



the mini plan

Part:2

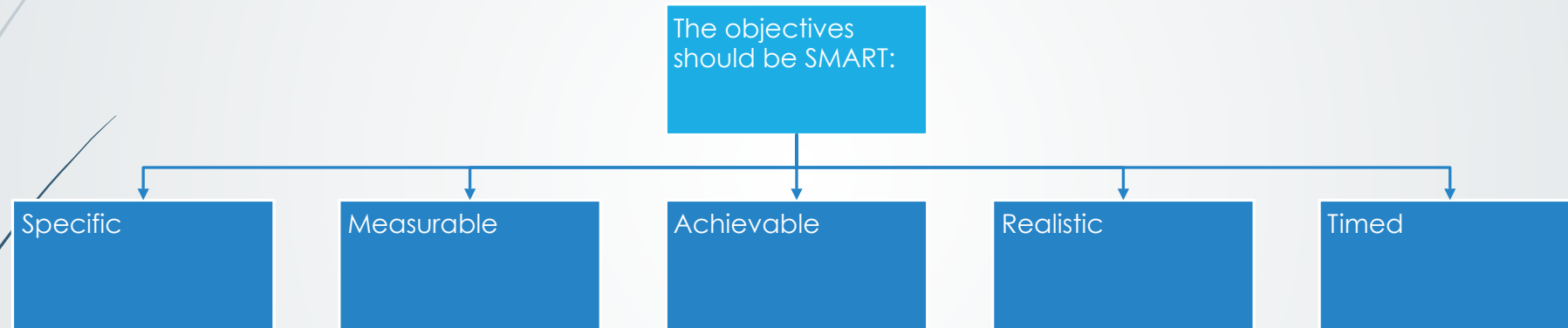


Business objectives



- ▶ Business objectives are something which a business organization wants to achieve or accomplish over a specified period of time.
- ▶ Business objective is the purpose or the reason for which a business exists and operates.
- ▶ These may be to earn profit for its growth and development, to provide quality goods to its customers, to protect the environment etc.

objectives





Example objectives could be:

- ▶ Increase sales volumes by 25% in the next year
- ▶ Increase profits by 33% in the next year
- ▶ Reduce expenses by 15% in the next year
- ▶ Pay off the loan to ABC Bank in the next nine months

Assuming these are achievable and realistic, they all certainly fall under the headings of specific, measurable and timed.



Wider Objectives

- ▶ Improve SEO on the website, and as a result increase hits by 40% per month, within six months
- ▶ Improve customer satisfaction from feedback forms from 3.5 to 4
- ▶ Introduce new product to our portfolio in the next year

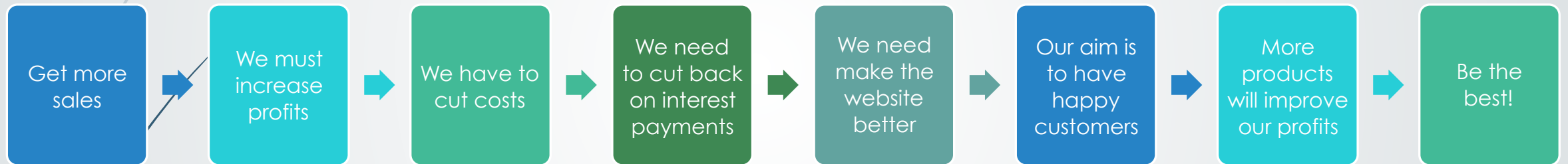
Types of business objectives



Types of Business Objectives

- Global Objectives
- National Objectives
- Human Objectives
- Social Objectives
- Economic Objectives
- Organic Objectives

Objectives can come from aims



What To Do With Objectives





Ask question yourself

- ▶ How determined am I to see this succeed?
- ▶ Am I willing to invest my own money and work long hours for no pay, sacrificing personal time and lifestyle, maybe for years?
- ▶ What's going to happen to me if this venture doesn't work out?
- ▶ If it does succeed, how many employees will this company eventually have?
- ▶ What will be its annual revenues in a year? Five years?
- ▶ What will be its market share in that time frame?



Ask question yourself

- ▶ Will it be a niche marketer, or will it sell a broad spectrum of good and services?
- ▶ What are my plans for geographic expansion? Local? National? Global?
- ▶ Am I going to be a hands-on manager, or will I delegate a large proportion of tasks to others?
- ▶ If I delegate, what sorts of tasks will I share? Sales? Technical? Others?
- ▶ How comfortable am I taking direction from others? Could I work with partners or investors who demand input into the company's management?
- ▶ Is it going to remain independent and privately owned, or will it eventually be acquired or go public?

