest of us.* Entrepreneurs are just like everyone else. Entrepreneurial principles and skills can be taught.

7. *I do not know how to take the plunge.* This may be true, but hopefully, having the right resources available to you, such as this course will help you do just that.

Module 2. Business Start-up

Activity:

Take the GET 2 Entrepreneurial Trait Test following this link: [8].

Evaluate your results:

1. What surprised you?
2. How can you utilise the findings?
3. Does it make a difference knowing how you may think and respond to your situation now?
4. Will your results change over time?

For further information, please see the following resources:

1. Entrepreneurial Skills – The Skills You Need to Start a Great Business. – URL: https://www.mindtools.com/pages/article/newCDV_76.htm#:~:text=Successful%20entrepreneurship%20takes%20hard%20work%2C%20dedication%20and%20a%20wide%20skill%20set.&text=But%20the%20key%20qualities%20are,skills%20that%20underpin%20these%20qualities.

2. Roche B. The Power of an Entrepreneurial Mindset / B. Roche. – URL: <https://www.youtube.com/watch?v=lhs4VFZWwn4>.

3. 15 Steps to Start a Business From Scratch with (almost) No Money. – URL: <https://entrepreneurhandbook.co.uk/starting-a-business/>.

2. Resourcing

According to Burns [2], there are four main resources that you need to start a business.

1. *A good business idea.* In coming up with a business idea, keep in mind that new ideas are rarities! As the saying goes, "There's nothing new under the sun". Your "new" business idea is more likely to be a new spin on an existing idea or an idea that you've gotten from observing trends or pain points that your target customer is experiencing. Whatever the idea is, the key is to own it and deliver it with your own Unique Selling Point (USP).

2. *Sufficient capital to launch the business and help it grow.* Even if you're short on cash, you do bring some capital to your start-up. Capital could be in the form of *human capital* (e.g., your skills, abilities, education or experience), *social capital* (e.g., access to personal networks of friends and commercial contacts, your social skills) or *financial capital* (e.g., cash and other assets such as land, buildings, equipment). The more capital in

whatever form, you are able to bring into your business, the greater its chances of success. Note that you can compensate for one form of capital by having more of another. For instance, you could compensate for a lack of financial capital by having more social capital or vice versa.

3. *An entrepreneurial character.* Your personal drivers and fears have a significant impact on your approach to entrepreneurship. Character traits are in part the product of the many influences that have shaped and developed you over the course of your life, from your parents to your nationality, to your education, to your career. While it may be possible to classify your character at a point in time, it can change over time and in different circumstances. Based on research, five main entrepreneurial character traits have been identified as follows:

- high need for achievement;
- high need for independence;
- high creativity, innovation and opportunism;
- high internal locus of control;
- acceptance of measured risk and uncertainty.

Note that each of these character traits is considered to be necessary but not sufficient in and of itself. Instead, a combination of all of them is needed to be present.

4. *A plan as to how you will make it happen.* In addition to having the preceding resources, you need to have a strategy outlining how you are going to put them to use to achieve your business goals. The process of planning has value to you as a business owner because it helps you outline your business goals, vision and target as well as the "how". A plan is also a useful document for "selling" your idea to stakeholders, e.g., potential investors.

Activity:

Think of the resources that you currently have to put towards your business. Also, identify what forms of capital you have available (human capital, social capital, financial capital) and what proportion of your total capital they represent.

For further information, please see the following resources:

1. Gross B. The Single Biggest Reason Why Start-ups Succeed / B. Gross. – URL: <https://www.youtube.com/watch?v=bNpx7gpSqbY>.

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2. Henderson K. J. Resources You Need to Start a Business / K. J. Henderson. – URL: <https://smallbusiness.chron.com/5-resources-need-succeed-start-business-23.html>.

3. Rampton J. Starting Your Business: The Tools, Resources and Mindset You Need to Succeed / J. Rampton. – URL: <https://www.entrepreneur.com/article/334517>.

3. Understanding your products and services

Before you launch your start-up, it is essential that you do as much research as possible into every facet of your new venture i.e., market research. The more information you have at your disposal, the better. Keep in mind that though as an entrepreneur, you can create opportunity or spot opportunities, that in itself is not enough. Your creative skills need to be linked to a market need. So, you need to research the market/industry that you intend to do business in and ensure that there is a need for the product or service that you plan to launch. Other key areas that you should have a detailed understanding on are:

- *What are you selling?* You need to be able to answer this question satisfactorily both to yourself and potential investors. What is the product or service that you are bringing to market? Is it a new product/service or is it a variation of an existing one? What's different about it? How do you plan to sell it? How much market share do you expect to have in relation to your competitors?

- *Who to?* Who are your customers? Have you identified a target market? How are you going to get their attention and sell to them? Does your product or service fulfil a need or solve a problem for them?

- *Why do they buy from you?* You're likely not the only business selling whatever product or service you are launching, so why should the customers buy from you instead of your competition? What edge does your product or service have over that of your competitors? How much do you know about your competitors? What are their strengths and weaknesses and how can you exploit these to your advantage?

Having all this information to hand helps minimise risk and uncertainty and provides a basis on which you can develop your marketing strategy.

Activity:

Try to answer some of the questions listed above for your own business. Do you think you have enough information, or do you need to do some more market research?

For further information, please see the following resources:

1. How to Do Market Research / K. Graham, A. Matthews, P. Olson, J. Lorenz-Olson. – URL: <https://www.youtube.com/watch?v=b-hDg7699S0>.
2. Knowing Your Products and Services. – URL: <https://www.business.qld.gov.au/running-business/marketing-sales/sales/skills/know-product>.
3. Understanding Market Research for Small Business. – URL: <https://www.youtube.com/watch?v=p7Nv16FppOE>.

4. Understanding customers and their needs

One of the most important things to do before you launch your new business is to identify *who* your target customers are, *what* they want and *how* your product or service will meet their needs. This is the core of your business – meeting customer needs. Your business will only succeed if it is continually offering customers a value proposition that meets their real needs or solves real problems for them. Your value proposition is the reason that customers buy from you instead of from your competitors. Therefore, the features or characteristics of your product or service must combine to deliver benefit to or solve a problem for the customer, or they will not buy it. To be able to effectively identify customers' needs or problems, you must segment them.

Market segmentation. This is a process of grouping customers according to their different group needs or problems. Market segments match groups of customers to their product/service wants or needs and the benefits that they are looking for. A segment can be created on the basis of any one or a combination of descriptive factors.

Descriptive factors for private/individual customers could be personal demographics, e.g., age, gender, socioeconomic group, occupation, marital status, etc. For business markets, descriptive factors could be the type of business, location, industry, nature of technology, etc. Private/individual

Module 2. Business Start-up

descriptive factors would be applicable to you if your business is customer facing, i.e., B2C, while the business descriptive factor would be applicable to a business facing organisation, i.e., B2B.

Creating market segments will help your business more clearly identify the different customer needs or problems that there are and make it easier for you to identify your *target market*. It helps highlight any gaps in the market where the needs of a particular segment are not being met as well as they could be, thereby creating an opportunity for your business.

Target market. Your target market should be drawn from the group of customers whose needs you are most able to meet or whose problems you are most able to solve. As a start-up, it is advisable for you to identify and focus your limited resources on just three or four clearly defined, important and sizeable markets. Doing this will help you tailor your marketing mix, communication and marketing strategy to the needs of the customers in these particular segments.

More information on this is provided in *Module 4. Marketing Strategy*.

Activity:

Think through how you would create market segments and identify target markets for your business.

For further information, please see the following resources:

1. Erhart A. How to Identify Target Market, Target Market Examples / A. Erhart. – URL: <https://www.youtube.com/watch?v=LelePgFDAQI>.
2. Lake L. Market Segmentation for Small Business / L. Lake. – URL: <https://www.thebalancesmb.com/market-segmentation-for-the-small-business-2294921>.
3. Shewan D. A Guide to Target Markets for Small Businesses / D. Shewan. – URL: <https://www.wordstream.com/blog/ws/2014/09/18/beginners-guide-to-target-markets>.
4. STP Marketing (Segmentation, Targeting, Positioning). – URL: <https://www.youtube.com/watch?v=iGOw39GWDal>.
5. Rizzi V. What is Market Segmentation and Is It Crucial for Your Business? / V. Rizzi – URL: <https://entrepreneurhandbook.co.uk/why-market-segmentation-is-crucial-for-your-business/>.

5. Developing your brand

Your brand is the image that customers have of your business and how they identify it in the sea of competing offerings that they have available to them. It is also the impression that they walk away with after interacting with your business. A good brand is a powerful marketing tool that should be the cornerstone of any marketing strategy. It represents not just your value proposition to the customer, but the "personality" of your business. Your business's brand would ideally be recognised through the brand or company name and logo.

Building a brand takes time and requires the effective use of communication media. Your brand should be the embodiment of the values and beliefs that are represented by your business. These values and beliefs need to be explicit and consistently reflected not just in what you do as a business, but also in how you do it. Consistency is crucial as customers do not buy from a confused or confusing brand. With a start-up, it is not uncommon for the personal beliefs and values of the owner to be built into the brand – especially since you are likely to be using yourself to promote your brand.

Reasons to develop your brand

- First and most important, it helps to differentiate your product or service from that of your competitors.
- It can serve as a form of sustainable competitive advantage for your business, e.g., Apple represents design excellence and simplicity of use and that gives it a clear competitive advantage over similar products.
- It helps to highlight the unique features and benefits of your product/service that are of value to customers.
- It helps to cement customer loyalty, can aid in promoting loyalty to your products and services.
- Branding is your reputation; it shapes how people think of your business.

Branding is discussed in more detail in *Module 5. Branding*.

Activity:

How do you want your business to be perceived by your customers?
How would you communicate this through your brand?

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For further information, please see the following resources:

1. Davies P. How to Create a Brand for Your Business / P. Davies. – URL: <https://entrepreneurhandbook.co.uk/how-to-create-a-brand/>.
2. Green N. Building Your Brand Strategy / N. Green. – URL: <https://www.unbiased.co.uk/life/small-business/building-your-brand>.
3. How to Build a Brand From Scratch – 6 Steps to Success. – URL: https://www.youtube.com/watch?v=T9-5bnw24_Q&t=1s.
4. Waheed M. Why Brands Strategy is a Must-Have for Every Small Business / M. Waheed. – URL: <https://startups magazine.co.uk/article-why-brand-strategy-must-have-every-small-business>.

6. Developing your unique selling point (USP)

Your USP which is your Unique Selling Point or Unique Selling Proposition is the unique value proposition that your products or services have to offer your customers. It is the essence of what that makes your offering better than or differentiates it from that of your competitors. Your USP could be thought of as what you have that your competitors don't. This could be a special feature of your product or service like superior quality, or an additional benefit that you offer such as free delivery or lower prices or even bulk discounts.

For your Unique Selling Point to be successful with customers, it must be clearly defined and communicated to them and it must also be compelling enough to attract both new and existing customers. It should be obvious, different, and memorable so that they can easily see what your business has to offer that others don't. Without a USP, your product/service is just like all the others and you do not give the customer a reason to choose *you* over them.

Why do you need a USP for your business?

- Having a USP defines your unique position in the marketplace, the value you offer and the problem that you solve for customers.

- It articulates a specific benefit that others don't offer and therefore makes you stand out.
- A USP helps customers differentiate between the various options available to them and identify which one is right for them.
- A strong USP helps you stand apart from your competitors and actively focus on creating products and services that cater to your ideal group of customers.
- A USP is a competitive advantage.

How to communicate your USP

- Through *advertising* via traditional marketing media and brand marketing campaigns.
- Using *social media*; this is a great tool to leverage for driving brand awareness.
- Through *digital marketing* via your online store. Your USP would ideally be communicated in your tag line or as a bulleted list on your product page.
- By optimising *search marketing*, improving your website's SEO and ranking key words in search engines like Google (More detail on this will be shared in *Module 6*).

Activity:

What can you identify as the Unique Selling Point of your business? How would you communicate this to your customer?

For further information, please see the following resources:

1. Developing Your USP – A Step by Step Guide. – URL: <https://www.marketingdonut.co.uk/marketing-strategy/branding/developing-your-usp-a-step-by-step-guide>.
2. How to Sell Without Selling Your Soul. – URL: <https://www.youtube.com/watch?v=fqdaRXQjTUE>.
3. Strohsahl D. 8 Great USP Examples for Small Businesses / D. Strohsahl. – URL: <https://www.sandstonecastles.co.uk/usp-examples-for-small-businesses/>.
4. What a Unique Selling Point is and isn't. – URL: <https://www.shopify.co.uk/blog/unique-selling-proposition>.

7. Business planning

Planning is considered an essential part of life, more so in business. It is "the process of deciding in detail how to do something before you actually start to do it" [9]. Planning involves thinking about and identifying the activities required to achieve a desired goal and based on that, setting out how that goal will be achieved. It should mark the starting point of any new venture. Consequently, the first thing to do in starting a business is to create a business plan.

Planning is essential for business success. Having a plan gives you, the entrepreneur, control over your business. A well-written business plan serves as a roadmap and a blueprint, keeping you on track to achieve all you've set out to for your business. A business plan is a document that explains what the business is, what its goals are and how it will set about achieving those goals. Invariably, a business plan helps to:

- create focus for the business;
- manage time efficiently;
- allocate resources efficiently;
- prepare for uncertainties;
- grow the business;
- secure finance;
- prioritise efforts;
- evaluate opportunities;
- identify potential problems steps that can be taken to prepare for mitigation.

As a business owner, having a business plan is a huge asset to you as it helps guide your business decision making, provides greater clarity on all aspects of your business, and helps you identify the viability of the business before you commit resources to the venture. Furthermore, acting on the business plan means that you stay focused on executing action plans to reach set objectives within defined timelines and achieving your overall business goals.

This topic is discussed in-depth in Session 3 of Module 3. Business Planning and Finances.

Activity:

Think about the goals and objectives that you have for your business and make a list of them. Also think about how you might go about achieving these.

For further information, please see the following resources:

1. 5 Reasons You Need a Business Plan. – URL: <https://www.sba.gov/blog/5-reasons-you-need-business-plan>.
2. Evans T. Why is a Business Plan Important and Who is it for? / T. Evans. – URL: <https://entrepreneurhandbook.co.uk/why-is-a-business-plan-important-and-who-is-it-for/>.

8. Managing yourself – time management

No matter what qualities and attributes you have as an entrepreneur, an essential skill that you need for success is the ability to manage your time efficiently. Time management requires a shift in focus from *being busy*, i.e., focusing on high volumes of activity to being *effective*, i.e., being *productive* and aiming more for *tangible* results and outputs. With time being a limited resource, failing to organise yourself and your tasks properly will result in having insufficient time to accomplish your tasks and consequently your overall business goals.

Time management is described as the process of organising and planning how to divide your time between specific activities in order to achieve maximum productivity. It's pretty much, devising a system that helps you get the most bang for your buck, timewise. Practicing good time management enables you to work smarter, not necessarily harder so that you get more done in less time.

Time is a unique and highly limited resource – only 24 hours in a day. It can't be rented, hired, bought, or otherwise obtained. It is totally irreplaceable and is required for *everything*. Therefore, to make the best of your time, there are some essential requirements of good time management to incorporate. These are detailed as follows:

- Identify key tasks.
- Set clear objectives.
- Include careful forward planning, i.e., consider possible future circumstances or requirements as you plan.
- Clearly define your priorities and the actions that you need to take.
- Identify performance standards that you need to work to.
- Identify any constraints that may exist and plan for them.
- Learn to delegate successfully (where applicable).
- Include flexible working.

Module 2. Business Start-up

When you've gotten into the habit of good time management, here's a checklist to help you evaluate and review how effectively you are actually managing your time.

Time management checklist

1. Am I giving adequate attention to my current business activities, reviewing the past and planning for the future?
2. Am I dividing my time correctly between the different aspects of my work?
3. Have I adapted what I'm trying to do and how I work to allow for the effects of changes in my business over time?
4. Am I certain that I'm not doing any work that I ought to have delegated?
5. Who are the people that I ought to be seeing? Am I spending too much or too little time with them?
6. Do I organise my work day and week as far as possible according to priorities, or do I tend to deal with each problem as it turns up, or as I think of it without stopping to think if there's something more important that I should be working on?
7. Am I able to complete the tasks that I set for myself or am I constantly being interrupted or distracted? If the latter, are all these interruptions an essential part of my work?

Furthermore, for each activity that you engage in, ask yourself:

- Should it be done at all?
- If so, when should it be done?
- Should it be delegated?

Activity:

Based on the above, do you think that you're currently engaging in good time management? Make a list of ways that you can improve on your time management and become more productive with your business.

For further information, please see the following resources:

1. 10 Best Time Management Tips for Small Business Owners. – URL: <https://www.subscriptiondna.com/blog/10-best-time-management-tips-for-small-business-owners/>.
2. Gregory A. Seven Tips for More Effective Time Management / A. Gregory. – URL: <https://www.thebalancesmb.com/effective-time-management-tips-2951611>.
3. Juneja P. Time Management – Meaning and its Importance / P. Juneja. – URL: <https://www.managementstudyguide.com/time-management.htm>.
4. Managing Your Time for Success in 2020. – URL: https://www.youtube.com/watch?v=Di_4uufINqw.

5. Time Management Tips for Small Business Owners. – URL: <https://www.moo.com/blog/business-tips/time-management-tips-for-small-business-owners>.
6. VanDusen P. Time Management – 10 Productivity Tips and Tricks that Work / P. VanDusen. – URL: <https://www.youtube.com/watch?v=1FsEr8owBOc>.

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2. Burns P. New Venture Creation: A Framework for Entrepreneurial Start-Ups / P. Burns. – 2nd ed. – London : Macmillan International HE, 2018. – 484 p.
3. Mullins L. Management and Organisational Behaviour / L. Mullins. – Harlow : Pearson, 2016. – 649 p.
4. Olsen D. The Lean Product Playbook: How to Innovate with Minimum Viable Products and Rapid Customer Feedback / D. Olsen. – London : Wiley, 2015. – 336 p.
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6. Alton L. Elements of a strong business model / L. Alton. – URL: <https://www.entrepreneur.com/article/243753>.
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11. Hopkins H. The Lean Canvas / H. Hopkins. – URL: <https://leanstack.com/leancanvas>.
12. Maurya A. Lean Canvas versus Business Model Canvas / A. Maurya. – URL: <https://blog.leanstack.com/why-lean-canvas-vs-business-model-canvas-af62c0f250f0>.
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14. Ovans A. What Is a Business Model? / A. Ovans / Harvard Business Review. – URL: <https://hbr.org/2015/01/what-is-a-business-model/>.
15. Plans B. Business Models explained / B. Plans. – URL: <https://articles.bplans.com/what-is-a-business-model-business-models-explained/>.
16. Webster M. Merriam-Webster Dictionary / M. Webster. – URL: <https://www.merriam-webster.com/dictionary/creativity/>.

Slide summary for Module 2

Module 2

Business Start-up

Business Start-up

Learning outcomes

On completion of this session, participants will be able to:

- critically analyse various requirements for business start-ups;
- implement business start-up principles;
- identify new business opportunities by understanding customers and market needs;
- understand the importance of value proposition and market segmentation.

Top tips for start-up

1. Start with the end in mind – understand what you want to achieve in the business (vision and plan).
2. Understand what you bring – attributes, knowledge and experiences.
3. Understand what you are selling – your products and services.
4. Identify your customers and their needs.
5. Be creative in developing a Brand and track record – build credibility.
6. Identify your USP – Unique Selling Point (what makes you different).
7. Identify the resources you need to deliver your products and services (buildings, equipment, finances and PEOPLE).
8. Manage your cash.

Business Start-up



Success cannot be guaranteed or based solely on your skill and expertise alone – you need to learn and understand some business basics.

Start with the end in mind

What do you want the business to do for you? Your future is closely aligned to your business' success, and you need a strong vision, documented in a sound business plan and an effective strategy for implementation.

Business planning and business plans are discussed further in [2].



Business Start-up

Business Start-up

Understand what you bring to the business

- Your knowledge.
- Your experience.
- Your character and personality attributes.



Business Start-up

General enterprise tendency test

Take the test and see how you score in entrepreneurial traits [8]



Business Start-up

Get2 test

There is no right or wrong score – the test measures your traits as they are now based on your life experiences to date. Your scores may change in the future dependent on your future experiences.

The results are a useful guide to how you might respond to situations which require creativity, risk taking, your motivation, your sense of control/influence over your own destiny and overall, your engagement with the enterprise.



Business Start-up

Now managing the business

The next few slides cover the business and its operations and key issues to consider as a new business owner.



Business Start-up

Identify the resources you need to deliver your products and services.

Land.
Buildings.
Equipment.
Finances
and PEOPLE



Business Start-up

Understand what you are selling – your products and services.

What are you selling?
Who to?
Why do they buy from you?



Business Start-up

Identify your customers and their needs.

Who are your customers?
What are they looking for and how do your product and services meet their needs?



Business Start-up

Be creative in developing a brand and track record – build credibility.

Branding includes your business image, your values, your ethos and a recognisable credibility.

If you're new to business how do you create trust in your business?



Business Start-up

Identify your USP – Unique Selling Point (How do customers choose you as a supplier?)

How can you differentiate your business from your competitors?

Do you sell a unique product or does the way you do business offer a uniqueness?



Business Start-up

Business management and time planning

Future planning.
Day-to-day operations.
Compliance (administration/
financial and legal).



Business Start-up

Future planning

Business planning and business plans are the subject of another module – thinking ahead and planning the resources you need are a crucial aspect of running a successful business.

Contingency planning can be overlooked when concentrating on the day-to-day challenges. Anticipating the unexpected can save you from potential disasters, you may not be able to prevent them happening but being prepared can mitigate the impact of those challenges.



Business Start-up

Day-to-day operations

Systems and processes can be managed to be effective and consistent.

Planning and organisation are key ensuring effective resourcing.



Business Start-up

Opportunities

- Independence of self-employment.
- Creativity.
- Flexibility of time (more round the clock than 9 – 5).
- Ability to earn more if successful.
- Building a legacy to sell, pass on.
- Sense of achievement.



Top tips for start-up

- Self-assess your strengths and weaknesses, be mindful to use appropriate expertise for tasks you are less able to complete.
- Consider spending where needed as investment rather than cost.
- Know the basic numbers but use specialist financial and accounting advice.
- IT will take twice as long as you expect for anything to happen/work.
- Be aware of time thieves.
- Bring in expertise when needed.
- Manage issues before they escalate to a bigger issue.
- Develop a thick skin.
- Don't cut prices to win new business.
- Remember your family can support you but use a mentor outside of the business for professional support and guidance.
- Be prepared to sell – it's a key skill and something you will gain confidence in.

Business Start-up



Module 3 Business Planning and Finances

Description

The main focus of Module three is on how to support participants in creating a detailed business plan and educate them on financial planning methods.

The session will focus on all aspects of the business plan, and participants will be provided with a coherent business plan template.

Mentorship will also be provided to them at each stage. In addition, participants will be given financial planning templates to include in their business plans.

They will also be provided with the knowledge and mentorship required to complete an extremely comprehensive business plan ready for presentation to a financial institute and/or organisation.

Learning outcomes

On completion of Module three, participants will be able to:

- demonstrate an understanding of business planning and business plans and develop insights into the application and development of these;
- interpret and evaluate basic financial modelling for new creative business ventures and have the ability to conduct financial planning, control and pricing;
- identify resources required for venture creation;
- formulate venture creation strategies.

The indicative syllabus is given in Table 5.

Indicative syllabus

Topic	Methodology	Activities	Resources
1. Business planning and plans. 2. Running a business. 3. Business plan structure. 4. Tips for writing a business plan. 5. Presenting your business plan. 6. Sources and uses of finance. 7. What worries banks. 8. What investors are looking for. 9. Growing a business. 10. Exiting a business. 11. Challenges that businesses face. 12. Business successes. 13. Success measurement	A Blended Learning approach incorporating both classroom (face-to-face) and online delivery	Participants will be expected to take the online lectures and the associated learning-by-doing activities sequentially	[1 – 45; 8]

1. Business planning and plans**What is a business plan?**

A business plan is a formal written document that sets out the goals of your business, how it plans to achieve those goals and the timeframe in which the goals will be achieved. Your business plan should be different from that of others as it should be specific to your particular business, tailored to your audience and aimed at the specific purpose for which you created it. Any business plan should be tailored to the scale of the business and the audience that it is aimed at. It can be as formal or informal as it needs to be, depending on its purpose. Details included in each section of the business plan may be contracted or expanded to suit the particular circumstances of your business.

