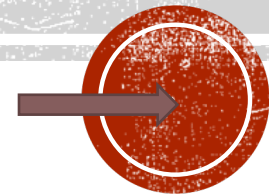


ZARA CONSULTING 1

Consultancy for a start up



FROM INTUITION TO THE "BUSINESS IDEA"

RICHARD NORMAN EXAMINED A CONCEPT THAT BECAME FAMOUS: THE "BUSINESS IDEA".

NORMAN'S MODEL SEEMS SIMPLE, BUT COULD MAY NOT BE SO NATURAL FOR A NEW ENTREPRENEUR TO THINK OF A COMPANY IN TERMS OF:

MARKET ("NICHE" OR "SEGMENT" OF CUSTOMERS TO WHOM WE WANT TO TURN);

PRODUCT (WHAT WE WANT TO OFFER, IN TERMS OF PRODUCT, SOLUTIONS, SERVICES AND ACCESSORY SERVICES, AS WELL AS PRICE, IN RELATION TO THE NEEDS WE WANT TO SATISFY AND THE COMPETITORS WITH WHOM WE WANT TO COMPARE OURSELVES);

ORGANIZATIONAL STRUCTURE (IE THE SYSTEM OF HUMAN AND TECHNOLOGICAL RESOURCES, AS WELL AS THE SKILLS (KNOW-HOW) THAT MUST BE PREPARED, TO SATISFY THE MARKET).

AND YET, FOR A COMPANY (IN PARTICULAR A START-UP) TO SUCCEED IN DOMINATING A MARKET, ALL THE ELEMENTS OF THE "BUSINESS IDEA" MUST BE COHERENT WITH EACH OTHER AND THE PRODUCT SYSTEM MUST OFFER COMPETITIVE ADVANTAGES, COMPARED TO THE COMPETITION. AND THE ORGANIZATIONAL STRUCTURE MUST BE CHARACTERIZED BY DISTINCTIVE COMPETENCES, CAPABLE OF SUPPORTING THESE ADVANTAGES.

Product System

Competitive Advantages

- Material and performance characteristics of the product
- Intangible features services
- Reputation
- Price and terms of sale
- Post sales assistance

Organizational Structure:

Distinctive Skills:

- Human resources
- Technological resources
- Operating systems
- Commercial Structure
- Degree of integration
- Territory (logistics strategy)

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IT IS ESSENTIAL TO PLAN

- Starting a new business initiative means challenging the market by looking for development. This, in an environment where the spaces are increasingly narrow.
- Today, it is increasingly risky to improvise and it is no longer possible to enter a market, or start new businesses, trusting only in the possibility of learning from mistakes, correcting the shot on the way.
- In fact, mistakes today cost much more than they did a while ago.
- A single strategic mistake could even compromise the opportunity to realize a valid business idea or undermine the future survival of the company.
- However, there are (and will continue to exist) new opportunities in the future, especially for those who are prepared to undertake a specific preparation and research path, with the aim of planning and controlling the risk that - precisely in the start phase up - conditions the firm's chances of surviving.
- Hence the need to elaborate the so-called business plan: the business plan that - through simulation - verifies feasibility, identifies solutions and traces the route towards the realization of the strategic objective.



FIRST OF ALL ... THE STRATEGY

- Developing a "strategy" means answering the fundamental question:

Where do we want to go?

Where do we want to be in five years?

And to come up with a strategy, you need to answer the following questions:

- What are the business / sales channels in which the company would like to enter?
- And what are the ones you should avoid?
- What are the rules that govern these businesses?
- Are almost the conditioning and the constraints that are opposed?
- On which strengths of the company in start-up would it be better to focus, considering the market and the competition?
- And what possible weaknesses need to be prevented?
- What will be the development of the market for the different products / services?
- And how could the start-up "live" this development?
- How to achieve a "sustainable" development, that is, that does not create imbalances in the financial balance and create advantages over the competition?

In any case, to think that a "start-up" - especially if still in an "embryonic" phase - can credibly plan everything at the beginning, passing directly from the entrepreneur's intuition to the company, leaves many doubts.

- **The solution is the "Lean Start up" model proposed by Steve Blank.**

"LEAN START UP" 1/2

Often, in the initial phase, the new entrepreneurs immediately worry about the design of the product / service and the **business plan**.

They try to outline a perfect, structured and secure system. Often they are driven only by the need to submit their project to those who could provide the necessary funding.

In reality, the first requirement should be to focus on the idea of marketing business.

»FIRST OF ALL, THE MARKETING PLAN

Research data from Harvard Business School show that start-ups that neglect this aspect, 75% fail before entering the take-off phase.

In this regard, Steve Blank identifies three related problems that limit the success of a start-up:

- **the difficulty of overcoming the uncertainties connected to market penetration;**
- **the costs necessary to correct the problems concerning the satisfaction of the product / service, on the part of the target market;**
- **the low propensity of people to participate in a start-up (assuming the risks) and difficulty in accessing credit, especially when there is no reliable marketing plan.**

To limit the aforementioned problems / risks, Blank proposed the approach called "Lean Start Up" where one of the characterizing aspects is the preliminary process of learning and continuous improvement, both of the product / service, and of the Marketing activities.