Because each business is unique, every business plan will be different in the detail that it contains. Nevertheless, all business plans should be succinct, professional and well presented. A business plan should be sufficiently detailed to give you direction but should never be so rigid as to

Module 3. Business Planning and Finances

blind you to new opportunities and threats. It should be a live document that is constantly being updated to reflect changes in your business situation, i.e., if the business goals have been met or evolved over time.

Why do you need a business plan?

- Developing a business plan helps you to crystallise your business ideas and think systematically through the challenges you will face before you have to deal with them.
- The process allows you to develop strategies and strategic options that should improve your chances of success.
- It allows you to set key milestones against which to monitor your performance.
- The greater detail involved in writing a business plan means that it can stand up to greater scrutiny, and things are not overlooked.
- A business plan can also act as a vehicle to attract external finance.
- All of these things mean that the development of a business plan can improve your confidence in launching into what is an uncertain venture.
- Formal plans are needed to convince others to invest in your ventures. When you need a business plan to secure a significant investment, it needs to be a more elaborate "selling document".
- Documenting your plans enables you communicate your business plan to your wider group of stakeholders.

Activity:

Think about the goals that you have for your business and make a list of them. This will be helpful when you come to writing your business plan later in the session.

For further information, please see the following resources:

1. Measures A. Why a Business Plan is Important to Small Business / A. Measures. – URL: <https://smallbusiness.chron.com/business-plan-important-small-business-2672.html>.
2. Ward S. Why You Should Write a Business Plan / S. Ward. – URL: <https://www.thebalancesmb.com/why-write-a-business-plan-2948013>.
3. What is a Business Plan and Why Should I Write one. – URL: <https://www.fsb.org.uk/resources-page/what-is-a-business-plan.html>.
4. Why Having a Business Plan is Important. – URL: <https://www.youtube.com/watch?v=nK35hyEJils>.

2. Running a business

There are several aspects that you, as a business owner, have to manage as part of the day-to-day running of your business. And as a small business in particular, you would need to get a good understanding of each of these different aspects of your business in order to effectively reach your target audience with the resources that you have available to you. Ensuring that each of these business elements is functioning properly, will result in your entire business running as smoothly as a well-oiled machine.

The different aspects of running your business

Marketing. You would need to actively market your products and services to your target audience in order to attract customers. There is no point having a fantastic product or service that no one knows about and therefore cannot take advantage of. Your marketing efforts could be done via traditional media or social media or ideally, a combination of both.

Sales. After you have generated leads through marketing, you need to take the necessary steps to convert those leads into tangible orders, i.e., sales. This is the ultimate goal of any business.

Product/stock control and management. You need to manage your inventory. It is essential to know what you have in stock in terms of products and / or raw materials as this will inform decisions relating to when you need to reorder, as well as quantities to be ordered.

Dispatch/delivery/service. The process of getting your offering (be it product or service), to your customer also needs to be properly managed. You need to be sure that whatever arrangements you put in place for this are reliable and will not put your business at a disadvantage with your customers.

Payment. Reliable and convenient payment options need to be put in place and properly managed for your customers to be able to make their payments as and when necessary. Bear in mind that the easier and more convenient payment options are for your customers, the more likely it is for you to close a sale.

Module 3. Business Planning and Finances

Administration/paperwork/compliance. You will also need to manage all the backend administrative aspects of your business and ensure that all your necessary paperwork is up to date.

Finance/legal/insurance. Everything to do with your finances, taxes, necessary insurances and all legal requirements also need to be put in place, up to date and filed accordingly. There are heavy fines attached to not being compliant.

Managing people. You would need to manage the myriad of stakeholders that are associated with your business. These include your employees (if any), suppliers, creditors, customers, board of trustees, etc.

Managing challenges. Running a business can be fraught with challenges, so this is something that you will have to learn to deal with. From supplier delays to unhappy customers or employees who don't meet deadlines, these are not uncommon in the day-to-day running of a business. A particular skill to cultivate though is dealing with unhappy customers who are disappointed with your product or service. If they stay unhappy after their interaction with you, that can mean the end of your business with them (and whoever else they may decide to share that experience with). However, if you are able to turn the situation around, you can be sure of a loyal customer for life.

Activity:

Think through all the aspects of running a business as detailed above and how you manage them in relation to your own business.

For further information, please see the following resources:

1. Basics of Running a UK Business. – URL: <https://www.youtube.com/watch?v=fqCfQMX3nzk>.

2. Lake R. How to Make Your Small Business More Successful / R. Lake. – URL: <https://www.thebalancesmb.com/how-to-make-your-small-business-more-successful-4060804>.

3. Rapetskaya M. 5 Things Not to Do When You're Running a Small Business / M. Rapetskaya. – URL: <https://www.entrepreneur.com/slideshow/306752>.

4. Running a Business. – URL: <https://www.crunch.co.uk/knowledge/category/running-a-business/>.

3. Business plan structure

This section details the typical structure and content of a comprehensive business plan. Keep in mind that in adapting this business plan to your particular business and circumstances, it may make sense to omit some sections as they are not relevant to your business, and/or include more or less detail in some sections. The contents of each section may also need to be adapted to the particular purpose for which you require the business plan, e.g., to seek financial investment in your business.

Business plan structure:

- *Cover*. This is the cover page of the business plan. It should include the business name as well as the business contact details. You should also consider whether to mark your business plan as "Confidential", as it may include proprietary information.

- *Table of contents*. This is a list of the sections and sub-sections included in the business plan and their page numbers.

- *Executive summary*. This is usually spread over 1 to 2 pages and presents an overview or summary of your entire business plan. The executive summary should be written last, after all the other sections of the business plan have been completed. When writing this section, keep your proposed audience (e.g., potential investors), and the purpose of the business plan (e.g., to secure financial investment) in mind. It should highlight your products/services, your target market, value proposition and competitive advantage. Also, it should appeal to the reader by highlighting the distinctive potential and capabilities of your business, especially the financial return. Most important, your executive summary should not ramble; it should be succinct and to the point.

- *Business details*. This section should be 1 to 2 pages long and should detail basic information about your business such as the business name, address, legal form and ownership. It should also include:

- a description of your product/service;

- your mission and vision statement;

- your aims and objectives;

- if this is an existing (not new) business, also include a brief business history.

Module 3. Business Planning and Finances

- *Industry and market analysis.* In this section (2 to 3 pages), provide some background information on your industry sector and the market segments within it. This analysis should take the form of a narrative informed by academic models such as a PESTEL analysis and Porter's Five Forces. You should conduct a detailed review of your competitors' weaknesses and strengths. The more that you can show that you know about your industry and market and the competitors that you face, the more confidence your readers will have in your ability to compete within it. This section should include:

- your industry size, growth and structure (macro and micro/local level);
- industry and market trends (macro and micro/local level);
- market segments and reasons for target market(s) selection;
- buyer behaviour across segments;
- competitor analysis (strengths and weaknesses);
- for an existing business, market share.

- *Customers and value proposition.* This section should be 2 to 3 pages long and should outline your target market segment(s) and the value proposition(s) for your product/service. You should also clearly and simply articulate your Unique Selling Proposition (USP), and in so doing highlight your differential advantage over your competitors. The more points of difference between your offering and that of your competitors and the stronger and more sustainable these points of difference are, the better. This section should also include your sales targets, and if you have any firm orders for your products/services, also mention this here.

- *Marketing strategy.* Over 3 to 4 pages, this section should provide details of how you plan to achieve the sales targets that you set out in the preceding section. In addition to details of your marketing mix, you should also include details of your sales tactics, i.e., how the products or services will actually be sold. It should cover the launch strategy, the growth potential through market as well as product development, and your competitive reaction and strategy for establishing your brand. It should include:

- your marketing mix, i.e., price, promotion, distribution etc.;
- your launch strategy;
- sales tactics;
- brand development;

- competitive reaction;
- product and market development;
- growth potential and scale up plans.

If the purpose of your business plan is to source external finance, note that investors pay particular interest to the pricing strategy as this is a prime determinant of the profitability of the business.

- *Operations plan.* This 2-to-3-page section should outline how your business will be run and how your product/service will be produced. The information included in this section will vary depending on the nature of your business. However, what is important is that the key activities of your business are highlighted. The operations plan must convince the reader that you have a thorough understanding of the operations of the business, i.e., how to do whatever needs to be done to deliver your product or service. While the contents of this section are difficult to predict because of their variability, it may include:

- key operating activities (manufacturing processes, business model, etc.);

- partnerships;

- business controls;

- IP issues;

- scalability.

- *Management team and company structure.* Over 1 to 3 pages, this section should outline all the people involved in your business venture, details of their background and experience and the organisational structure that you are adopting. A new venture team with an established track record in the industry or with relevant experience will definitely add credibility to any start-up. The same can be said for an experienced board of directors. Note that investors ultimately invest in people, not in products. Brief CVs of each person should be included in the Appendices section. For larger start-ups, an organisational chart should also be added in here. This section should include:

- key people, their functions and background;

- business organisation and structure;

- directors, advisors and other key partners;

- skills gaps and plans for filling them.

Module 3. Business Planning and Finances

- *Resources*. This section (1 to 2 pages), should describe the business' facilities, equipment and staff requirements. It should include:

- premises and facilities;
- machinery and equipment;
- staff.

- *Financing*. In this section (1 to 2 pages), you should highlight the finance that you need to launch your business. Note that external funders will expect you to contribute some capital; lenders will be interested in the risks that they face and the security that they can obtain, and equity investors will be interested in the overall return they might make and how this might be realised. This section should include:

- founders' contribution;
- loan and/or equity finance requirements;
- gearing/leverage;
- time scale and exit routes for equity investors.

- *Financial projections*. This should be a 1-page summary supplemented with detailed appendices. Typically, funders expect to see your business' financial projections for three years as well as a monthly cash flow forecast for the first year. A very small-scale start-up may only provide financial projections for one year, while a five-year forecast may be expected for a larger project where significant financial risks have not been resolved. Here you should include a one-page financial summary and put the detailed projections in the appendices. The financial details that you include in your appendices should be as long as it needs to be to provide all the required information. These should include:

- income projections;
- cash flow projections;
- balance sheet projections;
- key ratios;

- the assumptions on which your financial projections are based, particularly the basis for your sales projections.

- *Risk and strategic options*. This one-page section should identify the key risks your business faces and explain how they will be monitored and mitigated. You also need to identify your critical success factors and the strategic options you face, should these key risks materialise.

Strategic options are important because circumstances can and do change. They give you flexibility in a changing environment. This section should include:

- identified risks;
- risk monitoring and mitigation;
- critical success factors;
- strategic options.

- *Key milestones.* In this section (1 page), detail the key milestones for your business. These milestones should incorporate your key success factors and the metrics that measure them, and highlight the progress needed to launch and grow the business. They might include prototype completion, formalisation of partnerships, obtaining finance, securing key customers, meeting sales or profit targets and so on. Overall, this section should give an overview of the sequence and timing of important events in your business.

- *Appendices.* Any additional information that is vital but may impede the flow of the business plan should go into the appendix. A key piece of information that should be included here is the assumptions upon which your financial projections are based, especially, the sales projections. These should be made quite explicit as you can be sure that potential investors will scrutinise them closely. This section might include:

- detailed financial projections;
- financial assumptions – start-up costs, basis for sales projections, fixed/variable costs, profit margins;
- background information (CVs) on key people;
- location information (maps, layouts, etc.);
- operations information (Gantt charts, etc.);
- details of market research;
- details of IP protection;
- website screenshots;
- for an existing business – historic financial statements, brochures, etc.

Activity:

Use one of the business plan templates provided to draft a comprehensive business plan for your business.

Module 3. Business Planning and Finances

Business Plan Templates: [1; 5; 6].

For further information, please see the following resources:

1. Business Plans – Princes Trust. – URL: <https://www.princes-trust.org.uk/help-for-young-people/tools-resources/business-tools/business-plans>.
2. Essential Guide to Writing a Business Plan. – URL: <https://www.startupdonut.co.uk/business-planning/write-a-business-plan/essential-guide-to-writing-a-business-plan>.
3. How to Write a Business Plan – Entrepreneurship 101. – URL: <https://www.youtube.com/watch?v=ZEMbKzy7FD8>.
4. How to Write a Business Plan for Small Business 2021. – URL: <https://www.youtube.com/watch?v=miv3nCBFWvw>.
5. How to Write a Business Plan: Step by Step and Business Plan Template Download. – URL: <https://www.simplybusiness.co.uk/knowledge/articles/2020/11/how-to-write-a-business-plan-template/>.
6. How to Write a Business Plan. – URL: <https://www.fsb.org.uk/resources-page/guide-to-writing-a-business-plan.html>.
7. Write a Business Plan. – URL: <https://www.gov.uk/write-business-plan>.

4. Tips for writing a business plan

In writing your business plan, you should keep in mind that it must convince the reader that you have a good understanding of the industry, market and business that you want to establish. They need to be convinced that you have a good product/service and value proposition, that is viable and that you are capable of handling the competition that will inevitably come your way. To this end, here are 5 points to consider when you are writing your business plan:

1. *Keep it short and simple.* Aim for quality and conciseness over quantity. Your business plan should be long enough to cover the project adequately, but short enough to maintain your reader's interest. To achieve this balance, you need to prioritise and focus on the things that are important for your business. With an over-complicated plan, you risk losing that focus and the interest of your reader.

2. *It should be as realistic as possible.* Ensure that the projected sales targets, costs, milestone deadlines and the like are realistic. If such projections are unrealistic, you won't gain the trust of lenders and investors. You are better off under-estimating and over-delivering than vice versa.

3. *The plan should be clear, specific and unambiguous.* Your plan should clearly identify market segments, present objectives as concrete and measurable and ensure that targets and deadlines are made clear. Note that, your reader will most likely take a lack of clarity in your business plan to indicate a lack of knowledge or willingness to be committed.

4. *Proofread your business plan.* Check your plan for spelling, grammar and punctuation errors and most importantly financial accuracy. Having such errors in your business plan will damage your credibility, and if noticed during a presentation, can throw you off track and derail your presentation. To avoid this happening, you can make use of the grammar and spelling checks on your computer and use a spreadsheet package for your financials to ensure consistency and accuracy.

5. *Get professional advice if required.* If you are not confident about putting your financial projections together, do seek professional advice. But be sure to understand how the figures were arrived at so that you can explain this to your audience should you need to.

Activity:

Go over your business plan draft following the tips detailed above.

For further information, please see the following resources:

1. 10 Tips to Write a Business Plan to Start Your Own Business. – URL: <https://www.youtube.com/watch?v=O2u0pPFYe2A>.

2. How to Write a Business Plan. – URL: <https://entrepreneurhandbook.co.uk/business-plan/>.

3. Start-up Business Plan: Top 10 Tips. – URL: <https://www.startupdonut.co.uk/business-planning/write-a-business-plan/start-up-business-plan-top-10-tips>.

5. Presenting your business plan

Now that you have completed your business plan, you will need to present it to potential lenders and or investors to source finance. When you are invited to pitch your business plan, take particular note of the amount of time you are allotted for your presentation and make sure that you keep to it. Also check your equipment – computer, projector, software you plan to use to ensure that they are working well and won't disappoint you on the day. And be sure to brand your presentation slides with your business name so that they look professional. The main highlights that your presentation slides should cover are:

- *Why you are there.* The purpose for which you are there making the presentation. Clearly lay out the financing that you're seeking and the deal that you are offering. Keep in mind that in doing this, you should be placing a value on your business and you would very likely be asked what you intend to spend the money on.

- *The product/service offering and the value proposition to customers.* You should explain and/or demonstrate your product or service to your audience and tell them the problem customers currently have and how this will solve it for them.

- *Target market and opportunity.* With this slide, you should describe your target market segments (it would be helpful to name them specifically) and their characteristics and explain how you will reach them using your communications plan. If you already have orders for your product/service, include this also, as it will greatly boost your credibility.

- *The competition and your competitive advantage.* Your audience will expect you to name your competitors as well as their product strengths and weaknesses and highlight how your product is better than theirs. They will also want to know how you will react to competitors when they respond. Any intellectual property (IP) that you may have should also be highlighted here.

- *Marketing strategy.* Here you should outline how you will achieve your sales targets over the planning period. You should also provide details of your sales processes and distribution channels. Note that including information garnered from primary research can add to the credibility of your plans.

- *Your management team* (including board of directors, if applicable). The important thing to highlight here is your background and experience. And if you have any skills gaps, be sure to explain how they will be filled.

- *Financial highlights*. These should be financial *highlights*, not financial details. Particularly, information on sales and profit, when profitability is achieved, capital investment, cash flow implications and breakeven. Your audience is likely to ask for details about how your sales projections and costs were arrived at, so you might want to prepare some additional slides to refer to in answering this. Remember that they will be thinking about what their share of this will be and how it might convert into business valuation.

Activity:

Using the points detailed in this section, draft a business plan presentation for your business.

For further information, please see the following resources:

1. How to Make a Business Plan Presentation. – URL: <https://smallbusiness.chron.com/make-business-plan-presentation-789.html>.

2. How to Present Your Business Plan. – URL: <https://www.youtube.com/watch?v=O408tB0iasA>.

3. How to Write a Perfect Business Plan Presentation in 20 Minutes. – URL: <https://www.youtube.com/watch?v=btsKJdLmXgc>.

6. Sources and uses of finance

Most new ventures require external finance to get started. However, it is important to note that not all finance is the same. Different forms of finance are suited to different purposes and not all types of finance are available to all new ventures.

A lot of business owners generally prefer to start out by *bootstrapping* i.e., using little to no outside cash, and depending instead on personal funds, savings and money coming in from their first sales. But as they grow, most businesses tend to require an external infusion of finance to move them forward.

The different forms of finance and how they ought to be used are detailed in Table 6.

Sources and uses of finance

Duration of finance	Sources of finance	Use of finance
Long and medium term	<ul style="list-style-type: none"> • Equity: personal, family and friends' investment; angel finance; venture finance. • Long and medium-term loans: personal, family and friends; bank; • Lease and hire purchase. • Crowdfunding (equity or loan). • Bank overdraft 	<ul style="list-style-type: none"> • Fixed assets: land, buildings, machinery, plant, equipment, vehicles, furniture etc. • Permanent working capital: stock, debtors (net creditors)
Short term	<ul style="list-style-type: none"> • Short-term loans: personal, family and friends; bank 	<ul style="list-style-type: none"> • Seasonal fluctuations in working capital: stock, debtors (net creditors)

The principle is that the term duration of the source of finance employed should be matched to the term duration of the use to which it is put.

Bear in mind that strangers (investors, equity financiers), will not invest in zero.

If you are unable to raise 10 – 20 % of the finance you require from yourself, friends and family, they may not be inclined to invest.

Activity:

Think about what sources of finance might be suitable for your business and make a list of them.

For further information, please see the following resources:

1. Financing Options for Small Businesses. – URL: <https://www.youtube.com/watch?v=MYVL1XHeB74>.

2. Sources of Business Finance Explained. – URL: <https://www.youtube.com/watch?v=DAZi6XcTZzE>.

3. Sources of Finance for a Start-up or Small Business. – URL: <https://www.tutor2u.net/business/reference/sources-of-finance-for-a-startup-or-small-business>.

4. Sources of Finance for Small Business. – URL: <https://efinancemanagement.com/sources-of-finance/for-small-business>.

5. Top 14 Sources of Finance for Businesses. – URL: <https://entrepreneurhandbook.co.uk/sources-of-funds-for-business/>.

7. What worries banks

Banks are the main source of loan finance for a lot of small businesses. It is important to remember that banks are in business to make as much money as possible, with the least risk. Banks' lending decisions are heavily influenced by their lending policies and procedures and some banks also use computer-based credit scoring systems to produce lending "recommendations" for managers which are usually quite difficult to overturn. This leaves bank managers with very little room for discretion. So, in approaching banks for a business loan, it is necessary that you consider the following points of concern that most banks generally tend to have:

- *Frequent excesses on the bank account beyond the agreed overdraft facility.* When this happens, banks start to think that the business's cash flow is not being properly managed.

- *Development of hard-core borrowing on an overdraft facility.* In this circumstance, the bank would start to believe that a term loan would be more appropriate for your business.

- *Lack of financial information.* If the business accounts and other documents are not presented to the bank regularly, they start to worry about the business's ability to produce control information and ultimately become suspicious that all is not well.

- *Your unavailability.* If you as the business owner are never available for meetings or even phone conversations, banks will start to think that something is wrong.

- *Inability to meet forecasts.* Eventually, this will lead to the bank starting to question the credibility of your forecasts as well as your ability and understanding of the market.

- *Continuing losses, declining margins and rapidly decreasing/increasing sales.* At the end of the day, all the bank is interested in is your ability to service its loan.

Module 3. Business Planning and Finances

- *Over-reliance on too few customers or suppliers.* In this situation, the loss of just one customer or supplier can result in a disproportionate problem for small businesses.

Activity:

Imagine that you are planning to seek finance from a bank; how would you put your bank manager's mind at rest concerning the loan you require?

For further information, please see the following resources:

1. 7 of the Best Small Business Loans for 2020 Compared. – URL: <https://www.simplybusiness.co.uk/knowledge/articles/2020/07/7-best-small-business-loans-2020/>.

2. Business Loans and Funding Options for UK Businesses. – URL: <https://entrepreneurhandbook.co.uk/business-loans/>.

3. Cheapest Ways to Borrow Money in the UK. – URL: <https://www.youtube.com/watch?v=iiO1qB8BfTA>.

4. How to Get a Small Business Loan for Start-Up. – URL: <https://www.youtube.com/watch?v=IWzd9dkTgao>.

8. What investors are looking for

Though business angels and venture capital institutions may look at the same range of criteria as banks, their perspective is quite different because unlike the banks, they share in the risk of the business as well. So if the business fails, they stand to lose their investment. To appropriately evaluate the business and whether it is worth their investment, investors look out for:

- *Risk and return.* Investors are more interested in the return that they will make on their investment into your business, than the security that you are able to offer them. Typically, they aim for 30 % to 60 % p.a. return as a capital gain, depending on perceived risk (equivalent to multiplying their investment by 4 to 6 times in 5 years).

- *Exit route (liquidity event).* Investors also want to be assured that they can sell on their investment at some point in the future and in doing so, realize their profit, i.e., the *exit route* (UK) or *liquidity event* (USA). Typically, they expect to liquidate their investment within 5 to 10 years.

Activity:

If you were going to source finance for your business from an investor, how would you address these concerns?

For further information, please see the following resources:

1. 10 Ways to Find Investors for Your Start-up. – URL: <https://www.youtube.com/watch?v=p0plF3OAV6w>.
2. 27 Business Finance & Funding Options for Small Businesses. – URL: <https://businessfinancing.co.uk/business-funding/>.
3. How to Find Investors for Your Small Business. – URL: <https://www.youtube.com/watch?v=WqyOvWxhcr0>.

9. Growing a business

All businesses, big or small, expect and plan towards growth. No business wants to remain stagnant, therefore the aim is to continue to grow. Growth for your business could mean transitioning through the following:

- *Key stages.* The development stage and start-up stage, where big decisions regarding what direction the business should go in are taken.
- *Micro / owner managed business (OMB).* Growth could come in the form of recruiting new staff that will help with achieving the business's vision or letting go of staff who are not a good fit for the business. It could also involve putting new systems in place to help the business be more efficient and deliver a better product/service to the customer.
- *Established.* As more growth is experienced, the business becomes more established and could decide to open up more sites or set up a franchise.
- *Geographic.* And ultimately, the business could grow to a point where it goes global and becomes an international business. However, at this point, it is important to consider and prepare for any scalability and control issues that might arise as a result of this move.

Activity:

What plans for growth do you have for your business?

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For further information, please see the following resources:

1. 5 Tips to Help You Grow Your Business. – URL: <https://www.youtube.com/watch?v=adNFIET7UHK>.
2. 7 Strategies to Grow Your Business. – URL: <https://www.youtube.com/watch?v=dJQn4DqzMVQ>.
3. Growing Your Business. – URL: <https://www.gov.uk/growing-your-business>.
4. Richard Branson – My Four Tips for Growing a Business. – URL: <https://www.virgin.com/about-virgin/latest/richard-branson-my-four-tips-growing-business>.

10. Exiting a business

As mentioned earlier, a clear exit route or liquidity event is something that is of great importance to potential investors. Likewise, as a business owner, at some time in the future you may decide to exit the business either to retire or to move on to some other venture(s). In this case, there are a number of options which you may consider for exiting your business.

1. *Selling*. The first option is to sell off the business to another company, likely in the same industry, i.e., *trade sale*. For this it is essential that you get a proper valuation of the business as this would inform the price at which you would sell it. You also need to consider any challenges that may arise, e.g., finding a buyer on the open market can take quite some time.

2. *Transition*. Instead of selling off the business, you could transfer the ownership. This could be to a third party, family member or management team. If choosing this option, it is essential that you carefully plan the transition process and bear in mind that it could take a good bit of time to accomplish successfully.

3. *Succession planning*. With this option, you would give over the running of the business to another person, possibly a protégé who you have groomed to succeed you. Keep in mind that it could take time to both identify and prepare the person to take over from you.

4. *Franchising*. This is a form of legal partnership where you would offer another individual or organisation a franchise or license to produce or sell your products or services and operate using your business name. For example, McDonalds is a franchise.

Activity:

Draft an exit strategy plan for your business.

For further information, please see the following resources:

1. 3 Small Business Exit Strategies. – URL: <https://www.youtube.com/watch?v=XjQXkOiWud8>.
2. Exit Strategy for Small Businesses. – URL: <https://www.youtube.com/watch?v=n2g8TUTQ7tY>.
3. How to Create an Exit Strategy for Your Business. – URL: <https://entrepreneurhandbook.co.uk/exit-strategy-business/>.
4. How to Pick an Exit Strategy for Your Small Business. – URL: <https://www.thebalancesmb.com/small-business-exit-strategies-2947988>.

11. Challenges that businesses face

Small businesses face a number of challenges when they start out. It is important to both be aware of these potential challenges and to plan ways to overcome them.

Lack of funding. A major challenge that most small businesses face as they start out is a lack of financial capital and this could lead to them requiring external sources of finance such as investors.

Lack of expertise. A lot of start-ups tend to lack required technical skills and business know-how which could impact their business progress. A way to overcome this could be through outsourcing.

Lack of planning. As is said, failure to plan is a plan to fail. To be successful, businesses need to plan, plan and plan again. Define your vision, set out clear cut goals and work towards them.

Activity:

Which of these challenges does your business currently face or do you think it might face at some point in the future and how do you think that you may overcome them?

For further information, please see the following resources:

1. 7 Biggest Challenges SMEs Face and How to Overcome Them. – URL: <https://smallbusiness.co.uk/7-biggest-challenges-smes-face-and-how-to-overcome-them-2548160/>.

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2. 15 Challenges Every Entrepreneur Will Face. – URL: <https://www.youtube.com/watch?v=yGejGY6J-Sw>.

3. Top 3 Challenges for Small Business Owners. – URL: <https://www.youtube.com/watch?v=SysdiGg1Rz4>.

12. Business successes

While it is true that small businesses can face an uphill task in getting started and struggle to get on their feet, it is also very possible for them to become hugely successful. Here are some examples of businesses that started out small and beat the odds to become a resounding success [36]:

- Richard Branson, net worth \$4.7 BN 2022;
- Oprah, net worth \$2.6 BN 2022;
- Elon Musk, net worth \$2238 BN 2022.

Activity:

Can you think of any other start-ups that have become hugely successful over the years?

For further information, please see the following resources:

1. 5 UK Business Stories and The Backing That Helped Them Make it. – URL: https://www.huffingtonpost.co.uk/entry/5-uk-business-success-stories-and-the-backing-that-helped-them-make-it_uk_5beae549e4b044bbb1a93176.

2. How to Succeed in Business – 6 Secret Steps. – URL: <https://www.youtube.com/watch?v=ngYNscgi9tc>.

3. Small Business Success Stories. – URL: <https://smallbusiness.co.uk/starting/success-stories/>.

13. Success measurement

You can only know whether your business is making progress or being successful if you have indicators for measuring this. Here are the main indicators to check on:

- *Commercial success*. The financial success of your business, whether it is making profit.

- *Social success*. The difference that your business makes in the society.
- *Intrapreneurs*. Intrapreneurs are employees within your organisation who act like entrepreneurs and bring innovation and entrepreneurial thinking into the business. They are generally quite proactive self-motivated and take the initiative to pursue innovative products and services. One measure of success could be the amount of intrapreneurial value you have been able to generate within your business.

Activity:

How would you define success for your business?

For further information, please see the following resources:

1. 6 Ways to Measure Small Business Success. – URL: <https://www.forbes.com/sites/mikekappel/2017/03/08/6-ways-to-measure-small-business-success/>.
2. Measure the Profitability of Your Business – Small Business Tips. – URL: <https://www.youtube.com/watch?v=IXyTO0cUAsU>.
3. Six Ways to Really Measure Business Success. – URL: <https://smallbusiness.co.uk/six-ways-to-really-measure-business-success-2471497/>.

Key references used:

1. Barringer B. Entrepreneurship: Successfully Launching New Ventures, Global Edition / B. Barringer, R. Ireland. – 6th ed. – London : Pearson, 2018. – 624 p.
2. Bessant J. R. Innovation and Entrepreneurship / J. R. Bessant, J. Tidd. – 3rd ed. – Hoboken, New Jersey : Wiley, 1991. – 544 p.
3. Burns P. Entrepreneurship and Small Business: Start-Up, Growth and Maturity / P. Burns. – 4th ed. – London : Macmillan International HE, 2016. – 584 p.
4. Burns P. New Venture Creation: A Framework for Entrepreneurial Start-Ups / P. Burns. – 2nd ed. – London : Macmillan International HE, 2018. – 484 p.
5. Greene F. J. Entrepreneurship Theory and Practice / F. J. Greene. – London : Red Globe Press, 2020. – 392 p.
6. Billionaires. Forbes. – URL: <https://www.forbes.com/billionaires/>.
7. Forbes. – URL: <https://www.forbes.com/profile/>.
8. How to write a business plan. – URL: <https://www.finimpact.com/writing-a-business-plan/>.

Slide summary for Module 3

Module 3

Business Planning & Finances

Business Planning and Finances

Learning outcomes

- Demonstrating an understanding of business planning and business plans and being able to develop insights into application and development of business plans.
- The ability to interpret and evaluate basic financial modelling for new agribusiness ventures and conduct financial planning, control and pricing.
- The ability to identify resources required for venture creation.
- Being able to formulate venture creation strategies.

Business Planning and Finances

Business Planning and Plans

Framework for planning.

Goals/vision/targets.

Documenting the "how".

Process of planning has value.

Plans are useful documents for "selling" your idea to stakeholders.



Business Planning and Finances

Running a Business

Marketing – to attract customers.

Traditional/social media.

Sales – converting them to tangible orders.

Product stock control/management.

Dispatch/delivery/service.

Payment.

Administration/paperwork/compliance.

Finance/legal/insurance.



Business Planning and Finances

Running a business (continuation)

Managing people – all stakeholders.

Managing challenges.

You have unhappy customers who you disappoint – it can finish your business or it can be an opportunity to impress.



Business Planning and Finances

Business plan structure

- > Cover.
- > Table of contents.
- > Executive summary.
- > Business details.
- > Industry and market analysis.
- > Customers and value proposition.
- > Marketing strategy.
- > Operations plan.
- > Management team and company structure.
- > Resources.
- > Financing.
- > Financial projections.
- > Risk and strategic options.
- > Key milestones.
- > Appendices.

Business Planning and Finances

Business plan writing tips

- Keep it short and simple.
- Keep it realistic.
- Make it clear, specific and unambiguous.
- Check spelling, grammar, punctuation and financial credibility.
- If unsure, seek professional advice.



Business Planning and Finances

Business plan presentations

- Why you are there.
- Product/service offering and value proposition.
- Target market and opportunity.
- Competition and competitive advantage.
- Marketing strategy.
- Management team.
- Financial highlights.



Business Planning and Finances

Value proposition

- Your target market segment(s).
- Why these customers buy from you rather than from competitors.
- The benefits they are looking for.



Business Planning and Finances

Marketing strategy

- Price, promotions, distribution etc.
- Launch strategy.
- Sales tactics.
- Brand development.
- Competitive reaction.
- Product and market development.
- Growth potential.



Business Planning and Finances

Operations plan

- Key operating activities – manufacturing processes, business model, etc.
- Partnerships business controls.
- IP issues.
- Scalability.



Business Planning and Finances

Management team and company structure

- Key people, their functions and background.
- Business organization or structure.
- Directors, advisors and other key partners.
- Skills gaps and plans for filling them.



Business Planning and Finances

Resources

- Premises and facilities.
- Machinery and equipment.
- Staff.



Business Planning and Finances

Financing

- Founders' contribution.
- Loan and/or equity finance requirements.
- Gearing/leverage.
- Time scale and exit routes for equity investors.



Business Planning and Finances

Financial projections

- Income projections.
- Cash flow projections.
- Balance sheet projections.
- Key ratios.
- Assumptions.



Business Planning and Finances

Risk and strategic options

- Identified risks.
- Risk monitoring and mitigation.
- Critical success factors.
- Strategic options.



Business Planning and Finances

Appendices

- Detailed financial projections.
- Financial assumptions – start-up costs, basis for sales projections, fixed/variable costs.
- Background information on key people (CVs).
- Location information – maps, layouts, etc.
- Operations information – Gantt charts, etc.
- Details of market research.
- Details of IP protection.
- Website screen shots.
- For an existing business – historic financial statements, brochures, etc.

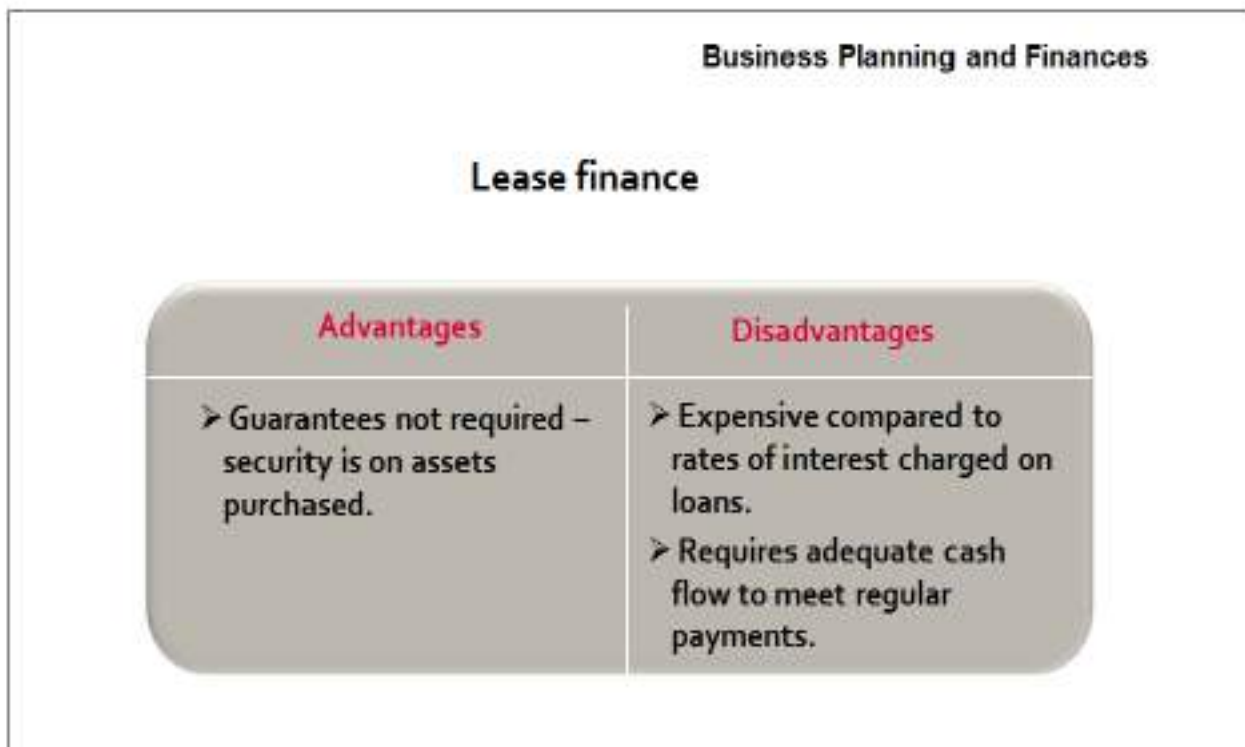
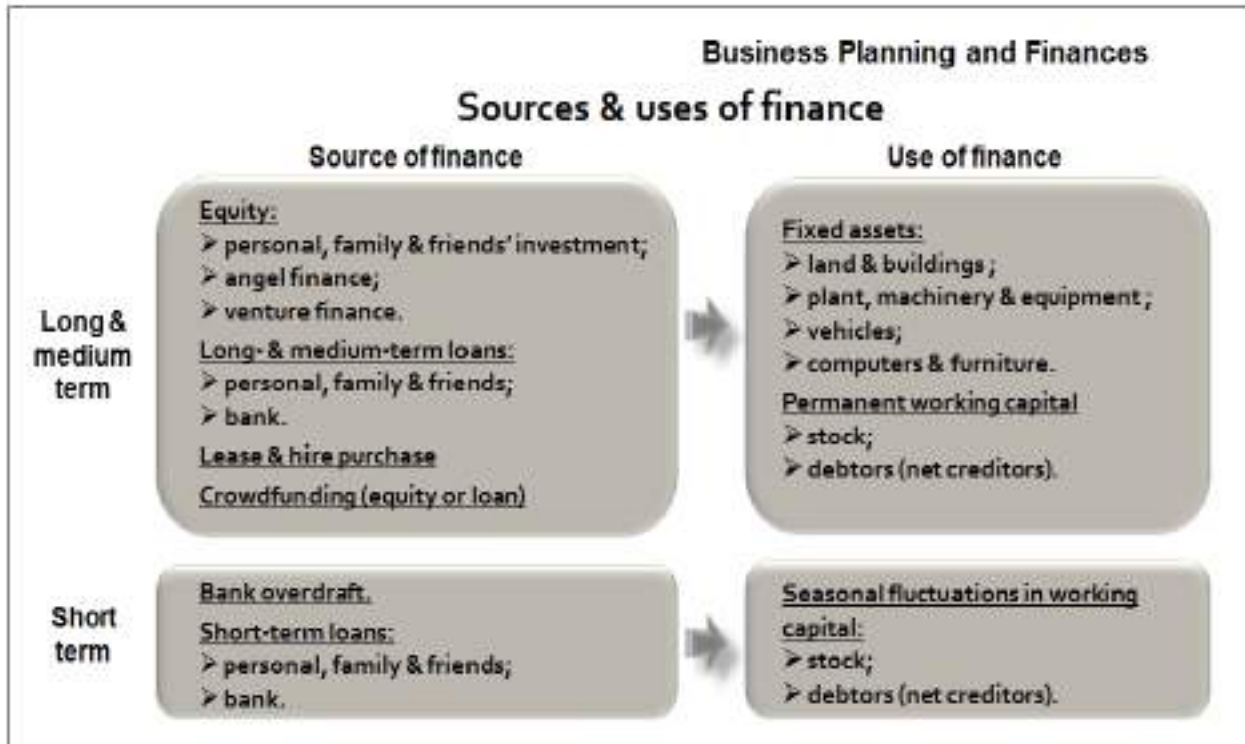
Business Planning and Finances

Elevator pitches

Prepare a 2-minute elevator pitch for your business proposal using the executive summary in your business plan

How exciting!!! Please tell me more!!





Business Planning and Finances

What worries banks?

- Frequent excesses.
- Development of hard-core borrowing.
- Lack of financial information.
- Your unavailability.
- Inability to meet forecasts.
- Continuing losses, declining margins & rapidly decreasing/increasing sales.



Business Planning and Finances

What investors are looking for

- **Risk & return** – typically 30 % to 60 % p.a. return as a capital gain, depending on perceived risk (equivalent to multiplying their investment by 4 to 6 times in 5 years).
- **Exit route (liquidity event)** – typically liquidation of investment within 5 to 10 years.

Business Planning and Finances

Growing a business

Key stages – big decisions.

Micro (OMB) – recruiting/letting go/systems.

Established – more sites/franchise.

Geographic – going global? Scalability and control issues?



Business Planning and Finances

Exiting a business

- Selling – challenges/value calculation.
- Transition – preparation takes time / identifying.
- Succession planning.
- Franchising.



Business Planning and Finances

Challenges

Small business fails:

- Lack of funding:
 - Cash-flow / investment / credit / unexpected events – suppliers?
 - Customers?
- Lack of expertise
 - Technical skill / business know-how / outsourcing.
- Lack of planning
 - No goals / vision / plan / unexpected events



Business Planning and Finances

Successes

Micro start-ups have become established and then grown to be global:

- Richard Branson, net worth \$4.9 BN to March, 2021.
- Simon Cowell, net worth \$51 M to April, 2020.
- Oprah, net worth \$2.6 BN to March, 2021.



Forbes.com

Business Planning and Finances

Success measurement

- Commercial.
- Social – the difference you make.
- Intrapreneurs – entrepreneurial value within large organisations.

In the future, whose success will we see reported in the press?



Module 4

Marketing Strategy

Description

The module introduces participants to the general marketing principles of launching your business. The module aims to provide participants with a comprehensive knowledge of core marketing principles and an understanding of digital skills required for venture creation in creative industry.

Learning outcomes

On completion of the module, participants will be able:

- to understand general marketing principles and how to apply them to your business;
- to implement market testing techniques and evaluation methods;
- to develop a marketing strategy for a creative industry business;
- to understand the importance of marketing for business development.

The indicative syllabus is given in Table 7.

Table 7

Indicative syllabus

Topic	Methodology	Activities	Resources
1	2	3	4
1. What is marketing? 2. Why marketing is important. 3. Determining and analysing the target market. 4. The marketing mix. 5. Pricing strategies. 6. Digital marketing. 7. Developing a marketing plan	A Blended Learning approach incorporating both classroom (face-to-face) and online delivery	Participants will be expected to take the lectures and participate in the associated learning-by-doing activities sequentially	[1 – 6; 8; 9]

1	2	3	4
8. Marketing plan implementation. 9. Marketing tips for creative entrepreneurs			

1. What is marketing?

The Chartered Institute of Marketing (CIM) defines marketing as "**The management process responsible for identifying, anticipating and satisfying customer requirements profitably**" [7].

Marketing is a vital skill required by every company, whether big or small. In today's highly competitive environment, businesses' financial success is often dependent on their marketing ability. Businesses need to use marketing to understand their core customers and ultimately grow their businesses.

Over the years, the aim of marketing has evolved from just selling to the customer to providing value for customers in order to gain value from them in return. This is known as *values-based marketing*. Companies actively engage their customers, build strong customer relationships and create customer value in order to capture value from customers in return. Ultimately, marketing has a two-fold goal – to attract new customers by promising superior value and to keep and grow current customers by delivering value and satisfaction. It involves defining customer targets and the best way to satisfy their wants and needs competitively and profitably.

Activity:

Take some time to think about and define the value proposition that your business has to offer your current and potential customers. Write this down as clearly as you can.

For further information, please see the following resources:

1. What is marketing? – URL: <https://entrepreneurhandbook.co.uk/what-is-marketing/>.

2. What is marketing today? – URL: <https://www.youtube.com/watch?v=vrJY85dBJLc>.

2. Why is marketing important to your business?

Irrespective of the size or industry of any business, marketing is a critical ingredient for its success. Marketing is important to your business because it helps you sell your products or services to your customers. It is so important that even the biggest companies continue marketing, no matter how financially secure they appear. Marketing is an important strategy to ensure the growth of your business and help reach its end goal of making money. While your current customers should always be your main priority, marketing efforts can help you expand this base by securing your business's future through new and old customer engagement.

Every kind of company from consumer product manufacturers, to healthcare, to banks, to creative sector businesses, to non-profit organisations need marketing to help them understand their core customers and grow their business. Other areas of a business such as finance, operations, administration, accounting and other business functions are all dependent on sufficient profit generated from the sale of products and services to customers who are prepared to pay for them.

Keep in mind though that marketing efforts are meant to sustain a company's presence, not remedy its lack of engagement. In this sense, marketing is something that businesses need to create and manage every day to maintain a healthy relationship with their consumers. Businesses must put in the necessary effort needed to maintain long-lasting and ever-present relationships with their audience. It is not a one-time fix; it is an ongoing strategy that helps businesses flourish.

Activity:

How do you think marketing can apply to your small creative business?

For further information, please see the following resources:

1. Phase 2: Business Model Development. – URL: https://www.youtube.com/watch?feature=oembed&v=MsRmV_Yt4DE.

2. The Importance of Marketing for the Success of a Business. – URL: <https://smallbusiness.chron.com/importance-marketing-success-business-589.html>.

Module 4. Marketing Strategy

3. Why is Marketing Important for Businesses? – URL: <https://www.youtube.com/watch?v=WVBP3sZIApo>.

4. Why is Marketing Important? – URL: <https://www.business2community.com/marketing/why-is-marketing-important-9-reasons-why-you-really-do-need-it-02186221>.

3. Determining and analysing the target market

One of the first steps to take in structuring your business is to identify your target market, what they want and why they will buy from you. Your target market is the group of customers to whom you want to sell your products and services and to whom you direct your marketing efforts. A business will only succeed if it offers customers a value proposition that meets their real needs or solves real problems for them.

Your initial target market should be those customers who most need your solutions to their problems because other solutions are less satisfactory. Though customers are all individuals, it is usually possible to group them in some way that is useful for targeting, e.g., demographics – age, gender, education, family size, ethnicity, religion, income, marital status; lifestyle, location or identifying their different group needs or problems. These are called market segments.

Target marketing is the process of focusing a business's marketing efforts on the customers that they have the greatest chance of satisfying. Identifying your target market enables you to tailor your marketing mix, marketing and communications strategy to meeting the needs of these specific customers. Though there are different ways to identify target markets, it is important to segment customers according to their product/service wants or needs and the benefits that they are looking for (and which you are able to provide for them). Keep in mind that you are looking for a gap in the market where the needs of a particular segment are not being met as well as they can be.

As you identify your target market, you also need to define your value proposition to this customer base. Your value proposition is the reason why customers buy from you rather than from your competition. Customers will only buy a product because it provides a benefit or solves a product for them. In addition, the features or characteristics of the product or service must

combine to deliver that benefit to or solve that problem for the customer, or they will not buy it. You need to understand the core benefits a customer is looking for when they purchase a good or service and then engineer the features to deliver those benefits. Note that customers buy benefits, not just features. These features could take different forms and could be both physical and psychological. Focusing on the benefit-needs of your target market and delivering distinctive, differentiated value propositions to each of them should be at the very core of developing your marketing strategy.

How to identify your target market:

- Identify and profile distinct groups of buyers who differ in their needs and preferences (market segmentation).
- Select one or more market segments to enter (market targeting).
- For each target segment, establish and communicate the distinctive benefits of the company's market offering (marketing positioning).

For your target market to be viable, it needs to be:

1) *distinctive* and have needs that are significantly different from other market segments. Otherwise, the segment boundaries are likely to be too blurred;

2) *sufficiently large* or willing to pay a high enough price to make the segment commercially attractive and viable. Note that it could be that the current gap in market exists because it is not commercially viable;

3) *accessible*. The gap in the market might not actually exist in reality because the segment cannot be reached – through communication and distribution channels;

4) *defendable from competitors*. If the segment is not defendable, for instance if you're selling copy-cat products and services, prices and profits will quickly reduce as competition increases.