This model allows a start-up to know in advance and relatively quickly the opinions of some potential customers.

This, to be able to quickly correct at least the grossest errors of the business model, those errors that can slow down or compromise the development of the company from the initial phase of the life cycle.

The "Lean Start up" approach reduces the first limits to development, because preliminarily interacting with potential customers enables useful updates of the product / service hypothesis and Marketing choices, reducing risks, costs and time, as well as enhancing the business plan in the eyes of potential lenders.

“LEAN START UP” 2/2

USE THE "LEAN START UP" APPROACH MEANS:

- to elaborate hypotheses of product / service and Marketing initiatives, before investing time and energy in the preparation of the business plan;
- compare them with market data and, if possible, with some potential strategic customers, to draw useful information;
- focus on the hypotheses of development of the so-called "Business Model Canvas", looking for adequate answers to nine questions:
 - for whom are we creating "value"?
 - What are we offering to customers in terms of goods / services and what needs do we want to satisfy? Which sales channels should be activated to serve these customers?
 - What kind of relationships do you want to establish with your customers? What ancillary services should be offered? With which organization?
 - What are the hypotheses of price positioning?
 - What are the key resources and essential skills to carry out the business?
 - How will the organizational processes necessary for the realization of the business be configured, in particular in terms of production?
 - Will strategic alliances be necessary or appropriate?
 - What are the investments to be made?

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THE SAD REALITY

There are really many people who believe they can start their own business with an innovative idea and think they can structure a "start up" supported by a "standardized" business plan (a stereotyped business project), without going through a process that thoroughly evaluates the three elements of the "business idea" according to Norman.

On the contrary, the so-called **business plan**, **must be the result of careful planning** to **effectively evaluate the business idea and its chances of success**.

- Only in this way, the business plan becomes a useful tool, first of all to the entrepreneur himself who is guided to trace the route to follow, in order to start the business in a profitable way.
- Obviously, a well-done business plan must also be able to realistically highlight the problems and threats that can hinder \ management and the way in which the entrepreneur can overcome them.
- Ultimately, the business plan elaboration process also leads to the preparation of a document that effectively describes the business project also to potential financiers and / or economic subjects to be of interest:
 - ✓ external lenders;
 - ✓ potential members;
 - ✓ potential suppliers and customers;
 - ✓ other operators.

To enable them to assess the attractiveness and riskiness of a possible investment.

CONSULTANCY FOR A START UP

➤ **PHASE 1 - PRELIMINARY FEASIBILITY STUDY**

- Evaluation and development of the "business idea";
- Analysis of the Marketing situation (feasibility check);
- "Lean Start up" plan

CONSULTANCY FOR A START UP

➤ PHASE 2 - MARKETING MARKET AND STRATEGY

- Basic data relating to the market, products, main competitors, distribution and external environment (macro-environment);
- Analysis of opportunities and threats (diagnosis);
- Strengths and weaknesses of the start-up project; opportunities and threats; other problems concerning the project (the brand, the services and the related organization);
- Objectives of the start-up and marketing business;
- Refinement of the "business idea", communication, sales and economic results to be pursued;
- Marketing Strategies;
- Definition of the "marketing mix": approach to be adopted in order to pursue the objectives (reference target group, choice of sales channels and price positioning, promotion / communication model).

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➤ PHASE 3 - PLANNING OF THE START UP AND "BUSINESS PLAN"

▪ ACTION PLANS

- What to do, who should do it, when to do it and estimate the relative costs;
- Definition of the activities to be carried out for the launch and development of the company, planning the organizational, commercial and management aspects, for the "start up".

▪ ECONOMIC AND FINANCIAL FORECASTS

- Evaluation of the investments necessary to develop the new activity;
- Evaluation of available and necessary resources, to be found;
- The conditions for the economic and financial balance of the start-up company, evaluating possible alternative scenarios (multi-year plan);

▪ PRESENTATION DOCUMENT OF THE PROJECT

- The project and business plan presentation document to potential investors / lenders.

CONSULTANCY FOR A START UP

➤ **PHASE 4 - DEVELOPMENT SUPPORT**

- Assistance in the organizational, marketing, commercial and financial development of the business plan..

ZARA CONSULTING1 AS A "SUPPORTER" AT THE START UP

Experience matters!

Performing an analysis process, in order to design and plan a new activity, is a complex and delicate operation.

For this reason, **the method and the experience assume fundamental importance**, as they allow to gather all the information necessary to support the development of the "business idea" and the search for "creative" solutions, **to set up the business plan (business plan) in a truly sustainable way.**

The project animators who participate in the collection of information, thanks to the method suggested by the consultant, are encouraged to **revisit all aspects of the initiative.**

Through this review, they can immediately perceive any critical issues and are supported in the search for the most appropriate solutions.

- To learn more about Zara consulting 1 visit our website **www.Zaraconsulting1.com**
- For this advice, please contact **zaraconsulting1@gmail.com** without obligation