Target markets should vary in size. The slimmer the market or segment that the product/service is tailored to suit, the higher the customer satisfaction is likely to be, but so too is the cost and therefore price. It is also dangerous to focus on selling to slim market segments as that would be an overreliance on a small customer base. So if tastes change, the segments could disappear. Therefore, it is really important to vary your markets by thinking about how your product/service can fit into different markets.

Module 4. Marketing Strategy

Getting the most out of your target market

To get the most out of your target market or to effectively serve your target market:

- ensure that your product and or service provides a benefit or solves a problem for your target market;
- also, the features or characteristics of the product or service provided must combine to deliver that benefit to or solve that problem for the customer, or they will not buy it.

Activity:

Take some time to think about who your target market might be, what problems they encounter and how your product/service can solve that problem for them.

For further information, please see the following resources:

1. How to Create a Target Marketing Strategy with Strategy with Examples. – URL: https://www.youtube.com/watch?v=_IWN3GDs-lo.
2. How to Identify Your Target Market/Target Market Examples. – URL: <https://www.youtube.com/watch?v=LelePgFDAQI>.
3. Six Steps to Defining Your Target Market. – URL: <https://www.marketingdonut.co.uk/marketing-strategy/your-target-market/six-steps-to-defining-your-target-market?cmpredirect>.
4. Target Market. – URL: <https://www.investopedia.com/terms/t/target-market.asp>.
5. Thompson J. Target Market Strategy / J. Thompson. – URL: <https://smallbusiness.chron.com/target-market-segment-strategy-63724.html>.
6. Ward S. Target Marketing and Market Segmentation / S. Ward. – URL: <https://www.thebalancesmb.com/target-marketing-2948355>.

4. The marketing mix

The marketing mix is a combination of factors about your product or service that you can use to influence customers to buy your products and services. It is also the tool businesses use to deliver their value proposition to each of the market segments or target markets that they have identified.

Customer relationships are an important part of the marketing mix and marketing strategy. Customers buy the marketing mix as a package and the mix must be consistent with the value proposition so as to reinforce the overall benefit that the customer is looking for. For example, putting a low price on a high-quality product will likely jeopardise sales as it sends a confusing message to customers and raise questions about credibility. Putting a high price on a quality product would make more sense, however for this to work, other aspects of the marketing mix must be consistent with this.

The chosen marketing mix can serve as a form of differentiation or a Unique Selling Point (USP) for a business. However, it's important to note that any individual element of the marketing mix is unlikely to be unique in and of itself and can easily be copied by competitors. Instead, elements of the marketing mix can be combined to create something that is unique and distinctive. It is the combination of the marketing mix elements that is unique, not the individual elements and this is what provides a competitive advantage for the business.

Elements of the marketing mix

1. *Product/service*. This represents an item or service designed to satisfy customer needs and wants. The product must do what consumers expect it to do. To effectively market your product or service, you need to identify what differentiates it from your competitors' products or services. It's also important to determine if any of your other products or services can be marketed in conjunction with it.

2. *Pricing*. The sale price of the product reflects what consumers are willing to pay for it. Your product's price should reflect the attributes of your target market as best as possible, be pitched at the right level, but still turn a profit for your business. In setting your product/service price, it is important to consider costs related to research and development, manufacturing, marketing, and distribution.

3. *Place*. The type of product sold is important to consider when determining areas of distribution. Basic consumer products, such as paper goods, often are readily available in many stores while premium consumer products are typically available only in select stores. Another consideration is whether to place a product in a physical store, online, or both.

4. *Promotion (communication)*. This is all about developing the messaging and being able to communicate what your brand and product

Module 4. Marketing Strategy

does and present it in the most effective way. Activities might include advertising, sales promotion, personal selling, and public relations. It is important to consider the budget assigned to this element of the marketing mix. Determination of the best mediums to communicate the message and decisions about the frequency of the communication are also important.

5. *Process*. Anything within the organization that has an impact on how the product/service is handled by the employees and delivered to the customer. This element covers the interface between the business and consumer and how they deal with each other at every stage of your process. Service delivery is an important consumer touch point that forms part of the customer feedback loop, encouraging process innovation.

6. *Physical evidence*. Simply existing as a business isn't enough for brands today. Consumers want to build authentic relationships. One way to achieve this is through physical evidence. This could take the form of products, brochures, information pages, or even PDFs, with the main goal of supplementing the psychological evidence that the brand exists with something tangible. The more relevant, personal and exciting the better.

7. *People*. Companies are reliant on the people who run them, from the managing director to the front-line sales staff. Employing the right people is essential because they shape your brand, and its product offering.

Elements of the marketing mix are presented in Table 8.

Table 8

Elements of the marketing mix

Product	Pricing	Place	Promotion	Process	Physical evidence	People
1	2	3	4	5	6	7
Product/ service variety	List price	Global supply networks	Sales promotion	Service design blueprint	Service environment	Staff personnel
Quality	Consumer psychology	Multi- and omni- channels to marketing	Advertising	Process design	Experience landscape	Staff motivating and training

Table 8 (the end)

1	2	3	4	5	6	7
Features	Discounts	Selecting channels	Direct marketing	Self-service technologies	Managing senses – sound, sight, smell and touch	Managing customer staff engagement
Design	Payment period	Managing channels	PR and publicity	Managing service variability	Digital technologies	Touch versus technology
Warranty	Allowances	Locations	Integrated marketing communication	Online, mobile and offline service process		Customer-to-customer engagement
Sizes	Credit terms	Inventory	Internet and social media			Service failure recovery
New offerings		Transport	Word of mouth (user generated content)			Co-creation
Packaging		Online, mobile and offline channels	Personal selling			

Importance of the marketing mix

- A deep understanding of the marketing mix elements is required to ensure scalable success for businesses.
- It's important to know your target market well enough to figure out exactly what they want or risk entrepreneurial suicide.
- The marketing mix is based on a good knowledge and understanding of the target market and what they want because the MM has to accurately reflect what the target market wants.
- The marketing mix has to revolve around the target market and what they want to be effective.

Module 4. Marketing Strategy

Activity:

Keeping your specific business in mind, put together a draft of what you think your marketing mix should be. Remember that this has to be centred on your target market which you should have defined in the previous activity.

For further information, please see the following resources:

1. A Brief Summary of Marketing and How it Works. – URL: <https://www.cim.co.uk/media/4772/7ps.pdf>.
2. The Marketing Mix 4P's and 7P's Explained. – URL: <https://marketingmix.co.uk/>.
3. What is Marketing Mix. – URL: <https://www.youtube.com/watch?v=d0NMSqeKpVs>.
4. What is the Marketing Mix and How Can I Use it? – URL: <https://blog.globalwebindex.com/marketing/marketing-mix/>.

5. Pricing strategies

A pricing strategy is a model or method used to establish the best price for a product or service. It helps you choose prices to maximise profits and shareholder value while considering consumer and market demand. Determining the price to charge for your products/services should entail more than just calculating your costs and adding a mark-up. It should be a function of how much your customer is willing to pay for the value they derive from your product/service. Identifying how much value your product/service represents to your customer and pricing it accordingly is called *value-based pricing*. This is what businesses should strive for – value-based pricing.

Common pricing strategies

- *Cost-based pricing* – this involves calculating your costs and adding a mark-up or profit margin.
- *Consumer-value based pricing* – price is set based on the perceived value to your customer.
- *Competition-based pricing* – you set your prices based on what your competition is charging.

- *Price skimming* – start out setting a high price and then lower it as the market evolves.
- *Penetration pricing* – setting a low price to enter a competitive market and then raising it later.
- *Promotional pricing* – prices are temporarily reduced to attract prospects and customers.

Activity:

Based on the information that you now have about pricing strategies, think about which pricing strategy/strategies might be best suited to your particular business. Why have you made this choice?

For further information, please see the following resources:

1. 7 Pricing Strategies – How to Price a Product. – URL: <https://www.youtube.com/watch?v=qutavZTkFeY>.
2. How to Price Your Product. – URL: <https://www.bdc.ca/en/articles-tools/marketing-sales-export/marketing/pricing-5-common-strategies>.
3. Pricing Strategies in Marketing. – URL: https://www.youtube.com/watch?v=G1_n0J5zz_A.
4. Pricing Strategies of Companies. – URL: <https://smallbusiness.chron.com/pricing-strategies-companies-2730.html>.
5. Pricing Strategies: Which is best for your business? – URL: <https://startups.co.uk/strategy/pricing-strategies-price-skimming-penetration-pricing-and-premium-pricing/>.

6. Digital marketing

Digital marketing encompasses all marketing efforts that use an electronic device or the internet. Businesses leverage digital marketing channels such as search engines, social media, email and other websites to connect with current and prospective customers. Digital marketing is vital for business and brand awareness and digital content and marketing has become something that consumers now rely on as a way to learn more about brands. Therefore, to be competitive in the current landscape, it is essential for businesses to incorporate some aspects of digital marketing.

Module 4. Marketing Strategy

Digital marketing works for any business in any industry regardless of size. However, it still involves identifying your target market and creating online content that is valuable to them. Digital marketing also helps businesses reach a larger audience than they would with traditional marketing methods and more specifically target the prospects who are most likely to buy from them. Additionally, digital marketing tends to be more cost-effective than traditional marketing and has the added advantage of being more measurable. With the use of analytics, businesses are able to track their performance on a daily basis and based on the data, pivot as they see fit. Digital marketing channels are shown in Table 9.

Table 9

Digital marketing channels

Search engine optimisation (SEO)	Content marketing	Social media marketing
Pay per click (PPC)	Affiliate marketing	Native advertising
Marketing automation	Email marketing	Online PR
Inbound marketing	Sponsored content	

Activity:

Keeping your target market in mind, which digital marketing strategies do you think would be best suited to your business?

For further information, please see the following resources:

1. Digital Marketing. – URL: <https://www.marketo.com/digital-marketing/>.
2. Ofcom Online Nation Report, 2019. – URL: https://www.ofcom.org.uk/__data/assets/pdf_file/0024/149253/online-nation-summary.pdf.
3. The Who, What, Why and How of Digital Marketing. – URL: <https://blog.hubspot.com/marketing/what-is-digital-marketing>.

7. Developing a marketing plan

A marketing plan is a written document that summarises what the business has learnt about the marketplace (target market) and how it plans to reach its marketing objectives. The marketing plan outlines a business's specific marketing strategy and details concrete actions to be taken as well as the anticipated results. Marketing plans also serve as roadmaps for companies to execute and measure their marketing effort's results over a specific period of time.

The marketing planning process involves analysing marketing opportunities, selecting target markets, designing positioning strategies; developing marketing mix programmes to reflect a brand that has loyal customers and managing the marketing effort. The core focus of the marketing plan is the customer; therefore, it is important for businesses to design and implement a customer-focused marketing plan for the organisation.

The importance of a marketing plan

The purpose of a marketing plan is to decide how you will sell your products or services to your consumers. Rather than assuming that your product is perfect for everyone, the plan focuses on the key people who are most likely to buy your product. For some small companies or professionals, the marketing plan might be completely referral based, which means the strategy is to provide the best possible results so that existing customers tell everyone they know about you.

Marketing plans and strategies are important because they make sales easier for any business owner. When you target your ideal customer in a smarter way, you reduce the costs of marketing and increase your chances of converting leads into sales. Asking what problem you solve and why customers should choose you helps you identify the specific issues of someone ready to buy and consequently, tailor your offerings to solve that problem.

How a marketing plan works

An effective marketing plan helps a company understand its target market and competition, the impact and results of marketing decisions, and provides direction for future initiatives. Marketing plans need to be developed based on market research. Key questions and the process of marketing planning are presented in Table 10.

Key questions and the process of marketing planning [1]

Key questions	Stages in marketing planning
Where are we now and how did we get here?	Business mission. Marketing audit. SWOT analysis
Where are we heading?	Marketing audit. SWOT analysis
Where would we like to be?	Marketing objectives
How do we get there?	Core strategy. Marketing mix decisions. Organization. Implementation
Are we on course?	Control

A thorough market research helps guide the direction of a businesses' marketing efforts by providing vital information about their potential customers (the target market) and the feasibility of their products and services. Market research should include the following:

- monitoring industry and economic trends;
- scouting the competition to determine how you can gain a competitive advantage in pricing and customer service;
- determining the best ways to reach your target market via traditional advertising, social media, and other channels.

Marketing plan structure

Marketing plans can vary depending on the industry, type of products or services, and goals that the business wants to achieve, but there are certain essential elements that most plans should include:

- executive summary;
- situation analysis;
- external analysis (macro);
- internal analysis (micro);
- marketing objectives;
- marketing strategy;
- implementing the marketing plan;
- evaluation and control.

Executive summary – this gives a brief overview of the main contents of the marketing plan.

Situation analysis – details the company's current marketing efforts as well as its mission, vision, goals and current strategies.

External analysis – an analysis of the opportunities and threats prevalent in the business' external environment as relating to their competitors, customers and the market as a whole, e.g., PESTEL analysis.

Internal analysis – an analysis of the internal situation of the firm. It's strengths and weaknesses in terms of its staff, finances, suppliers, distributions systems, etc.

Strategic analysis – a holistic analysis of the environment the business operates in as a whole. This is essential to identifying key issues that may exist in the environment and developing a strategic plan to mitigate them.

Marketing objectives – details the business' objectives for their products/services in terms of market share, sales and profit. These objectives must be SMART, i.e., **S**pecific, **M**easurable, **A**chievable, **R**ealistic and **T**imely.

Marketing strategy – specifies the broad marketing approach that will be used to achieve the objectives of the marketing plan.

Implementing the marketing plan – indicates what needs to be done, who will do it, when it will be done and how much it will cost.

Evaluation and control – details how the progress of the marketing plan will be monitored.

Activity:

Using the information you now have, and some of the resources detailed below, put together a marketing plan that is tailored to your specific business.

For further information, please see the following resources:

1. Your Guide to Creating a Small Business Marketing Plan. – URL: <https://www.business.com/articles/sample-marketing-plan-outline-and-template/>.
2. How to Create a Marketing Plan. – URL: https://www.youtube.com/watch?v=4ti_uK60nLk.
3. How to Write a Marketing Plan – Step by Step Guide. – URL: <https://www.youtube.com/watch?v=qYH0EqPqWfs>.
4. The Ingredients of a Marketing Plan. – URL: <https://www.entrepreneur.com/article/43026>.

8. Marketing plan implementation

Marketing implementation is the process that turns marketing plans into action assignments and ensures that they accomplish the plan's stated objectives. Implementing your plan is the most crucial part of the marketing process. No matter how brilliant a plan is, it counts for nothing if it is not implemented properly. Therefore, it is not enough to just develop a plan; requisite action must be taken by the business to achieve its marketing goals.

An effective implementation plan indicates what marketing activities are to be implemented, who will be responsible for their implementation, the time and location of implementation, how implementation will be done and how much it will cost.

How to implement your marketing plan

1. Make sure that all team members know what tasks they are responsible for and the timelines for each task.
2. Make expectations around deadlines clear and ensure that they are realistic.
3. Team members should be aware of how every single task impacts the big picture; communication is key.
4. Identify what resources are needed to execute the plan and check that you have them.
5. Break the plan up into smaller bite size activities and attach specific timelines to each activity.
6. Measure your results by tracking and monitoring every activity.
7. Plans may sometimes need to change due to circumstances that occur, so keep an open mind, be flexible and willing to adapt to necessary changes.
8. Have a contingency plan.
9. Share results with your team and celebrate success.

Activity:

Now that you have a marketing plan draft in place, think of how you might implement that marketing plan using the steps detailed above.

For further information, please see the following resources:

1. 8 Important Steps to Successfully Implementing Your Marketing Plan. – URL: <https://flybluekite.com/how-to-implement-your-marketing-plan/>.
2. How to Implement Your Marketing Strategy. – URL: <https://matrixmarketinggroup.com/implementation-marketing-plan/>.

9. Marketing tips for creative entrepreneurs

- Participate in creative sector related events, exhibitions, seminars, etc. to demonstrate your products.
- Build a website and list all your services and products on it.
- Be active in all creative sector related sessions or events and link with people by distributing business cards to them.
- Host sessions or seminars at different parts of the city, invite potential customers and leave a good impact by giving gifts.

For further information, please see the following resources:

1. Burns P. New Venture Creation: A Framework for Entrepreneurial Start-Ups / P. Burns. – 2nd ed. – London : Macmillan International HE, 2018. – 484 p.
2. Marketing Management / P. T. Kotler, K. L. Keller, A. Goodman et al. – 4th ed. – London : Pearson Education, 2020. – 840 p.

Key references used:

1. Burns P. New Venture Creation: A Framework for Entrepreneurial Start-Ups / P. Burns. – 2nd ed. – London : Macmillan International HE, 2015. – 484 p.
2. Kingsnorth S. Digital Marketing Strategy: An Integrated Approach to Online Marketing / S. Kingsnorth. – 2nd ed. – London : Kogan Page, 2019. – 384 p.
3. Kotler P. Principles of Marketing, Global Edition / P. Kotler, G. Armstrong. – 18th ed. – Chişinău, Moldova : Generic, 2021. – 730 p.
4. Kotler P. Social Media Marketing: A Practitioner Guide / P. Kotler, S. Hollenson, M. Opresnik. – 4th ed. – Hamburg : Opresnik Management Consulting, 2020. – 231 p.
5. Marketing Management / P. T. Kotler, K. L. Keller, A. Goodman et al. – 4th ed. – London : Pearson Education, 2020. – 840 p.
6. Small Business Marketing Strategy. – URL: <https://blog.hubspot.com/marketing/small-business-marketing-guide>.
7. The Chartered Institute of Marketing. – URL: cim.co.uk.
8. The Essential Guide to Small Business Marketing. – URL: <https://smallbusiness.co.uk/the-essential-guide-to-small-business-marketing-2542147/>.
9. Top Ways to Promote Your Business. – URL: <https://entrepreneurhandbook.co.uk/how-to-promote-your-business/>.

Slide summary for Module 4

Module 4

Marketing Strategy

Marketing Strategy

Learning outcomes

- Understanding the importance of marketing for business development.
- Understanding general marketing principles and how to apply them to a business.
- Being able to implement market testing techniques and evaluation methods.
- Knowing how to develop a marketing strategy for a creative sector business.

Marketing Strategy

The Chartered Institute of Marketing defines marketing as:

"The management process responsible for identifying, anticipating and satisfying customer requirements profitably".

(cim.co.uk, 2021)



Marketing Strategy

Marketing involves ...

- Defining your product and service offering.
- Articulating your brand and uniqueness (USP).
- Identifying your message, targets and creating marketing strategies to promote, engage and retain customers.
- Turning customers into advocates by building strong customer relationships.



Marketing Strategy

Importance of marketing

- Marketing is a critical ingredient for business success.
- No matter how great your product or service is, if people don't know about it, your business will fail.
- Gets the word out about your business.
- Business' financial success is often dependent on marketing ability.
- Other business functions such as finance, operations, etc. will amount to naught if an effective marketing strategy is not put in place.
- All companies need marketing to help them understand their core customers and grow their business.



Marketing Strategy

Determining and analysing a target market

What is a target market?

- The group of customers to whom you want to sell your products and services and to whom you direct your marketing efforts and resources.
- Target marketing is the process of focusing your marketing efforts on the customers that you have the greatest chance of satisfying.



Marketing Strategy

Identifying target market

How to identify your target market?

Consider:

- > Identifying their different group needs or problems.
- > Demographics, e.g., age, gender, marital status, ethnicity, income, etc.
- > Location.



Marketing Strategy

Exercise:

Who are your customers?

Who do you want to be your customers?



Marketing Strategy

Why is a target market important

- Understanding the problem of the potential customer and what their needs are helps to ensure that your products/services meet that need satisfactorily and better than competitors.
- A good understanding of your target market helps you clearly define your value proposition and provide products and services that accurately meet their needs at a good price.
- Identifying your target market enables you to tailor your marketing mix, marketing and communications strategy to meeting the needs of these specific customers.



Marketing Strategy

Marketing mix

- A combination of factors about your product or service that you can use to influence customers.
- The set of actions or tactics that a company uses to promote its brand or product in the marketplace.
- The vehicle that delivers your value proposition to your target customer segments.
- Helps to create and support your brand identity.



Marketing Strategy

Elements of the marketing mix

Product/service – an item or service designed to satisfy customer need.

Price – the price consumers are willing to pay for the product/service.

Place – the location where the customer purchases your product or service or channels of distribution.

Promotion (communication) – the mode of communicating your product/service offering to your market, e.g., advertising, direct marketing, sales promotions, etc.

Process – anything within the organisation that has an impact on how the product/service is handled by the employees and delivered to the customer.

Physical evidence – anything (tangible) related to the product or the physical environment in which a service takes place, e.g., product packaging, store layout, signage, delivery receipts, etc.

People – employees who interact directly with customers, e.g., sales staff or customer service as well as staff recruitment and training, etc.

Marketing Strategy

Importance of the marketing mix

- A deep understanding of the marketing mix elements is required to ensure scalable success for businesses.
- The marketing mix is based on a good knowledge and understanding of the target market and what they want because the marketing mix has to accurately reflect what the target market wants.
- For the marketing mix to be effective, it has to revolve around the target market and what they want.



Marketing Strategy

Pricing strategies

- A pricing strategy is a model or method used to establish the best price a business can charge for a product or service.
- The best pricing strategy maximises profit and revenue.



Marketing Strategy

Understanding price

- Price is one of the major determinants of buyer choice and one of the most important aspects of your marketing strategy.
- Pricing comparison information is readily available to customers.
- Of all the marketing mix elements, price is the one that generates revenue; all the others produce costs.
- Price is also the easiest element of the marketing mix to adjust. All the others, such as promotion, placement or product features require more time to change.
- Developing a pricing strategy should begin with determining the true value of your offerings to your customers.



Marketing Strategy

Factors to consider when choosing a pricing strategy for your business:

1. Selecting the pricing objective.
2. Determining demand.
3. Estimating costs.
4. Analysing competitors' costs, prices and offers.
5. Selecting a pricing method.
6. Selecting the final price.



Marketing Strategy

Some pricing strategies

- Cost-based pricing.
- Consumer value-based pricing.
- Competition-based pricing.
- Price discounts and allowances.
- Differentiated pricing.
- Promotional pricing.
- Price skimming.
- Penetration pricing.



Marketing Strategy

Digital marketing

What is digital marketing?

Simply put, digital marketing refers to all advertising or marketing efforts that are done through **digital channels**. Such digital channels include:

- search engines;
- websites;
- social media;
- mobile applications;
- Email.



Marketing Strategy

Why use digital marketing?

- In the UK, up to 87 % of households shop online.
- In 2019, online sales represented approximately 19 % of total retail sales in the UK.
- The value of online retail in the UK was £76.04 billion.
- The forecasted growth rate of online shopping in 2023 is 34.5 %.



Marketing Strategy

Importance of digital marketing

- Nowadays, consumers rely heavily on digital channels to research the products and services that they ultimately buy. For example, using Google searches, visiting company websites or social media pages, etc.
- The number of people going online daily continues to increase, so it is important for businesses to meet them where they are spending time, i.e., online.
- Digital marketing presents far more opportunities for businesses to reach customers than physical marketing alone. In fact, nowadays, customers expect businesses to have a social media presence or digital ad strategy.
- It is required for businesses to remain competitive.

Marketing Strategy

Benefits of digital marketing

- It enables you to target only the prospects that are most likely to purchase your product or service.
- It is more cost effective than traditional marketing methods.
- It allows you to outrank bigger players in your industry.
- Digital marketing is measurable.



Marketing Strategy

Digital marketing strategies – what to consider

- Define your goals clearly and know your target audience.
- Set a specific budget for each digital marketing channel that you choose to use.
- Note that an effective digital marketing strategy requires the use of a combination of digital.
- Marketing strategies.
- Strike a good balance between paid and unpaid digital marketing options.
- Make sure you optimize your digital assets for mobile.
- Do your research, especially your keyword search and iterate based off the digital analytics you measure .
- Implementing an omnichannel digital marketing strategy enables the business collect valuable insights into target audience behaviors and opens the door to new ways of customer engagement.

Marketing Strategy

Developing a marketing plan

- A marketing plan is the central instrument that an organisation uses for directing and coordinating its marketing efforts.
- It should specify the marketing strategy, tactics and concrete actions they plan to take, as well as the anticipated results.
- The core focus of a marketing plan is the customer.



Marketing Strategy

Why do you need a marketing plan?

- Having a marketing plan makes sales easier for business owners.
- Targeting customers effectively reduces the costs of marketing and increases your chances of converting leads.
- It's an essential tool for sourcing funding for your business.
- A marketing plan helps you plan and manage your resources effectively.



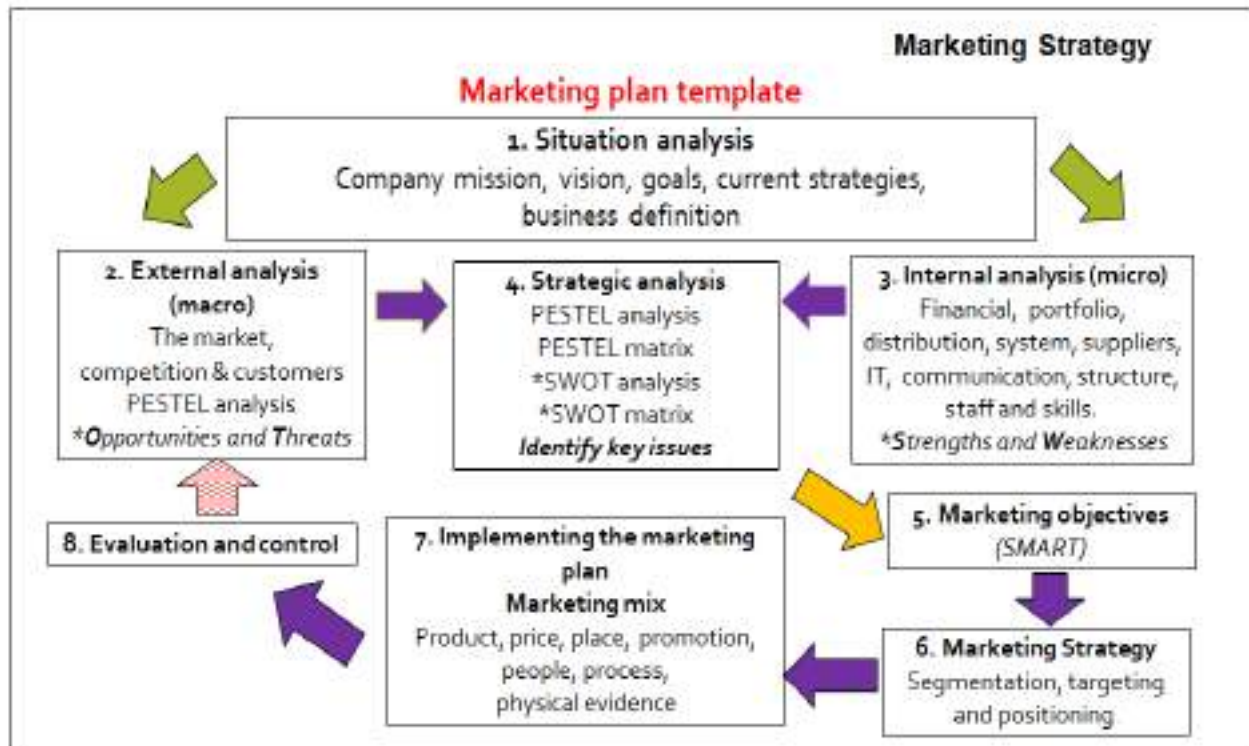
Marketing Strategy

Key questions to consider in developing a marketing plan

- Where are we now and how did we get here?
- Where are we heading?
- Where would we like to be?
- How do we get there?
- Are we on course?



Module 4. Marketing Strategy



Marketing Strategy

Marketing plan implementation

- Implementing your plan is the most crucial part of the marketing process.
- Ensure that your expectations are realistic.
- Check that you have the resources that you need to effectively implement your marketing plan.
- Communicate the plan to your team and make sure that they have a good understanding of it.
- Break the plan up into smaller activities and attack specific timelines.
- Track and monitor the activities.
- Be flexible and willing to adapt to changes that may occur.
- Have a contingency plan.
- Share results with your team and celebrate success.

Marketing Strategy

Marketing tips for creative entrepreneurs

- Get involved with relevant associations, cooperatives, stores and other local communities to get more leads.
- Participate in creative sector related events, exhibitions, seminars, etc. to demonstrate your products.
- Build a website and display all your products and services on it.
- Host demonstration sessions or seminars and use that to spread the word about your products and services.
- Invest in a social media presence.
- Cultivate relationships with celebrities and get them to try your services and products.
- Put up roadside signs.



Description

The module will focus on understanding and developing a branding strategy for the business. Participants will explore brand ethics and analyse the factors that affect brand development. Participants will gain the knowledge and skills required to implement brand innovation.

Learning outcomes

On completion of the module, participants will be able to:

- understand the importance of branding;
- develop a brand strategy for the business;
- evaluate brand ethics and implement brand innovation.

The indicative syllabus is given in Table 11.

Table 11

Indicative syllabus

Topic	Methodology	Activities	Resources
1	2	3	4
1. What is a brand? 2. Why branding is important. 3. Reasons for branding. 4. Advantages of branding. 5. How to create a brand. 6. Value proposition. 7. Values-driven marketing. 8. Brand management. 9. Brand equity. 10. Digital brand management	A Blended Learning approach incorporating both classroom (face-to-face) and online delivery	Participants will be expected to take the online lectures and the associated learning-by-doing activities sequentially	[1 – 6; 9; 10]

Table 11 (the end)

1	2	3	4
11. Ethics in branding. 12. Brand innovation. 13. Branding tips for creative entrepreneurs			

1. What is branding?

Branding can be described as the process of creating, maintaining, enhancing and protecting brands through the use of all company's marketing mix variables. It is also the means by which companies differentiate their products and services from that of their competitors and create an identity and reputation for their brand. Branding entails creating a strong positive perception of your company and its products/services in your customers' minds by making use of elements such as logos, designs, mission statements and a consistent theme throughout all marketing communications. Building a brand requires commitment and must be properly managed as it can be an expensive and long-term development for businesses.

For further information, please see the following resources:

1. Branding. – URL: <https://www.entrepreneur.com/encyclopedia/branding>.
2. What is Branding? – URL: <https://www.thebrandingjournal.com/2015/10/what-is-branding-definition/>.
3. What is Branding? 4 Minute Crash Course. – URL: <https://www.youtube.com/watch?v=sO4te2QNshY>.

2. What is a brand?

The Chartered Institute of Marketing (CIM) defines a brand as "The set of physical attributes of a product or service, together with the beliefs and expectations surrounding it – a unique combination which the name or logo of the product or service should evoke in the mind of the audience" [7].

Module 6. Digital Analytics

It refers to the name given to a particular product or service or range of products or services to clearly distinguish it from its competitors and can usually be depicted as a logo, symbol, design, image or any combination of these.

Brands are not static. Once established, brand standards should continually be updated in the light of customer requirements, i.e., the needs of your target market. The aim should be for brands to fit their customers' needs like well-tailored clothes.

Creating a strong brand involves in-depth market research to identify your target market and work out why they should be attracted to your business. A strong brand will help customers to remember your business and feel greater confident that your products or services will suit their needs. It is important to note that customers tend to be loyal to a brand they trust.

Characteristics of strong brands

- They are well perceived.
- They are progressive.
- Responsive to changing customer expectations.
- Respectful.
- Seen to be ethical or fairly produced.

To become well established in the minds of your customers, your brand must accomplish the following objectives:

- deliver a message clearly and succinctly;
- reaffirm your credibility;
- build an emotional connection with your audience;
- generate goodwill and loyalty;
- motivate your potential audience to buy or take the next step.

Branding should be considered in the early stages of starting a business as launching a business with a strong brand that will give you a greater chance of success. The reality is, if you run a business, you've got a brand, whether you realise it or not. You can either let it take shape haphazardly or you can take control of it and manage it to your advantage. What you do with it is up to you.

Activity:

How would you define your brand?

For further information, please see the following resources:

1. Brand – Definition and Meaning. – URL: <https://marketbusinessnews.com/financial-glossary/brand/>.
2. What is Brand Strategy and How to Do it. – URL: <https://www.youtube.com/watch?v=TqczYbFPWnk>.

3. Importance of branding for your business

Branding goes beyond your logo, symbols or graphics that you use on your website or social media. It is the way that your customers perceive you and represents the entirety of their experience with your business. Your brand represents who you are as a business, what you have to offer and why customers should care. Creating brand experience for customers does not occur automatically. It is the result of well-thought out and strategic planning and should be based on a good understanding of the needs and wants of your target audience.

Why branding is important for your small business

- Branding distinguishes your business and enables it stand out from the "noise" of the competition. It makes your product/service easily identifiable to both existing and potential customers.
- Your brand tells the story of who you are as a business; your values, what you stand for and what customers can expect when they deal with you. It's your chance to "introduce yourself" to your customers.
- It builds an emotional connection between your business and your customers. Since most purchase decisions are driven by emotions, rather than logic, this is really very important.
- Effective branding creates a strong identity that customers relate to which in turn, engenders loyalty and goodwill for the business.
- Builds trust – the more customers interact with your business and your brand, the more they get to trust you and what you stand for.
- It motivates your audience to buy from you. People only buy from brands that they *know*, *like* and *trust*. So having a strong brand that people are familiar with, have grown to like and consequently trust results in sales for your business.

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- Having a strong brand generates referrals for your business. People love to talk about brands they love and encourage others to try them out because they've had a good experience with the brand.
- Branding generates growth. When your brand is continually associated with good quality, great customer service, and happy customers, the only way is up.

Activity:

How much would you pay for this bag of vegetables? And why?



For further information, please see the following resources:

1. How Important is Branding for Small Business. – URL: <https://www.youtube.com/watch?v=ZUQ4gN8w6rw>.
2. The Importance of Branding for Small Business. – URL: https://www.youtube.com/watch?v=NjwrNbK71_s.
3. What is Branding and Why it is Important for Your Business. – URL: <https://www.brandingmag.com/2015/10/14/what-is-branding-and-why-is-it-important-for-your-business/>.
4. Why Branding is Important in Marketing. – URL: <https://www.thebalancesmb.com/why-is-branding-important-when-it-comes-to-your-marketing-2294845>.

4. How to create a brand

Your brand embodies the totality of your business. It is how you communicate who you are to your audience. Everything about your brand

tells your story and describes you; from your business name, to the choice colours you use, to your choice of font, the elements used, how you or your team answer the phone and how you show up on social media. This story must be clear and cohesive across all your communications so that your customers don't get confused.

What to consider when creating your brand

- Your brand should reflect your value proposition, i.e., your promise to customer or the value that they can expect to get from doing business with you. All of this should be based on your target audience.

- Aim to create a brand that is both distinctive and easily identifiable. You are not the only business in your industry, so you want to stand out from the crowd. You also want to make it easy for your customers to identify you.

- Purchasing is an emotional experience so, consider the emotional aspect of your brand. Your target should be for your customers to have a positive emotional experience when they interact with your business. You want them to feel good when they buy your products or services. This is what keeps them coming back.

- You want to Keep It Super Simple (KISS). Keep your branding and brand communication simple and straight to the point. Customers do not like to feel like they have to jump through hoops to understand what you're trying to say to them.

- People tend to do business with companies they are familiar with. If your branding is consistent and easy to recognize, it can help people feel more at ease purchasing your products or services.

- People can't talk about brands that they don't remember so your brand must be memorable.

- Be consistent or be forgotten. Consistency is key. Existing and potential customers must consistently hear about you and what you have to offer to think of you when they need your products/services.

Activity:

Think about your brand.

1. What emotion would you like customers to associate with your brand?

2. When customers are asked about your business, what would you like them to say?

For further information, please see the following resources:

1. 10 Simple Ways to Build a Brand for Your Small Business. – URL: <https://www.smallbusinessrainmaker.com/small-business-marketing-blog/10-simple-ways-to-build-a-brand-for-your-small-business>.
2. 10 Ways to Build a Brand for Your Small Business. – URL: <https://www.marketingdonut.co.uk/marketing-strategy/branding/ten-ways-to-build-a-brand-for-your-small-business>.
3. 11 Successful Steps for a Successful Brand Building Process. – URL: <https://freshsparks.com/successful-brand-building-process/>.
4. How to Build a Brand from Scratch – 6 Steps to Success. – URL: https://www.youtube.com/watch?v=T9-5bnw24_Q.

5. Criteria for choosing brand names

The brand names associated with your products and services are amongst the most valuable assets that your business owns, therefore a good deal of thought should be put into making this choice. Your brand name is the first impression that a customer has of your business, so should reflect how you want your business to be perceived and what you want to communicate to your audience.

What to consider when choosing a brand name

1. *Memorable*. How memorable is the name you have chosen? How easy is it to recall and recognise by your audience? If your brand name doesn't stick with customers, they are unlikely to remember you when they need a product or service that you offer. For example, short brand names such as Virgin, Sky and Google are quite memorable.
2. *Meaningful*. Is the name credible and representative of your value proposition? Does it suggest something about a product ingredient or service quality or the type of person who might use the brand? E.g., RightGuard deodorant or Energiser batteries.
3. *Likeability*. How aesthetically appealing is the name? Is it likeable visually, verbally and in other ways? Does it draw in your audience? E.g., ChupaChups or Mr Muscle.
4. *Transferable*. Can the name be used to introduce new products or services in the same or different categories? For example, the

Kellogg's "Snap, Crackle and Pop" slogan has been translated across Europe.

5. *Adaptability*. How adaptable and updateable is the brand name or slogan? E.g., The Bird's Eye image still remains relevant today.

6. *Protectable*. How legally protectable is the brand name, image or slogan? In particular, names that are synonymous with product or service categories can be difficult to manage. For example, instead of saying "Did you do a search on the internet?", people tend to say, "Did you Google that?".

The first 3 criteria (*memorable, meaningful and likeability*) are geared towards brand building, while the last three (*transferable, adaptability and protectable*) are more "defensive". They deal with how to leverage and preserve the equity in a brand name in the face of challenges.

Activity:

Using the criteria set out above, think of a brand name that you might use for your business.

For further information, please see the following resources:

1. 5 Criteria of a Breakthrough Brand Name. – URL: <https://www.smartbrief.com/original/2019/10/5-criteria-breakthrough-brand-name#:~:text=Instead%20of%20choosing%20a%20name,to%20create%20uncertainty%20or%20confusion.>

2. Criteria for Choosing a Brand Name. – URL: <https://branduniq.com/2010/criteria-for-choosing-a-name-for-your-new-brand/>.

3. How to Choose a Great Business Name – Creating an Amazing Brand. – URL: <https://www.youtube.com/watch?v=txS7lsRumS8>.

4. How to Create a Great Brand Name. – URL: <https://www.youtube.com/watch?v=rzbXht7MJVM>.

6. Value proposition

Values are your core beliefs. They determine your priorities and influence your attitudes and the actions that you take. And in the same way that they apply to your personal life, values apply to your business as well. The values that you set for your business create expectations for how you operate, as well as how you treat people. Values form part of the

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cognitive/psychological processes that help shape and develop the culture of your business. And sharing these values within the organisation creates a bond that binds the organisation together, motivating and aligning people. Organisations with strong values tend to recruit staff who identify with those values, thus reinforcing them. They also help create a bond with customers and suppliers alike that can underpin a strong brand identity.

Your value proposition is your value-laden offering or promise for your customers, i.e., what you have to offer them. It is the reason why customers buy from you rather than your competitors. Customers buy a product or service because it provides a benefit or solves a problem for them. It is essential that the features and characteristics of your offering must combine to deliver that benefit to the customer, or they will not buy it. Keep in mind also, that values are articulated not just with words, but also by actions, i.e., "walking the talk". If your product or service does not deliver on the value promised, the customer will not return.

Your value proposition should clearly state:

1. How your product or service will solve a problem for your target customers. This requires a good understanding of who your target market is, what their problems and pain points are and what is needed to solve their problems.

2. The benefits they can expect. This includes both tangible and intangible benefits. Again, a good understanding of your target market and their wants and needs is required here.

3. Why they should buy from you rather than your competitors. What differentiates your offering from that of your competitors? For instance, is your produce certified organic, do you operate as an environmentally responsible sustainable business or do you offer a loyalty program? What's your edge over the competition?

Activity:

Take a moment to think about what values you would like your brand to represent. Once you've identified them and written them down, think about how these values differentiate your brand from that of your competition.

For further information, please see the following resources:

1. The 5 Step Guide to Defining Your Product Value Proposition. – URL: <https://www.humanisation.com/blog/the-5-step-guide-to-defining-your-product-value-proposition>.

2. Value Proposition and Customer Segments. – URL: <https://www.youtube.com/watch?v=m2IPvT920XM>.

3. Value Proposition. – URL: <https://www.investopedia.com/terms/v/valueproposition.asp#:~:text=A%20value%20proposition%20refers%20to,choose%20to%20buy%20their%20product.&text=A%20value%20proposition%20can%20be,product%20or%20use%20a%20service>.

7. Values-driven marketing

Values-driven marketing is based on a relationship with the customer that sees him/her as more than just somebody to sell to. It is part of the concept of relationship marketing and seeks to actively engage with customers and use them to help sell existing products/services as well as develop new ones. To achieve this, a good relationship must have been established with customers; one that is based on mutual self-interest, i.e., there is something in it for both the customer and the business.

The aim of values-driven marketing is to make a genuine connection with your customers that goes beyond interest in a product or service and to create deep, meaningful *value* in their businesses or lives. Following this approach forges a deep bond between brand and customer and cultivates a lifetime of customer loyalty.

Activity:

Think about how you might engage in values-driven marketing for your brand.

For further information, please see the following resources:

1. Marketing and Values. – URL: <https://www.youtube.com/watch?v=P-IXyLJ39eM>.

2. The Goals of Values-Based Marketing. – URL: <https://smallbusiness.chron.com/goals-valuesbased-marketing-21639.html>.

3. Values-Based Marketing; Why Do You Need It? – URL: <https://sassy.marketing/values-based-marketing/>.

8. Brand management

Now that you've gone through the hard work of building your brand, you need to maintain it. That's where *brand management* comes in. Brand management is the process of monitoring and maintaining your brand and your brand reputation. Its aim is to increase the perceived value of your brand products and services over time. When done right, effective brand management enables the price of products to go up and builds loyal customers through positive brand associations and images or a strong awareness of the brand.

Brand management should begin with an analysis of how your brand is currently being perceived in the market vis-a-vis how you would like for it to be perceived. Document a plan to achieve your desired objective and take the necessary steps that should be taken to achieve this.

Activity:

Think of how you would like your brand to be perceived by your audience and think of steps that you can take to make this perception a reality.

For further information, please see the following resources:

1. 5 Inexpensive Branding Strategies for Small Businesses. – URL: <https://99designs.co.uk/blog/business/cheap-branding-strategies-small-business/>.
2. Brand Management Principles for Business Growth. – URL: <https://www.youtube.com/watch?v=Hn4r9Byr5BQ>.
3. Brand Management. – URL: https://www.youtube.com/watch?v=hIM8lbsje_8.
4. How Brand Management Has a Direct Impact on Your Bottom Line. – URL: <https://blog.hubspot.com/marketing/brand-management>.

9. Brand equity

Brand equity is the added value that is given to a brand's products and services. Brand equity and value is reflected in how consumers think, feel, and act with respect to the brand. It is also reflected in the prices, market share and profitability that the brand commands for the business. A strong brand value is a valuable asset for any business. When well-managed, brands can have extraordinary economic value and are the most effective and efficient creators of sustainable wealth.

Activity:

What do think is the brand equity of your business?

For further information, please see the following resources:

1. Brand Equity. – URL: <https://www.investopedia.com/terms/b/brandequity.asp#:~:text=Brand%20equity%20refers%20to%20a,superior%20in%20quality%20and%20reliability.>
2. The Importance of Brand Equity. – URL: [https://www.youtube.com/watch?v=8W5ycYuhrK8.](https://www.youtube.com/watch?v=8W5ycYuhrK8)
3. What is Brand Equity, and Why Should You Grow It? – URL: [https://www.youtube.com/watch?v=yKbzP4qesAk.](https://www.youtube.com/watch?v=yKbzP4qesAk)
4. What is Brand Equity? How to Build and Measure it. – URL: <https://www.marketingevolution.com/marketing-essentials/what-is-brand-equity-marketing-evolution.>

10. Digital brand management

Similar to brand management above, digital brand management is the process of managing how your brand is perceived and its reputation in the digital space. This covers any brand presence that you may have via your website, social media pages, blogs, apps and just about anything that exists digitally. Taking steps to manage your brand digitally enables you to take control of customers' experience and interaction with your business. As always, any decisions taken around this – digital brand management should be focused on your target customers and what their wants and needs are.

The current shift towards all things digital makes it critical for any brand to have a strong digital presence in order to survive. To achieve this, it is important to ensure that the same brand management plan is followed for both your online and offline channels to maintain consistency in your brand and its messaging. Consistent communication is also required within the organisation to ensure that your team are aware of the strategy being employed and their assigned roles.

Activity:

Consider your target market and think of which digital channels (website, email marketing, Facebook, Instagram, Pinterest, etc.) would be applicable to them.

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For further information, please see the following resources:

1. Digital Marketing in 5 Minutes. – URL: <https://www.youtube.com/watch?v=bixR-KIJKYM>.
2. The Complete Guide to Digital Brand Management. – URL: <https://www.lucidpress.com/blog/complete-guide-to-digital-brand-management>.
3. What is Digital Branding and How to Do it Right. – URL: <https://99designs.co.uk/blog/logo-branding/digital-branding/>.
4. What is Digital Branding. – URL: <https://thebrandsmen.com/what-is-digital-branding/>.

11. Ethics in branding

In recent times, ethics and social responsibility have ranked high not only in corporate agendas, but also as a strong influence in consumer buying decisions. According to The Branding Journal, an ethical brand is "A *brand* that represents a company, organization or person whose products, services and activities are: 1) morally correct; 2) do not harm people, animals and the environment; 3) contribute to society and public good in a responsible, positive, and sustainable way" [8].

Where a business has chosen to imbibe ethics and social responsibility as part of its organisational culture, this should be presented as part of its value proposition. Their social and ethical values and beliefs will have to be made clear and reflected not just in what they do, but also in how they do things as a brand. These values must also be clearly signalled to their customers, employees, suppliers, and every entity that they deal with. It is critical that these values and beliefs be sincerely felt and communicated, otherwise they will be quickly found out and any trust that has been built up will disappear in an instant.

Businesses should put in place a written code of ethics, foster a company tradition of ethical, and hold people fully responsible for observing ethical and legal guidelines behaviour. Where businesses do not perform well ethically, they risk being exposed thanks to greater use of the internet and customers being able to reach thousands through social media. On the flip side, businesses that have proven themselves to be genuinely ethical tend to be more favourably looked upon by customers and also reap good commercial rewards.

Activity:

Think about steps that you could take to present your business as an ethical brand.

For further information, please see the following resources:

1. Ethical Marketing – 5 Examples of Brands with a Conscience. – URL: <https://www.wordstream.com/blog/ws/2017/09/20/ethical-marketing>.
2. How Should Ethics Factor Into Your Brand Identity. – URL: <https://www.forbes.com/sites/serenitygibbons/2019/08/15/how-should-ethics-factor-into-your-brand-identity/>.
3. The Business Case for Ethical Branding and Packaging. – URL: <https://www.reachbrands.co.uk/blog/the-business-case-for-ethical-branding-and-packaging/>.
4. What is Ethical Marketing. – URL: <https://www.youtube.com/watch?v=6miRdd8m9Nk>.
5. What is Social Responsibility Marketing. – URL: <https://www.youtube.com/watch?v=E6qEEmla2Es>.
6. Why Brands with Ethical Principles Can Boost Their Customer Relationships. – URL: https://www.youtube.com/watch?v=7CiFH_8MxLM.

12. Brand innovation

Brand innovation is the process of evolving and leveraging your brand in changing markets. It's about being agile and responsive and adapting your brand according to constant changes so as to remain relevant to your target market. Brand innovation is becoming increasingly important for businesses as strong brands and product innovations are required to maintain a competitive advantage and fuel growth.

Different ways of innovating

- You could improve or replace some of your business processes to increase efficiency and productivity.
- You could extend the range or quality of some of your existing products and/or services.
- You could develop an entirely new and improved set of products and services.
- You could add value to existing products, services or markets to differentiate your business from your competitors and increase its perceived value to the customers and markets.

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Benefits associated with brand innovation

- Helps your business stay relevant to your target audience.
- Boosts brand visibility and business growth.
- Encourages creativity and new ideas.
- Helps your business implement new marketing initiatives and stay relevant in your industry.
- Helps improve productivity and reduce costs.

Activity:

Based on what you have learnt about brand innovation, what innovation option do you think may be suited to your brand?

For further information, please see the following resources:

1. 5 Examples of Innovative Small Business and What We Can Learn From Them. – URL: <https://www.trustedemployees.com/learning-center/articles-news/learn-from-innovative-small-companies/>.
2. 7 Ways Small Companies Can Out-Innovate Big Corporations. – URL: <https://articles.bplans.com/ways-small-companies-innovate>.
3. Apple Brand and Products Innovation Roadmap. – URL: <https://www.youtube.com/watch?v=u2NHkVBrKXA>.
4. Why Innovation is Essential for Brand Success. – URL: https://medium.com/@anthembranding_boulder/why-innovation-is-essential-for-brand-success-d951e983d8c.

13. Branding tips for creative entrepreneurs

Here are a few tips that you may find helpful with branding your business:

- Care deeply about your creative vision and communicate that in all that you do and make.
- Be consistent.
- Be flexible; keep in mind that there's always room for improvement.
- Focus on the customers that are actually your target market.
- Always frame your messaging from the customer's perspective. Think, what's in it for them.

For further information, please see the following resources:

1. Burns P. New Venture Creation: A Framework for Entrepreneurial Start-Ups / P. Burns. – 2nd ed. – London : Macmillan International HE, 2018. – 484 p.
2. Ethical Branding: A Guide for Creating More Ethical Brands. – The Branding Journal. – 2018. – URL: <https://www.thebrandingjournal.com/2018/02/ethical-branding-guide/#:~:text=An%20ethical%20branding%20strategy%20will,society%20of%20today%20and%20tomorrow.>
3. Marketing Management / P. T. Kotler, K. L. Keller, A. Goodman et al. – 4th ed. – London : Pearson Education, 2020. – 840 p.

Key references used:

1. Beverland M. Brand Management: Co-Creating Meaningful Brands / M. Beverland. – 1st ed. – New York : SAGE Publications Ltd, 2018. – 418 p.
2. Burns P. New Venture Creation: A Framework for Entrepreneurial Start-Ups / P. Burns. – 2nd ed. – London : Macmillan International HE, 2018. – 484 p.
3. Keller K. Strategic Brand Management: Building, Measuring and Managing Brand Equity, Global Edition / K. Keller, V. Swaminathan. – 5th ed. – London : Pearson, 2019. – 600 p.
4. Kotler P. Marketing Management / P. Kotler, K. Keller, A. Goodman et al. – 4th ed. – London : Pearson Education, 2020. – 840 p.
5. Kotler P. Principles of Marketing, Global Edition / P. Kotler, G. Armstrong. – 18th ed. – Chişinău, Moldova : Generic, 2021. – 730 p.
6. 10 Ways to Build a Brand for Your Small Business. – URL: <https://www.marketingdonut.co.uk/marketing-strategy/branding/ten-ways-to-build-a-brand-for-your-small-business>.
7. Brand – Definition and Meaning. – URL: <https://marketbusinessnews.com/financial-glossary/brand/>.
8. Ethical Branding: A Guide for Creating More Ethical Brands. – The Branding Journal. – 2018. – URL: <https://www.thebrandingjournal.com/2018/02/ethical-branding-guide/#:~:text=An%20ethical%20branding%20strategy%20will,society%20of%20today%20and%20tomorrow.>
9. The Ultimate Small Business Branding Guide. – URL: <https://www.canny-creative.com/ultimate-small-business-branding-guide/>.
10. Why Branding? – URL: <https://www.sbmarketingtools.com/power-branding-small-businesses/>.

Slide summary for Module 5

Module 5

Branding

Branding

Learning outcomes

- Understanding the importance of branding.
- Knowing how to develop a brand strategy for the business.
- Being able to evaluate brand ethics and implement brand innovation.

Branding

What is Branding?

- "Branding is the process by which companies distinguish their product offerings from the competition".

Jobber D., Fahy J., Kavanagh M. (2006) Foundations of Marketing. New York. McGraw-Hill Education. 376 p.

- It represents your promise to your customer and tells them what they can expect from your products and services.
- The Brand process can be a name, symbol or design.



Branding

What is a brand?

- A brand is a name, term, sign, symbol or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors.
- A brand is not just a product; nor is it just a logo, or an identity.
- It is **confidence, passion, belonging, action, security** and a set of **unique values**.
- It should encapsulate your value proposition to the customer and everything you and your company stand for.



Branding



Branding

Why branding is important

1. It establishes an identity for your business.
2. Helps build a reputation.
3. Branding helps develop a relationship with your customers.



Branding

Reasons for branding

- Improved perceptions of product performance.
- Greater loyalty.
- Less vulnerability to competitive marketing actions.
- Less vulnerability to crises.
- Larger margins.
- More inelastic consumer response.
- Greater trade cooperation.
- Increased marketing communications effectiveness.
- Possible licensing opportunities.

Branding

Advantages of branding for customers

- Clear product/service identity.
- Clearer communication of value proposition.
- Aids with product/service evaluation.
- Reduction in risk when purchasing (homogeneity).
- Can create additional interest or character for the product/service.



Branding

Advantages of branding for providers

- Conveys emotional aspects of the value proposition.
- Promotes product/service loyalty.
- Helps target marketing.
- Defends against competitors (creates differential advantage).
- Allows higher prices to be charged.
- Increases power in distribution channels.



Branding

How to create a brand

- Your brand identity should reflect your personality and be based on your value proposition.
- Oftentimes, your value proposition would form the basis of your business strapline (i.e., a short one-line sentence describing what the business does or represents).
- In developing a brand, make sure you are honest about what your business is like and who your customers are. Customers can be put off if their experiences with a business are different from what the branding promises to deliver.
- Your brand name and logo is a critical part of your branding and should be supportive of your value proposition.



Branding

Criteria for choosing brand names

- Your brand name needs to be distinctive and memorable.
- It must be meaningful and be relatable to your target market.
- Brand names should be likeable and aesthetically appealing.
- Transferability – how useful it is for introducing new products or services in the same or different categories.
- Brand names should be adaptable; consider how easy it will be to update or change the name over time.
- Keep in mind that your brand name or slogan needs to be legally protectable.

Branding

Three main brand naming architectures



Branding

Your value proposition should indicate ...

- > how the product/service will solve a problem for your target customers;
- > the benefits they can expect (not the features of the product/service);
- > why customers buy from you rather than competitors.



Branding

Value proposition template

Because our product/service has *(features & other differentiating & provable attributes)* it will *(problem solution)* for *(target customer segment)* meaning that *(customer benefits)*.



Branding

Sources of a values-driven strategy

- Management vision.
- Market sensing & organizational learning.
- Differentiating capabilities.
- Relationship strategy.
- Reinventing the organization.

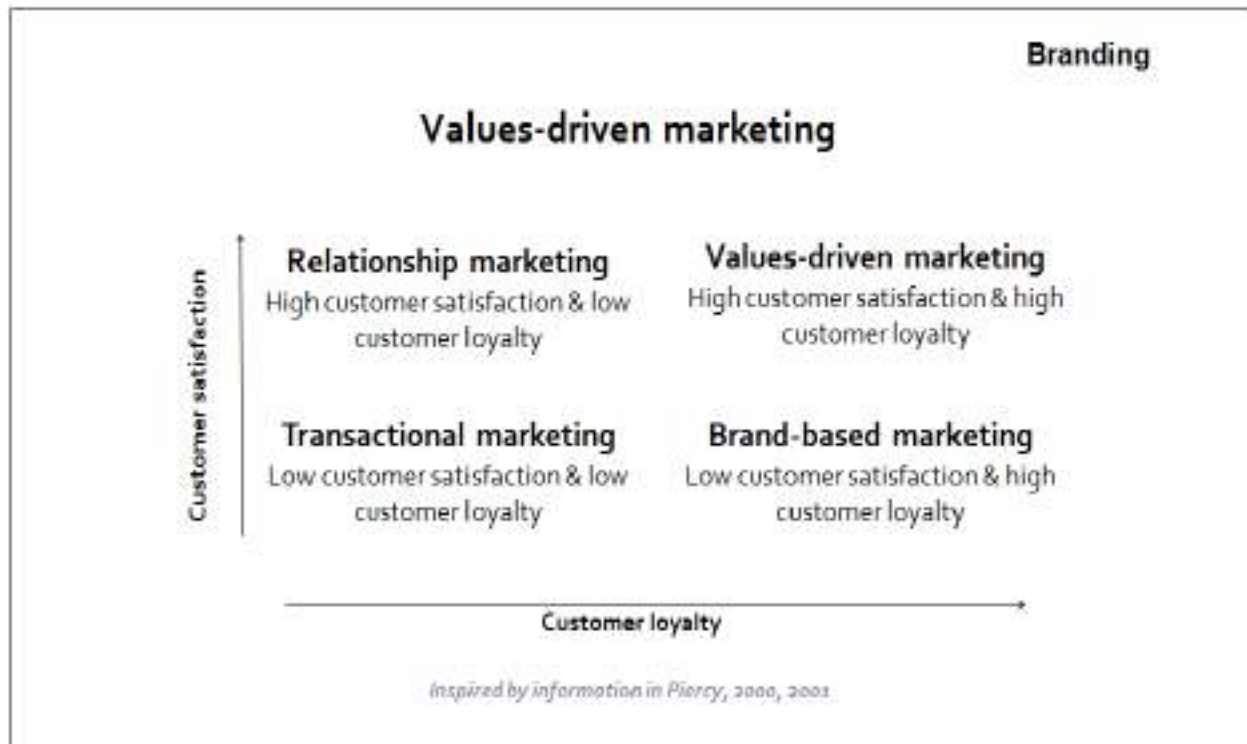


Branding

Questions to ask about values

- What are the values you wish your business to embody?
- Do these values differentiate you from competitors?
- What values are attractive and of value to your customers & can they be reconciled with those of your business?
- Can these values be incorporated into your value proposition? If so, how?





Branding

Integrating values and marketing

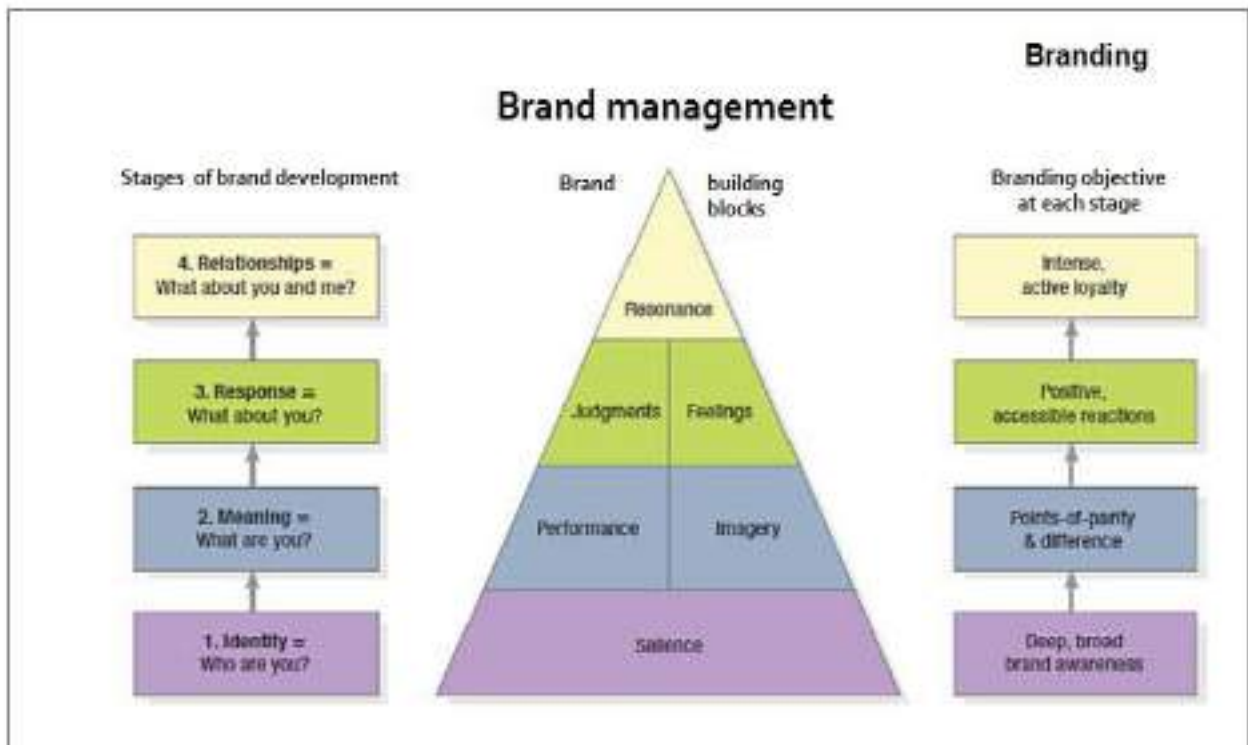
Relationships are difficult to establish without shared values. Kotler et al. (2010) conclude their book with ten principles that the authors claim integrate values and marketing:

- love your customers & respect your competitors;
- be sensitive to change & ready to change yourself;
- guard your name, & have a clear identity;
- customers are diverse; first find those who benefit most from your product/service;
- always offer a good product/service at a fair price;
- always make yourself available & spread the news about your product/service;
- find your customers, keep and grow them;
- whatever your business, remember it is a service business;
- continually refine your business processes – quality, cost & delivery;
- continually gather information, but be wise in making your final decisions.

Branding

Features and benefits

<p>Product/service features:</p> <ul style="list-style-type: none"> ➤ our shop takes credit cards; ➤ our shop stays open later than others; ➤ our shop is an approved dealer; ➤ our shop is a family business. 	<p>Benefits to customer:</p> <ul style="list-style-type: none"> ➤ you can budget to suit your pocket; ➤ you get more choice when to shop; ➤ you can be guaranteed that we know & understand all technical aspects of the product; ➤ you get individual, personal attention from somebody who cares.
-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------





Branding

Brand equity

The value of a brand, based on the extent to which it has high brand loyalty, name awareness, perceived quality, strong brand associations and other assets such as patents, trademarks and channel relationships.

Branding

Digital brand management

- Digital brand management refer to a set of policies that directly or indirectly influence the way your customer interacts with your brand online.
- It takes traditional brand management principles and applies them to customer experiences across multiple digital mediums.
- The main focus here is on the opportunity for direct customer interaction through social media, apps and websites.



Branding

Digital brand management

Businesses should consider how their digital branding initiatives can build on the following brand promises to the customer:

- The promise of convenience – online shopping should be more convenient than in-person shopping.
- The promise of achievement – assist customers in achieving their goals.
- The promise of fun and adventure – creating a customer brand experience that is fun and exciting.
- The promise of self-expression and recognition – this can be provided by personalization services.
- The promise of belonging – online communities and social networking.

Branding

Digital media trends every entrepreneur needs to know about

Patrick Bet-David shares digital media trends of 2019 every entrepreneur needs to know. What are your thoughts?

<https://www.youtube.com/watch?v=32UQ2bfclGo&t=459s>

• 26 minutes

Branding

Ethics in branding

➤ **Ethical brand** definition: A brand that represents a company, organization or person whose products, services and activities are:

- 1) morally correct;
- 2) do not harm people, animals and the environment;
- 3) contribute to society and public good in a responsible, positive, and sustainable way.

➤ Ethical brands should have the word "ethics" in their DNA and their entire strategy built towards providing long-term sustainability to their business, the society and the planet.



Branding

Business benefits of ethics in branding

- Increased sales and brand identity.
- Reduced operating costs and productivity gains.
- Improved new product development.



Branding

Brand innovation

- **Brand innovation** is an essential component of corporate strategy.
- Through strategic planning, **brand innovation** helps businesses to implement new marketing projects.
- **Brand innovation** nurtures new ideas, encourages creativity, and helps marketing departments take their organization to the next level.



Branding

Branding tips for creative entrepreneurs

- Care deeply about your creative vision and communicate that in all that you do and make.
- Be consistent.
- Be flexible; keep in mind that there's always room for improvement.
- Focus on the customers that are actually your target market.
- Always frame your messaging from the customer's perspective. Think, what's in it for them.



Module 6

Digital Analytics

Description

The module will focus on providing participants with knowledge and strategies surrounding digital analytics. Participants will get an idea of how to understand their customers through the data they produce by tracking and reporting on all kinds of data from their users; learn how to use various analytic tools and platforms that are useful for getting an insight into how people use websites; and identify key performance indicators (KPIs) for their online users.

Learning outcomes

On completion of the module, participants will be able:

- to realise the importance of digital analytics in understanding online consumers;
- to navigate the various digital analytics tools, i.e. Google analytics;
- to get an insight into online user behaviour;
- to identify KPIs for their websites or apps.

The indicative syllabus is given in Table 12.

Table 12

Indicative syllabus

Topic	Methodology	Activities	Resources
1	2	3	4
1. Understanding how digital analytics helps business organisations. 2. Google analytics basics	Online lectures on the various topics,	Participants will be expected to take the online lectures and the	[1 – 3]

Table 12 (the end)

1	2	3	4
3. Using Goal Conversion and Funnels to define and measure your website success. 4. Using segmentation to understand user behaviour and identify viable target segments. 5. Identifying Key Performance Indicators. 6. Examples of big questions about your site that Google analytics can answer	supported by learning-by-doing activities	associated learning-by-doing activities sequentially	

1. How will digital analytics help your business?

If your company conducts online business activities, you can use digital/Google analytics to answer the following questions, among others.

What has been happening on your business website?

Digital/Google analytics can collect, analyse, and report aggregate data about which pages a website visitor visits – and in what order, for instance, which will help you measure pages and campaigns and analyse all kinds of site behaviour. For example, what pages did visitors/customers view on the website? What products did customers purchase? What was the average time spent on the website? What sources did they come from? What key words or campaign produced clicks?

What are the measurable outcomes for your company?

Your website may have attracted a huge number of visitors; what are the outcomes for your company then? Digital/Google analytics could help you focus specifically on measuring outcomes, that is, connecting online customer behaviour to, for example, increased revenue, reduced cost, and/or improved customer satisfaction.

What might be the best business strategy?

Using digital/Google analytics via Google Optimize, you can run tests/experiments live on your website's content with various ideas. You can identify the best business strategy by letting your data guide you to understand quickly how your website can be improved; testing your website's content to learn what works best for your visitors; customizing your website experience to suit each type of audience; and converting more visitors into customers.

However, digital/Google analytics can report only what it can capture on your website; what your customers wanted but did not see on your website was not recorded. Thus, voice of customers is very important and you can get direct feedback from customers on your website through surveys, usability testing, and more. Based on both digital analytics and voice of customers, you have a better chance to develop a winning business strategy.

What decisions can you make based on digital analytics?

Knowledge without action is meaningless. The purpose of digital/Google analytics is to give you the knowledge from which you can make informed decisions such as acquisition of visitors, measurement of performance, analysis of trends, testing to improve, and others.

For further information, please see the following resources:

1. How Google Analytics works. – URL: <https://analytics.google.com/analytics/academy/course/6/unit/1/lesson/2>.
2. Why digital analytics? – URL: <https://analytics.google.com/analytics/academy/course/6/unit/1/lesson/1>.

2. Google analytics basics

Google Analytics is a free digital analytics service offered by Google. With Google Analytics, you can collect and analyse data to get a better understanding of how your customers find and interact with your websites and mobile apps.

1. Google Analytics platform.

Google Analytics collects data from the Analytics platform consisting of four main parts: collection, configuration, processing, and reporting. All four parts work together to help you gather, customize and analyse your data.

Module 6. Digital Analytics

Collection. Google Analytics uses a simple model to organize the data you collect. There are three components to this data model – users, sessions and interactions (hits).

- A *user* is a visitor to your website or app.
- A *session* is the time a user spends there.
- A *hit* is an interaction that is what a user does while the user is there, which results in data being sent to Analytics.

A website or app session is made up of individual hits. For example, a user might visit your homepage and then leave right away. This session would have one hit – a page view. In another session, a user might visit your homepage, watch a video, and make a purchase. That session includes three hits. You can now see that each hit that Google Analytics tracks belongs to a session, and each session is associated with a user.

Processing data and applying your configuration settings. During processing, there are four major transformations that happen to the data. You can control parts of these transformations using Google Analytics' configuration settings. First, Google Analytics organizes the hits you've collected into users and sessions. Second, data from other sources can be joined with data collected. For example, you can configure Google Analytics to import data from Google AdWords, other Google Tools, or even non-Google systems. Third, Google Analytics processing will modify your data according to any configuration rules you've added. These configurations tell Google Analytics what specific data to include or exclude from your reports, or change the way the data's formatted. Finally, the data goes through a process called "aggregation". During this step, Google Analytics prepares the data for analysis by organizing it in meaningful ways and storing it in database tables. This way, your reports can be generated quickly from the database tables whenever you need them.

Reporting. After Google Analytics has finished processing, you can access and analyse your data using the reporting interface, which includes easy-to-use reporting tools and data visualisations.

2. Opening a Google Analytics account.

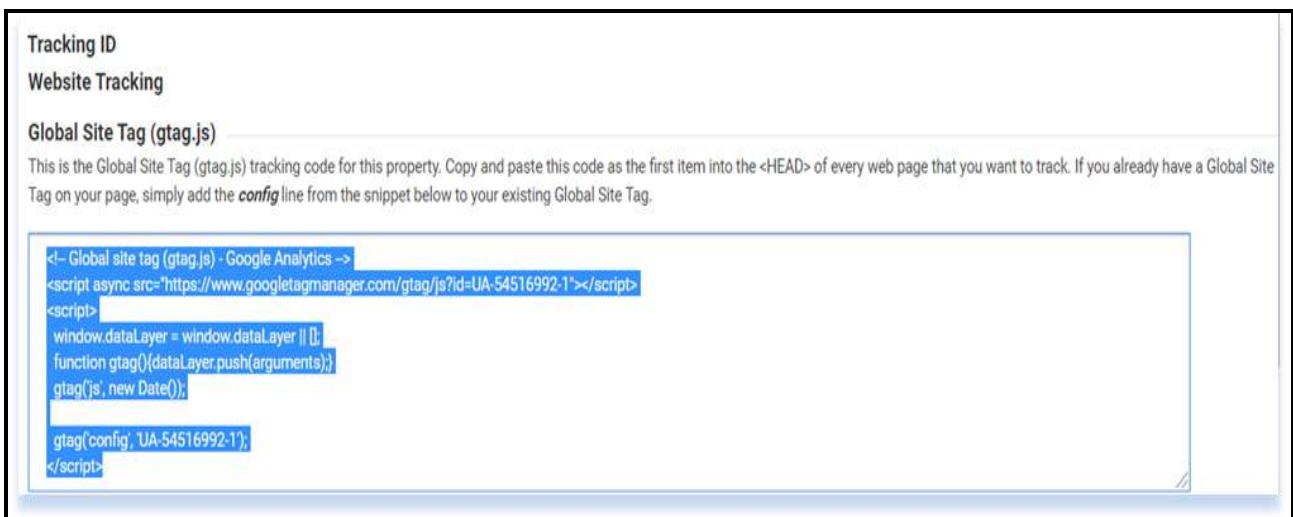
To start collecting basic data from a website, you need to do the following:

- a) create or sign in to your Google Analytics account. Go to [4]. Then either to create an account, click *Start for free* or to sign in to your account, Click *Sign in to Analytics*;

b) set up a property in your Google Analytics account. A property represents your website or app, and is the collection point in Analytics for the data from your site or app;

c) set up a reporting view in your property. Views let you create filtered perspectives of your data; for instance, all data from your company's current marketing promotion, all data except from your internal IP addresses, or all data associated with a specific sales region;

d) follow the instructions during the Google Analytics sign-up process to add the tracking code (an example of the code is provided below: the highlighted snippet – Fig. 1) to your website so you can collect data in your Analytics property.



The image shows a screenshot of the Google Analytics interface. At the top, it says "Tracking ID" and "Website Tracking". Below that, it says "Global Site Tag (gtag.js)". There is a paragraph of text explaining that this is the Global Site Tag (gtag.js) tracking code for the property and that it should be copied and pasted into the <HEAD> of every web page. Below the text is a code snippet for the gtag.js tracking code. The code is as follows:

```
<!-- Global site tag (gtag.js) - Google Analytics -->
<script async src="https://www.googletagmanager.com/gtag/js?id=UA-54516992-1"></script>
<script>
  window.dataLayer = window.dataLayer || [];
  function gtag(){dataLayer.push(arguments);}
  gtag('js', new Date());

  gtag('config', 'UA-54516992-1');
</script>
```

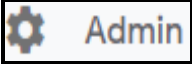
Fig. 1. An example of the tracking code

If you have built your site using a template or content management system, simply add the code to your master template or header file. If not, you may need to copy and paste into your HTML manually.

3. Managing your Google Analytics account.

Once you have created your Google Analytics account, you will be able to configure your account, properties, and views to determine access to your data and which data is available. For example, you can:

a) add an account to your Google Analytics Account if you have edit permission to add accounts to an existing Google Analytics Account:

- sign in to your Google Analytics Account. Click  Admin at the bottom of any Analytics page;

Module 6. Digital Analytics

- from the dropdown in *Account* column, click **+ Create Account** (Fig. 2);

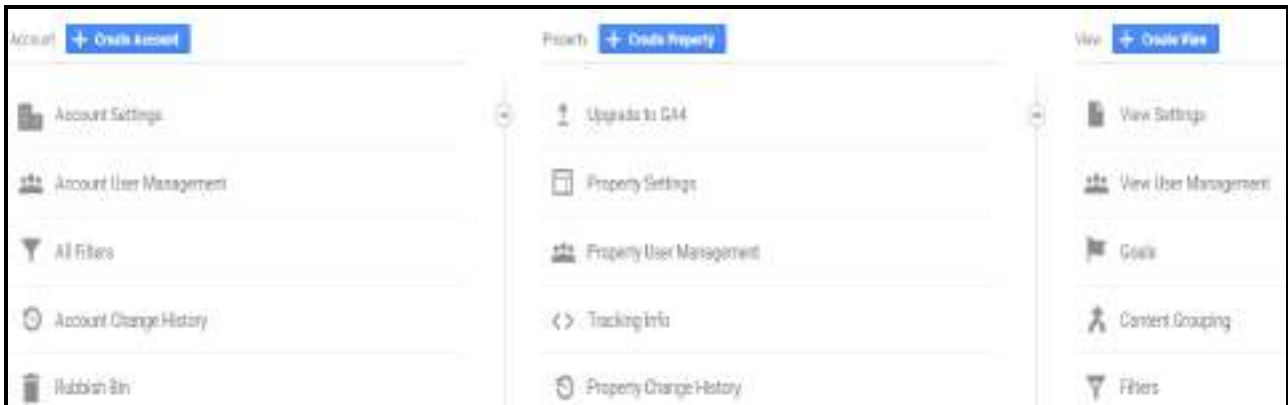


Fig. 2. Managing a Google Analytics account

- select *Web site* or *Mobile app*;
- follow the rest of instructions;
- b) delete a Google Analytics account:
 - remove the Analytics tracking code from all your web pages/app;
 - click **Admin** at the bottom of any Analytics page;
 - use the *Account menu* to select the account you want to delete;
 - click **Account Settings**;
 - click **Move to Rubbish Bin** to *Delete* this account;
- c) Add a new user:
 - click **Admin**;
 - use the menus at the tops of the columns to select the account, property, or view you want;
 - to add a user at the account level, click **Account User Management**,
 - at the property or view level, click **Property User Management** or **View User Management** in the appropriate column;
 - follow the rest of instructions.

For further information, please see the following resources:

1. Google Analytics setup. – URL: <https://analytics.google.com/analytics/academy/course/6/unit/1/lesson/3>.
2. How to set up views with filters. – URL: <https://analytics.google.com/analytics/academy/course/6/unit/1/lesson/4>.

3. Navigating Google Analytics. – URL: <https://analytics.google.com/analytics/academy/course/6/unit/2/lesson/1>.

4. Understanding overview reports. – URL: <https://analytics.google.com/analytics/academy/course/6/unit/2/lesson/2>.

3. Using goal conversion and funnels to define and measure your website success

1. The importance of goal conversion and funnels.

Collecting data is only the first step in understanding the visitor performance of your website or app. *Goals* measure how well your site or app fulfils your target objectives. A goal represents a completed activity such as making a purchase or submitting a contact information form, called a *conversion* that contributes to the success of your business.

Defining goals is probably the single most important step of your configuration process because it enables you to define success. An obvious goal for an e-commerce site is the completion of a transaction. However, even without e-commerce, your website goals, such as for example, the completion of a feedback form, a subscription request, leaving a comment on a blog post, downloading a PDF white paper, viewing special-offers page, or clicking a link. Goal conversions are the de facto way to ascertain whether your website is engaging with your visitors. They are your success metrics. Without this information, it's almost impossible to evaluate the effectiveness of your online business and marketing campaigns.

Also consider that goals don't have to include the full conversion of a visitor into a customer. For example, for most visitors arriving on your website or app, it is unlikely they will instantly convert, so the page needs to persuade them to go deeper – that is, get them one step closer to your goal. You can gain insight into this by using additional goals to measure the building of relationships with your visitors.



A *funnel* specifies the path a visitor takes to reach a goal. It acts like a sieve, qualifying visitors along the way. You can use funnels to visualise and optimise the completion rate of a series of steps in your site or app. For instance, you may create a funnel that contains the steps necessary to create an account, and then track the completion rate of each

Module 6. Digital Analytics

step. You might discover that there is a specific stage of the account-creation flow where users abandon the process. Gain insight using a funnel and then make the necessary changes to your site or app to improve retention.

2. The goal setup process.

To set up a new goal:

- sign in to Google Analytics;
- click  **Admin**, and navigate to the desired view;
- in the *VIEW* column, click  **Goals** (Fig. 3).

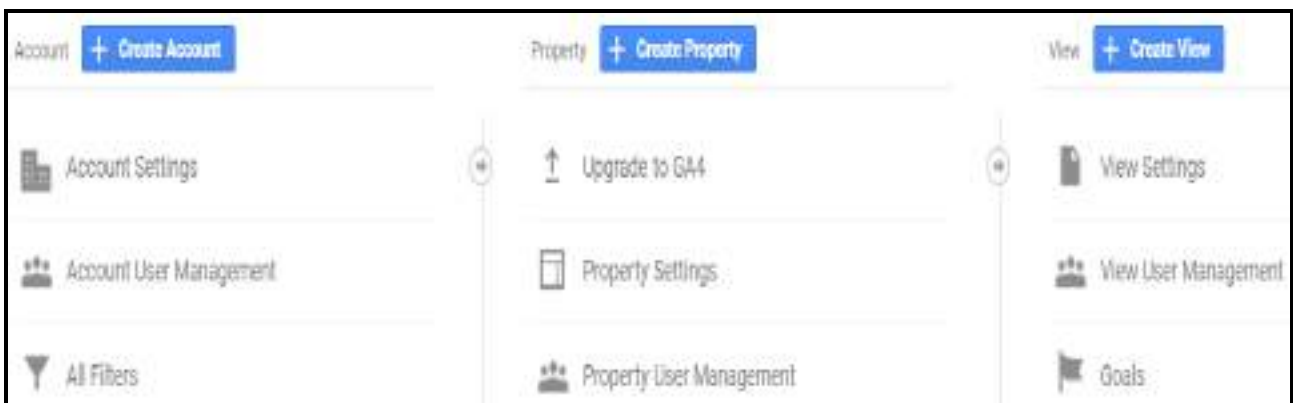

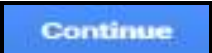


Fig. 3. The goal setup process


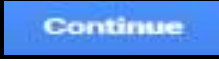
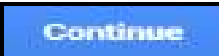
- Click +  or  to create a new goal, or click an existing goal to edit its configuration.

You have two basic options for creating goals:

1) using a goal template:

- select a template from  **Template**;
- click  to set up your goal;

2) creating custom goals:

- select  **Custom** then ;
- then select a goal Type;
- click  again to set up your goal.

Adding a goal funnel

If you are using the goal type URL Destination, you have the option to add a funnel. Use this if you have a well-defined path that you expect visitors to take on their way to your goal URL. A checkout process is an obvious e-commerce example, though you may also have funnels for non-e-commerce goals, such as subscription sign-up. However, not all conversions are achieved by visitors following a clearly defined linear path. For example, if there are many paths to achieve a PDF download, then analysing this with a funnel would be pointless at best and misleading at worst. It would make sense to define the goal without a funnel.

For further information, please see the following resources:

1. How to measure Custom Campaigns. – URL: <https://analytics.google.com/analytics/academy/course/6/unit/4/lesson/1>.
2. Use Goals to measure business objectives. – URL: <https://analytics.google.com/analytics/academy/course/6/unit/4/lesson/3>.

4. Using segmentation to understand user behaviour and identify viable target segments

1. Introduction.

A segment is a subset of your Analytics data. For example, of your entire set of users, one segment might be users from a particular country or city. Another segment might be users who purchase a particular line of products or who visit a specific part of your site.

Segments allow you to analyse those subsets of data so you can examine and respond to the component trends in your business. For example, if you find that users from a particular geographic region are no longer purchasing a line of products in the same volume as they normally have, you can see whether a competing business is offering the same types of products at lower prices. If that turned out to be the case, you could respond by offering a loyalty discount to those users that undercuts your competitor's prices.

Module 6. Digital Analytics

You can also use segments as the basis for audiences. For example, you might create a segment of users who visit your organic food pages, and then target just those users (your audience) with a remarketing campaign that is focused on the new items that you are adding to those pages.

A segment is made up of one or more filters that isolate subsets of users, sessions, and hits. For example, subsets of users may include those users who have previously purchased; users who added items to their shopping carts, but didn't complete a purchase. Subsets of sessions may include all sessions originating from Campaign A, or all sessions during which a purchase occurred. Subsets of hits may include all hits in which revenue was greater than €15.

2. Building new segments using Segment Builder.

To create a segment:

- a) sign in to your Analytics account;
- b) open the *View* whose data you want to analyse;
- c) open *Reports*. You can start with any report;
- d) click + Add Segment to open the segments list (Fig. 4);



Fig. 4. Adding a segment in Segment Builder

- e) click **+ NEW SEGMENT** to open the Segment Builder (Fig. 5);

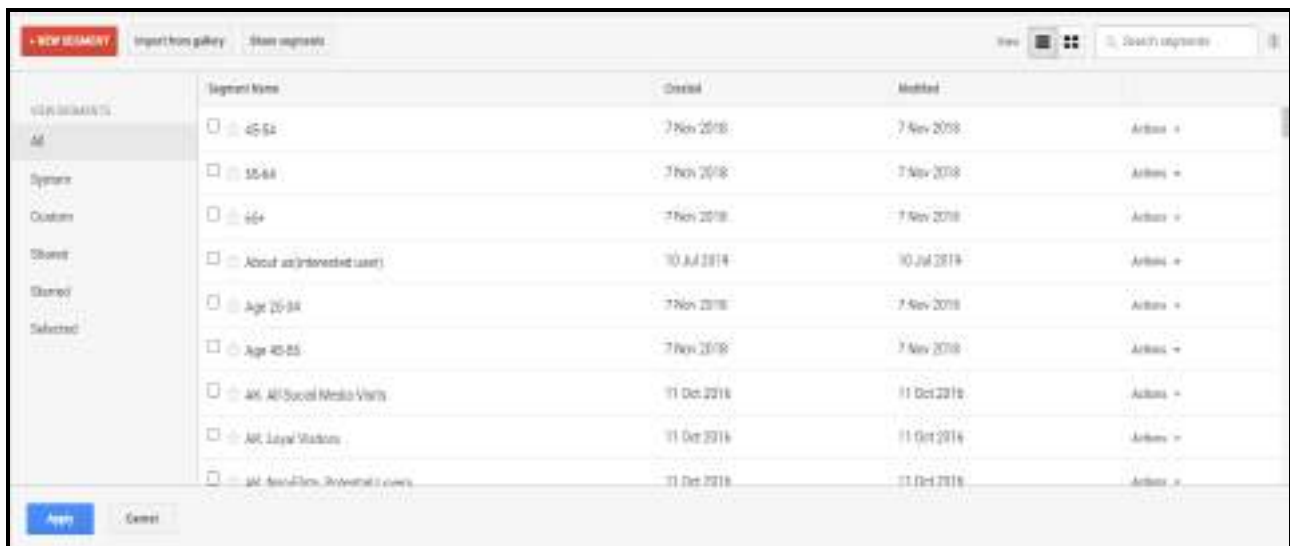


Fig. 5. Creating a New Segment in Segment Builder

f) enter a name for the segment (Fig. 6);



Fig. 6. Entering a name of the segment in Segment Builder

g) use the options in the different categories to configure the filters you want for your segment;

h) you can use the segment builder to configure the individual filters that together constitute a segment. You then apply segments to your reports so you can see that specific data. As shown above, the segment builder lets you create the component filters of a segment based on dimensions and metrics choosing among *Demographics*, *Technology*, *Behaviour*, *Date of First Session*, *Traffic Sources*, *Enhanced E-Commerce*, *Conditions*, and *Sequences*;

Module 6. Digital Analytics

i) when you have finished configuring filters, you can preview and test the segment. Click *Preview* to see how the segment affects the current report. If you don't see the information you want in the report, you can continue to edit the segment, and then preview again;

j) when you're satisfied that the segment includes exactly the data you want, click *Save* to close the segment builder and apply the segment to your reports.


3. Profile segments: segmenting visitors using filters.

Within Google Analytics, you can also use filters to provide a dedicated profile to segment your visitors. Profile filters are applied to the information coming into your account to manipulate the final data in order to provide specialised profiles (reports). By filtering, you gain a better understanding of visit types. For example, you may want to remove visits to your website from your own employees because the number of such visits can be significant, especially if your website is set as the default home page in their browsers. In addition, profile filters can provide dedicated segment reports about for example a specific market. To segment your visitors into separate profiles, you apply filters to the data. Filters are applied on new data only. That is, a profile filter cannot affect historical data, and it is not possible to reprocess your old data through the new filter.

Best practice tip: keep a profile without filters. Always keep raw data intact. That is, keep your original profile and apply new filters to a duplicate profile in your account. That way, if you make a mistake in applying a new profile, you always have the original profile to fall back on.

You can *create filters* at the view level that apply only to that view, and you can manage account-level filters that have been applied to the view (edit permission is required to create filters):

a) *create a filter at the account level:*

- sign in to Google Analytics;
- click **Admin**, and navigate to the account in which you want to create a filter;
- in the *ACCOUNT* column, click ;
- click **+ ADD FILTER** (if this button is not visible, you do not have the necessary permission);
- enter a name for the filter;
- select *Predefined* to select from the predefined filter types;

- select *Custom* to construct a custom filter;
- from the *Available views* list, select the views to which you want to apply the filter, then click Add;
- click **Save** (Fig. 7);



Fig. 7. **Creating a filter at the account level**

b) in a similar way create a filter at the view level;

c) change the filter order for a view. By default, view filters are applied to the data in the order in which the filters were added. So, if there are existing filters for a view, your new filter is applied after them. Follow the instructions to change the filter order for a view, below:

- sign in to Google Analytics;
- select the *Admin* tab and navigate to the *view in which you want to create the filter*,
- in the *VIEW* column, click **Filters**;
- click **Assign Filter Order**, select the filter you want to move, then click **↑ Move up** or **↓ Move down**. Click *Save* when you are finished;
- if you want to remove a filter from the view, click *Remove* in the row for that filter.

For further information, please see the following resources:

1. Analyse data by audience. – URL: <https://analytics.google.com/analytics/academy/course/7/unit/3/lesson/3>.
2. Analyse data by channel. – URL: <https://analytics.google.com/analytics/academy/course/7/unit/3/lesson/2>.

3. Segment data for insight. – URL: <https://analytics.google.com/analytics/academy/course/7/unit/3/lesson/1>.

5. Identifying key performance indicators (KPIs)

By now you understand what Google Analytics can do, how to set up Google Analytics, how to navigate its interface, and how to use segmentation to understand user behaviour and identify viable target segments. The next step is to provide key performance indicators (KPIs) to appraise the state of your business, thereby enabling you to focus on the parts of your online strategy that are most effective at for example increasing visitors, leads, conversions, and revenue for your business.

1. How to find a KPI.

Preparing KPIs consists of defining objectives and key results (OKRs). With KPIs, you turn OKRs into actual metrics that are available to you.

The art of building and presenting KPI report depends on being able to distil website visitor data into metrics that align with your OKRs. For small organisations, having a report of 10 KPIs aligning with 10 OKRs is usually sufficient. KPIs should align with business goals such as a specific action you want website visitors to take. In many cases, this will be a revenue-impacting action, like contacting you for a quote if you're a service provider. KPIs should correspond to trackable metrics in Google Analytics.

2. The attributes of a good KPIs.

A good KPI has the following attributes:

- *Available and measurable.* You can use only those metrics as KPIs which are available to you in the first place. KPIs should be based on monetary values where possible; if not, use a ratio, percentage or average rather than the raw number.
- *Hugely business bottom-line impacting.* If a KPI/metric does not greatly impact the business bottom-line then it is not a good KPI.
- *Relevant.* If your KPI is hugely business bottom-line impacting, then it is got to be relevant to your business objectives.
- *Instantly useful.* If your KPI is hugely business bottom-line impacting, then it is got to be instantly useful. That is, you can quickly take actions on the basis of the insight you get from your KPI.

- *Timely*. Your KPI should be available to you in a timely manner so that you can take timely decisions.

3. KPIs for e-commerce sites.

There are many e-commerce KPIs that you can track, but the following a few are the most important KPIs that are important for most websites.

- *Website traffic* is probably one of the most obvious key performance indicators. Generally speaking, the more traffic your site gets, the better chance you have at turning those visitors into buying customers. Increasing website traffic is often a goal for ecommerce websites. Traffic not only leads to purchases, but also a general awareness of your brand.

- *Referral traffic* is used to describe visitors to your site that come from direct links on other websites rather than directly from searches. Referral traffic can help you determine which sources are sending the most visitors to your site. This information can be extremely valuable in determining where you should focus more – for example, on organic search or additional PPC ads – or which relationships you should nurture. If your referrals from other websites that are low or non-existent, this may be a sign that your current marketing or link building campaigns aren't working well.

- *Conversion rate* is the percentage at which your website visitors convert into actual customers. This is an extremely important KPI for all e-commerce stores. A high conversion rate indicates that you are successfully convincing a lot of visitors to buy your products or services, while a lower rate signifies that not as many customers are ready to buy, that perhaps your traffic isn't targeted enough, that your products are priced very high, and/or that many of your customers choose to buy products in the store rather than on your website.

- *Bounce rate* refers to the percentage of visitors who leave your site after arriving on it. A very high bounce rate may indicate that a majority of your visitors aren't finding what they want when they visit your site. Google takes your website's bounce rate into consideration when deciding how to rank you for certain keywords, so you should watch this KPI very closely.

- *Time to purchase* tells you approximately how long it took for visitors to your site to change into actual customers. If you sell expensive products, you probably won't see any impulse buys. On the other hand, if you sell inexpensive products, you're likely to see many purchases falling within the 1–2 visits range. Knowing your average time to purchase can help you make really smart decisions about your marketing. For example, you may

Module 6. Digital Analytics

want to set up a special email marketing campaign to send detailed information to shoppers. On the other hands, general sale or new product emails will work well for stores with lots of impulse shoppers.

- *Cart abandon rate* refers to the percentage of shoppers who add items to their cart or basket on your site, but never actually go through with a purchase. A cart is usually abandoned because of cost of product(s), cost of shipping, checkout requirements such as signing up for an account or using a specific payment method, complicated checkout processes, or user error. By tracking this KPI very closely, you can identify problems with your checkout process before they start to cause significant problems for your business.

- *Cost per conversion*, or CPC, is the amount you pay to turn a visitor into a buyer. It can help you make smarter decisions about how much your products should be sold for, what you should pay for advertising, and even how you should market your business online. So, it's worth doing some work to figure out what your CPC really is. Knowing this metric can help you be more profitable than your competitors, and that may just give you the edge you need to succeed.

4. KPIs for non-e-commerce sites.

Non-e-commerce sites are either lead generation sites or pure content sites, where visitors come for the sake of consuming content and they leave without any business transactions. The following KPIs could be useful for non-e-commerce sites.

- *Visitor loyalty* is the frequency of visits on your website for a specific time period. The relevant Google metric is "average visits per visitor". Compare your performance over period and ensure that you are making progress in achieving the predefined percentage of web traffic. It will help you know about the characteristics of your visitors.

- *Recency* is the number of repeated visits on your website. It is up to you to decide your goals regarding the recency of visitors. The greater the recency of visits, the better for your site. If you create incentives for repeated visitors, then sure you can enjoy success and measure your success.

- *Length of visit* refers to the quality of visits during a reporting period depending on how long each visit lasts. Suppose your site could increase this KPI, then take measures to convert more visits into a successful one by engaging your customers.

- *Depth of visit* refers to the number of pages consumed by your visitor in the reporting time period. It helps you to have a broad picture of your customer experience and to improve your goals and measure success.

- *Conversions* refer to the valuable actions such as site registrations, viewed "contact us", survey participation actions that you may want your users to take. It is highly recommended to measure these conversions.

Thus, these are the important KPIs to be noted in a non-e-commerce site. If you give importance to them then you could not only dream success but also experience it.

All the above KPIs will definitely help you to increase the quality of traffic to your site and make it a better performing site with increased number of visitors who are loyal to you.

Examples of big questions about your site that Google Analytics can answer.

Google Analytics is a great tool. It's free, it's reliable, and it's filled with useful information about your website or app. Once you understand how to use Google Analytics, you could use it to answer important questions about your site or app. A few examples are provided below.

1. *What are my demographic majorities, niche demographics, or failing demographics?*

For most websites, there will be a *bias* towards a particular gender or age group. For example, a home and garden website will typically have older users and a technology website will generally have more male users. Such demographic characteristics play a vital role in consumer's purchase decision process. Thus, it is important for businesses to understand how demographic factors affect potential customers' behaviour and needs, so they could inform their business decision-making.

It's important to understand your *most important demographic* in terms of volume and/or conversions, so you could focus on your key customer group. However, you don't always have to target the *biggest demographic* on your website. In fact, there have been hundreds of very successful businesses online that cater for a *niche*. Before targeting a specific niche, the important thing to measure is the percentage of people within that niche. So, you can decide whether it's worth focussing on them. You may spot a gap in the market but there might not be enough people in that niche to make it worthwhile.

When comparing different demographics, if there are *significant differences* in important metrics such as conversion rates, then you can try and address the issue by thinking about why a certain group isn't performing. When you spot an underperforming or *failing demographic*, you may want to think about why they may be put off by the offer available to them and what sort of situation they are currently in.

Module 6. Digital Analytics

You can use *Segment Builder* to identify, for example, *Demographic Majorities*, *Niche Demographics*, or *Failing Demographics*. In addition to age, gender, you can target ad groups and reach people based on who they are, their interests and habits, what they're actively researching, or how they have interacted with your business. Audience targeting can boost your campaign's performance by reaching people browsing websites, using apps, or watching videos. For example, you can segment your visitors in terms of age, gender, language, and

- using "affinity audiences" to reach as many people as possible and drive awareness of your products. With affinity audiences, you could reach, for example, *green living enthusiasts*, *foodies*, *cooking enthusiasts*, *family-focused*, *health & fitness buffs*, *shoppers*, among others;
- using "location-based targeting" to search for country, cities, and/or even street addresses;
- using "topic" to target one ad to multiple pages about certain topics at once. Topic targeting lets you reach a broad range of pages on the Display Network.

2. What traffic sources are sending traffic to my website?

It's one thing to know how many people are visiting your site, and another thing to know how they are getting there. This information can be found pretty easily: Sign in to *Google Analytics > Acquisition > Channels*.

This report will give you a top-level view of where your traffic is coming from based on channel type. Take a close look at both acquisition details, and the associated behaviour for each channel. Some channels may provide a large amount of traffic, with little action. Don't necessarily assume that the largest channel is the best. One thing to pay close attention to is the bounce rate, which should be as low as possible.

To get a more detailed view of your traffic sources, you should take a look at your *Acquisition > Referrals* report. This will show you specific landing pages and sites that are linking to your site.

One of the major traffic drivers that we can easily influence every month is traffic coming from various social networks, which can be found under *Acquisition > Social* (Fig. 8).

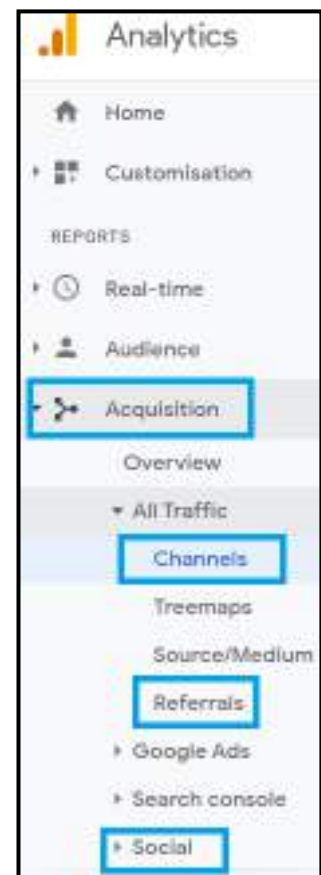


Fig. 8. Traffic from various social networks

For a deeper look at how social visitors interact with your content, visit *Acquisition > Social > Landing Pages*. This will show you what content is most popular on social media. You would also like to check *Acquisition > Social > User flow and conversions* to identify if the traffic is contributing.

3. How does this compare to where I thought my traffic was coming from?

We may make big assumptions about where our traffic is coming from, and more importantly, the quality of that traffic. It is important to confirm these assumptions with data or the above analysis so that we don't sell ourselves short.

4. Where are your biggest opportunities for traffic growth?

Ultimately, every website wants more traffic. If you see that one channel is bringing good traffic with high engagement, then you might want to double your posting efforts, or work to increase the number of fans on your page.

5. How do new visitors come to my site, and why do they leave?

For websites that are mainly about content, it is important to understand what content is consuming by visitors when they come to the sites. Under *Behaviour > Site Content > Landing Pages*, Google will provide you with a breakdown of your key landing pages and site sections (Fig. 9).

Top Landing Pages show you the pages most frequently used as the start point for visitors coming through to your site. This report is great as it allows you to see where people start their journey and the effectiveness of each of these pages as a kick off point towards your website goals.

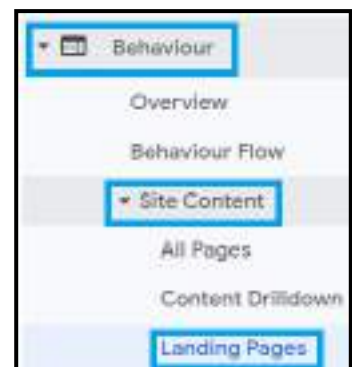


Fig. 9. Key landing pages and site sections

6. Are my landing pages generating adequate visitor engagement? Which landing pages should be rewritten or redesigned?

Bounce Rate tells you the percentage of traffic in which the person left your site or app after viewing only a single page. Normally, a high bounce rate is a sign that the offsite information that caused people to click through to your site doesn't match what they find on the landing page. If you can make

Module 6. Digital Analytics

the landing page more relevant, you'll keep more users and gain more value from your traffic. You can examine this by going to *Site Content > Landing Pages*, then click the *Bounce Rate* column to sort the landing pages according to *Bounce Rate*, highest to lowest (Fig. 10).



The screenshot shows the Google Analytics interface for the 'Landing Pages' report. The 'Behaviour' menu is open, and 'Landing Pages' is selected. The report is sorted by 'Bounce Rate' in descending order. The table below shows the data for three landing pages.

	Sessions	% New Sessions	New Users	Bounce Rate
1. /basket.html	2 (0.01%)	100.00%	2 (0.01%)	100.00%
2. /non/organic+basket.html	1 (0.00%)	0.00%	0 (0.00%)	100.00%
3. /non/organic+cartonrefill+body+with.html	1 (0.00%)	100.00%	1 (0.01%)	100.00%

Fig. 10. The bounce rate of the landing pages

7. Do I need a mobile site?

Have you been wondering if you need a mobile version of your website? Find out by looking under the *Audience* menu. There you will find a *Mobile* option where you can see all the way down to a specific device and the percentage of your total visits that are from a mobile device.

The key on this screen is looking at *the average time on site and the bounce rate*. If your average time on site is lower and the bounce rate is higher than your overall numbers, then you'll know that you're *losing that much of your mobile traffic* (Fig. 11).



Fig. 11.
Mobile traffic

Key References Used:

1. Clifton B. *Advanced Web Metrics with Google Analytics* / B. Clifton. – 3rd ed. – Hoboken, New Jersey : John Wiley & Sons, 2012. – 608 p.
2. Clifton B. *Successful Analytics: Gain Business Insights By Managing Google Analytics* / B. Clifton. – Brighton : Advanced Web Metrics Ltd, 2015. – 336 p.
3. Analytics Academy. – URL: <https://analytics.google.com/analytics/academy/>.
4. Google Analytics. – URL: google.com/analytics.

Slide summary for Module 6

Module 6

Digital Analytics

Digital Analytics

Learning outcomes

- Understanding how digital analytics can help you.
- Seeing what has been happening on your business website.
- Defining measurable outcomes for your business.
- Developing a winning business strategy.
- Making data-driven decisions.
- Using Google Analytics videos.

What has been happening on your website?

Understanding how digital analytics can help you

- See what has been happening on your business website.
- Define measurable outcomes for your business.
- Develop a winning business strategy.
- Make data-driven decisions.
- Google Analytics videos.



Defining measurable outcomes for your business

Digital/Google analytics could help you focus specifically on measuring outcomes, that is, connecting online customer behaviour to, for example,

- increased revenue;
- reduced cost;
- improved customer satisfaction.

OUTCOME



Digital Analytics

Develop a winning business strategy

You could develop a winning business strategy by

- using digital/Google analytics to run tests/experiments live on your website's content with various ideas. For example,
 - testing your website's content to learn what works best for your visitors;
 - customizing your website experience to suit each type of audience;
- getting direct feedback from customers on your website through, for example,
 - surveys;
 - usability testing.



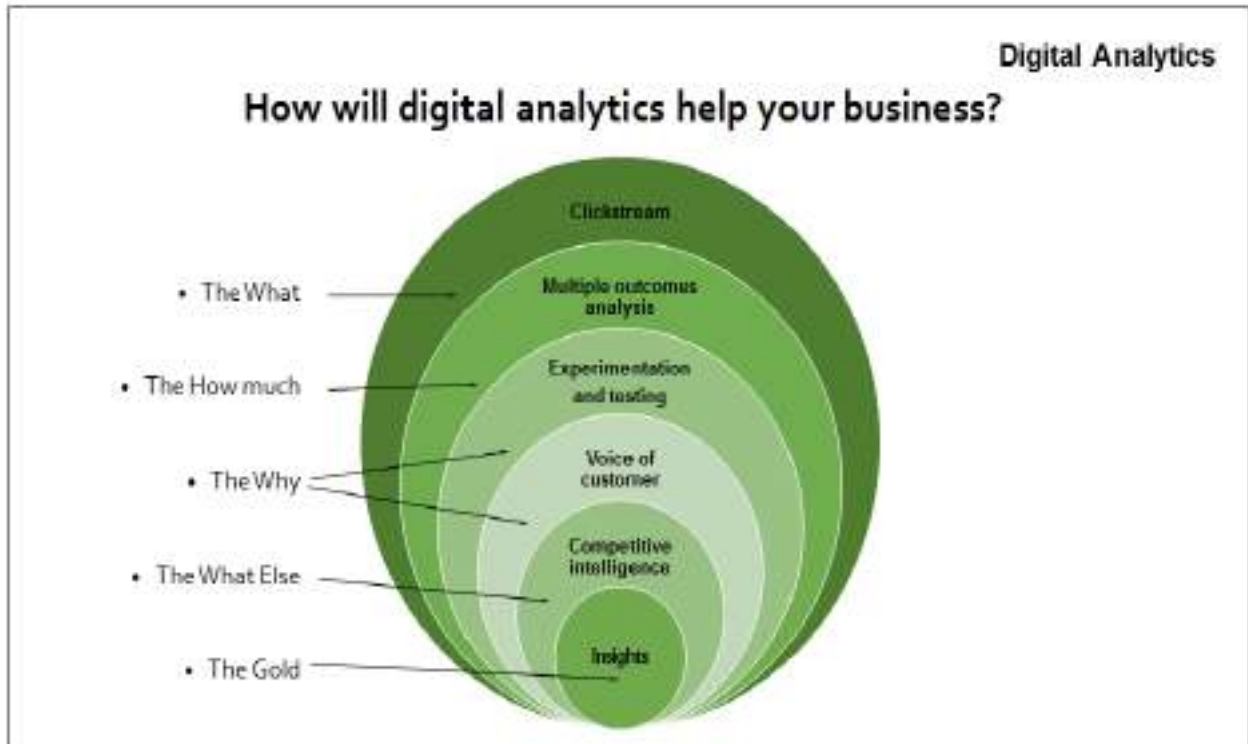
Digital Analytics

Making data-driven decisions

The purpose of digital/Google analytics is to give you the knowledge from which you can make informed decisions such as

- acquisition of visitors;
- measurement of performance;
- analysis of trends;
- testing to improve.





Digital Analytics

For further information, please watch the following videos

Why digital analytics?
<https://analytics.google.com/analytics/academy/course/6/unit/1/lesson/1>

How Google Analytics works
<https://analytics.google.com/analytics/academy/course/6/unit/1/lesson/2>

Digital Analytics

Google Analytics basics

Learning objectives:

- Google Analytics platform;
- opening a Google Analytics account;
- managing your Google Analytics account;
- Google Analytics videos.



Digital Analytics

Google Analytics platform

Collection. Google analytics uses a simple model to organize the data you collect.

There are three components to this data model:

- *a user* is a visitor to your website or app;
- *a session* is the time a user spends there;
- *a hit* is an interaction that is what a user does while the user is there, which results in data being sent to analytics.



Google Analytics platform

Processing data and applying your configuration settings.

1. Google Analytics organizes the hits you've collected into users and sessions.
2. Data from other sources such as Google AdWords can be joined with data collected.
3. Google Analytics processing will modify your data according to any configuration rules, such as including or excluding, you've added.
4. Google Analytics prepares the data for analysis by organizing it in meaningful ways and storing it in database tables.



Reporting through Google Analytics interface.

Opening a Google Analytics account

1. Create or sign in to your Google Analytics account.
2. Set up a property in your Google Analytics account. A property represents your website or app, and is the collection point in Analytics for the data from your site or app.
3. Set up a reporting view in your property. Views let you create filtered perspectives of your data, such as data from your company's current marketing promotion.
4. Follow the instructions during the Google Analytics sign-up process to add the tracking code to your website so you can collect data in your Analytics property.



Digital Analytics

Opening a Google Analytics account

Tracking ID

Website Tracking

Global Site Tag (gtag.js)

This is the Global Site Tag (gtag.js) tracking code for this property. Copy and paste this code as the first item into the <HEAD> of every web page that you want to track. If you already have a Global Site Tag on your page, simply add the `config` line from the snippet below to your existing Global Site Tag.

```

<!-- Global site tag (gtag.js) - Google Analytics -->
<script async src="https://www.googletagmanager.com/gtag/js?id=UA-54516992-1"></script>
<script>
  window.dataLayer = window.dataLayer || [];
  function gtag(){dataLayer.push(arguments);}
  gtag('js', new Date());

  gtag('config', 'UA-54516992-1');
</script>

```

Digital Analytics

Opening a Google Analytics account

For further information, please watch the following videos:



Google Analytics setup

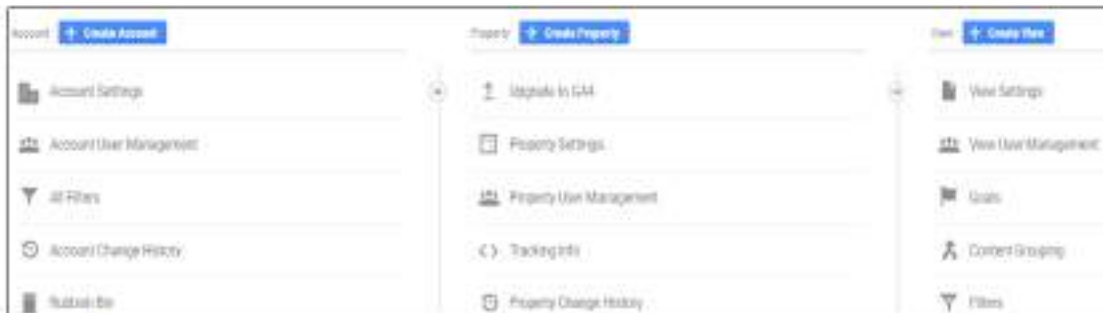
<https://analytics.google.com/analytics/academy/course/6/unit/1/lesson/3>

How to set up views with filters

<https://analytics.google.com/analytics/academy/course/6/unit/1/lesson/4>

Managing your Google Analytics account




- Sign in to your Google Analytics account. Click  **Admin** at the bottom of any Analytics page.
- From the dropdown in *Account* column, click  **Create Account**.



- Follow the rest of instructions ...

Managing your Google Analytics account





Delete a Google Analytics account:

- Remove the Analytics tracking code from all your web pages/app.
- Click  **Admin** at the bottom of any Analytics page.
- Use the *Account menu* to select the account you want to delete.
- Click  **Account Settings**.
- Click  **Move to Rubbish Bin** to *Delete* this account.

Digital Analytics

Managing your Google Analytics account

Add a new user:

- Click  Admin .
- Use the menus at the tops of the columns to select the account, property, or view you want.
- To add a user at the account level, click  Account User Management , at the property or view level, click  Property User Management or  View User Management in the appropriate column.
- Follow the rest of instructions ...

Digital Analytics

Opening a Google Analytics account

For further information, please watch the following videos:

Navigating Google Analytics

<https://analytics.google.com/analytics/academy/course/6/unit/2/lesson/1>

Understanding overview reports

<https://analytics.google.com/analytics/academy/course/6/unit/2/lesson/2>

Using goal conversion and funnels to define and measure your website success

Learning objectives

- Understanding the importance of Goal conversion and Funnels.
- Understanding the goal setup process.
- Relevant Google Analytics videos.



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Understanding the Importance of goal conversion and funnels

- **Goals or conversions** measure how well your site or app fulfils your target objectives, such as *making a purchase, submitting a contact information form, viewing special-offers page...*
- **Goals** enable you to define success.
- A **funnel** specifies the path a visitor takes to reach a goal; helps you to visualise and optimise the completion rate of a series of steps in your site or app.



Digital Analytics

The goal setup process

- Sign in to Google Analytics.
- Click  Admin, and navigate to the desired view.
- In the VIEW column, click  Goals.



- Click **+ NEW GOAL** or **Import from Gallery** to create a new goal, or click an existing goal to edit its configuration.

Digital Analytics

The goal setup process

You have two basic options for creating goals:

- using a goal template:
 - Select a Template from Template.
 - Click **Continue** to set up your goal.
- creating custom goals:
 - Select Custom then **Continue**.
 - Then select a goal Type.
 - Click **Continue** again to set up your goal.
- adding a goal funnel.



For further information, please watch the following videos

How to measure Custom Campaigns

<https://analytics.google.com/analytics/academy/course/6/unit/4/lesson/2>

Use Goals to measure business objectives

<https://analytics.google.com/analytics/academy/course/6/unit/4/lesson/3>

Introduction to segmentation

- A segment is a subset of your analytics data, such as *users from a particular city, users who purchase a particular line of products...*
- Segments allow you to examine and respond to the component trends in your business.
- A segment is made up of one or more filters that isolate subsets of users, sessions, and hits. For example,
 - users who have previously purchased;
 - all sessions originating from Campaign A;
 - all hits in which revenue was greater than €15.



Digital Analytics

Building new segments using segment builder

To create a segment:

- 1) sign in to your Analytics account;
- 2) open the **View** whose data you want to analyse;
- 3) open **Reports**. You can start with any report;
- 4) click **+ Add Segment**;
- 5) click **+ NEW SEGMENT**.



Digital Analytics

Building new segments using segment builder (the continuation)

- 6) enter a name for the segment;
- 7) use the options in the different categories to configure the filters you want for your segment;



- 8) when you have finished configuring filters, you can preview and test the segment;
- 9) when you're satisfied that the segment includes exactly the data you want, click **Save** to close the segment builder and apply the segment to your reports.

Building new segments using segment builder (the end)




You can segment your visitors in terms of age, gender, language, and

- using "affinity audiences" to reach as many people as possible and drive awareness of your products. With affinity audiences, you could reach, for example, *green living enthusiasts, foodies, cooking enthusiasts, family-focused, health & fitness buffs, shoppers*, among others;
- using "location-based targeting" to search for country, cities, and/or even street addresses;
- using "topic" to target one ad to multiple pages about certain topics at once. Topic targeting lets you reach a broad range of pages on the Display Network.

Profile segments: segmenting visitors using filters

You can use filters to provide specialised profiles (reports) to gain a better understanding of visit types.


Create a filter at the account level:

- Sign in to Google Analytics.
- Click **Admin**, and navigate to the account in which you want to create the filter.
- In the *ACCOUNT* column, click  *All Filters*.
- Click . (If this button is not visible, you do not have the necessary permission.)
- Enter a name for the filter.
- Select *Predefine* to select from the predefined filter types.
- Select *Custom* to construct a custom filter.
- From the *Available views* list, select the views to which you want to apply the filter, then click *Add*.
- Click .

Digital Analytics

Profile segments: segmenting visitors using filters (the end)

Change the filter order for a view:

- Sign in to Google Analytics.
- Select the **Admin** tab and navigate to the **view in which you want to create the filter**.
- In the **VIEW** column, click  **Filters**.
- Click **Assign Filter Order**, select the filter you want to move, then click **↑ Move up** or **↓ Move down**. Click **Save** when you are finished.
- If you want to remove a filter from the view, click **remove** in the row for that filter.

Best practice tip: keep a profile without filters. That is, keep your original profile and apply new filters to a duplicate profile in your account. That way, if you make a mistake in applying a new profile, you always have the original profile to fall back on.

Digital Analytics

For further information, please watch the following videos

Segment data for insight

<https://analytics.google.com/analytics/academy/course/7/unit/3/lesson/1>

Analyse data by channel

<https://analytics.google.com/analytics/academy/course/7/unit/3/lesson/2>

Analyse data by audience

<https://analytics.google.com/analytics/academy/course/7/unit/3/lesson/3>

Identifying Key Performance Indicators (KPIs)

Learning objectives:

- How to find a KPI.
- The attributes of a good KPIs.
- KPIs for e-commerce sites.
- KPIs for non-e-commerce sites.



How to find a KPI

- Preparing KPIs consists of defining objectives and key results (OKRs).
- For small organisations, having a report of 10 KPIs aligning with 10 OKRs is usually sufficient.
- KPIs should align with business goals such as a specific action you want website visitors to take. In many cases, this will be a revenue-impacting action.
- KPIs should correspond to trackable metrics in Google Analytics.



Digital Analytics

The attributes of a good KPIs

- > **Available and measurable.** KPIs should be based on monetary values where possible; if not, use a ratio, percentage or average rather than the raw number.
- > **Hugely business bottom-line impacting.**
- > **Relevant.** If your KPI is hugely business bottom-line impacting, then it is got to be relevant to your business objectives.
- > **Instantly useful.** That is, you can quickly take actions on the basis of the insight you get from your KPI.
- > **Timely.** Your KPI should be available to you in a timely manner so that you can take timely decisions.



KPIs for e-commerce sites

Digital Analytics

- > The more **Website traffic** your site gets, the better chance you have at turning those visitors into buying customers (e.g., from *Google account* -> *Acquisition* -> *Channels...*).
- > **Referral traffic** can help you determine which sources are sending the most visitors to your site and where you should focus more (*Google account* -> *Referral*).
- > **Conversion rate** is the percentage at which your website visitors convert into actual customers.

Default Channel Grouping		Acquisition
		Users
		11,819
		(Total: 11,819)
<input checked="" type="checkbox"/>	1. Direct	9,743 (82.44%)
<input type="checkbox"/>	2. Paid Search	1,344 (11.38%)
<input type="checkbox"/>	3. Display	257 (2.18%)
<input type="checkbox"/>	4. Affiliates	242 (2.05%)
<input type="checkbox"/>	5. (Other)	92 (0.78%)
<input type="checkbox"/>	6. Referrals	70 (0.59%)

- > A high **bounce rate** may indicate that a majority of your visitors aren't finding what they want when they visit your site.

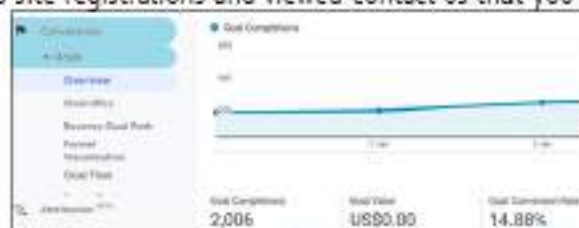
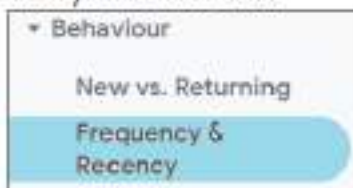
KPIs for e-commerce sites (continuation)

- **Time to purchase** tells you approximately how long it took for visitors to your site to change into actual customers.
- By tracking **Cart abandon rate** very closely, you can identify problems with your checkout process before they start to cause significant problems for your business.
- **Cost per conversion (CPC)** is the amount you pay to turn a visitor into a buyer. It can help you make smarter decisions about how much your products should be sold for, what you should pay for advertising, and even how you should market your business online.



KPIs for e-commerce sites (the end)

- **Visitor loyalty** is the frequency of visits on your website for a specific time period. It will help you know about the characteristics of your visitors.
- **Recency** is the number of repeated visits on your website. The greater the recency of visits, the better for your site.
- **Length of visit** refers to the quality of visits during a reporting period. Suppose your site could increase this KPI, then take measures to convert more visits into a successful one by engaging your customers.
- **Depth of visit** refers to the number of pages visited. It helps you to have a broad picture of your customer experience and to improve your goals.
- **Conversions** refer to the valuable actions such as site registrations and viewed contact us that you may want your users to take.



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НАВЧАЛЬНЕ ВИДАННЯ

Ярмош Олена Віталіївна
Дуан Янквін
Бентлі Йонгмей та ін.

КРЕАТИВНІСТЬ ТА ПІДПРИЄМНИЦТВО: ПОСІБНИК ТРЕНЕРА

Навчально-методичний посібник
(англ. мов.)

Самостійне електронне тестове мережеве видання

Відповідальний за видання *І. П. Отенко*

Відповідальний редактор *О. С. Вяткіна*

Редактор *З. В. Зобова*

Коректор *З. В. Зобова*

Подано питання щодо креативного мислення та генерації ідей, створення стартапів, бізнес-планування та фінансування стартапів, маркетингової стратегії, брендингу та цифрової аналітики для успішного запуску стартапів, що супроводжуються слайдами з коротким викладом кожної теми.

Рекомендовано для тренерів, підприємців, студентів закладів вищої освіти.

План 2023 р. Поз. № 31-ЕНП. Обсяг 199 с.

Видавець і виготовлювач – ХНЕУ ім. С. Кузнеця, 61166, м. Харків, просп. Науки, 9-А

*Свідоцтво про внесення суб'єкта видавничої справи до Державного реєстру
ДК № 4853 від 20.02.2015 р.*