The mission statements

Purpose

Stands for

Why it exists





Mission statement

- Niche
- Industry
- Product or service
- Employees
- Culture
- Customers
- Stakeholders
- Objectives
- Quality and efficiency
- Pricing
- Social responsibility
- Community



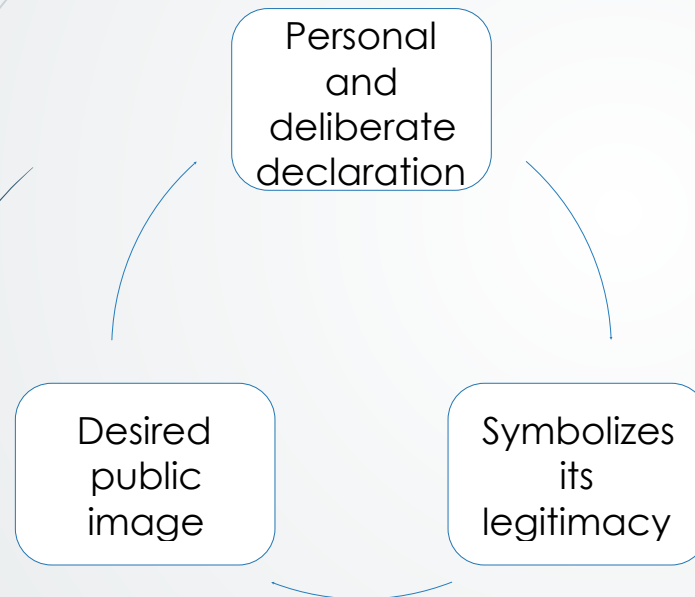
Mission statement is...

Definition:


- ▶ **A mission statement** is a brief description of a company's fundamental purpose. It answers the question, "Why does our business exist?"
- ▶ The overriding goal of business
- ▶ The reason for its existence
- ▶ A strategic perspective
- ▶ A vision for the future



Making a Statement



- ▶ ***Most important that the employees of an organization understand the mission statement above anyone else***
- ▶ ***Identify with and commit to upholding the mission statement***



Assessing Your Organization's Mission Statement

- Is the purpose of the organization easy to recognize?
- Does it reflect what, why and how the organization does what it does?
- Do you identify with the mission as an employee?
- As an employee, are you inspired to uphold the mission?
- Does the organization's culture reflect its mission statement?
- Would you be able to understand the mission if you were not a member of the organization?
- Does it make an explicit statement about how they want the public to view the organization?
- Is the mission statement recent and reflective of the current state of affairs at the organization?



The mission model

- ▶ **Purpose**

- Contained in the mission statement

- ▶ **Values and beliefs**

- Reflected in business culture

- ▶ **Strategy**

- The competitive position of the business

- ▶ **Standards and behavior**

- Policies and behavioral patterns expected of employees

- Influenced by organizational culture



Five characteristics of a good mission statement

- Contains a formulation of objectives that enables progress towards them to be measured
- Differentiates the business from its competitors
- Defines the markets or business in which the firm wants to operate
- Is relevant to all major stakeholders - not just shareholders and managers
- Excites, inspires, motivates & guides



Criticisms of mission statements

- ▶ Not always supported by actions of the business
- ▶ Often too vague and general
- ▶ Often merely statements of the obvious
- ▶ Often seen as a PR exercise
- ▶ Sometimes regarded cynically by staff
- ▶ Sometimes not a true reflection of reality
- ▶ To mean anything they must be supported wholeheartedly by senior management



Other characteristics of a good mission statement

- ▶ Brief in length
- ▶ A very general statement
- ▶ Flexible-should be able to accommodate change
- ▶ Business specific and distinctive
- ▶ Communicates key values
- ▶ Realistic and achievable
- ▶ Based on consultation
- ▶ Supported by senior management



Mission statement examples

► **Apple**

Apple designs Macs, the best personal computers in the world, along with OS X, iLife, iWork and professional software. Apple leads the digital music revolution with its iPods and iTunes online store.

Apple has reinvented the mobile phone with its revolutionary iPhone and App Store, and is defining the future of mobile media and computing devices iPad.





Mission statement examples

► **Microsoft**

At Microsoft, our mission is to enable and businesses throughout the world to realize their full potential.

We deliver on that commitment by striving to create technology that is accessible to everyone – of all ages and abilities. Microsoft is one of the industry leaders. In accessibility innovation and in building products that are safer and easier to use.





Mission statement examples

▶ **Google**

To organize the world's information and make it universally accessible and useful.



Mission statement examples

► **Coca-Cola**

To fresh the world

To inspire moments optimism
and happiness

To create value and make a
difference





Mission statement examples

- ▶ **Facebook**

Give people the power to share
and the world more open and
connected



Customer Satisfaction

- ▶ **Customer satisfaction** measures how well the expectations of a customer concerning a product or service provided by your company have been met.



Customer satisfaction surveys

used to gather information about customer satisfaction

Quality

Value

Time issues

Atmosphere

Service personnel issues

Convenience





Six reasons why customer satisfaction is so important:

- ▶ It's a leading indicator of consumer repurchase intentions and loyalty
- ▶ It's a point of differentiation
- ▶ It reduces customer churn
- ▶ It increases customer lifetime value
- ▶ It reduces negative word of mouth
- ▶ It's cheaper to retain customers than acquire new ones



Workplace Philosophy

- Some mission statements also define internal goals such as maintaining a creative work environment and building respect for diversity. Experts in employee relations look immediately to a mission statement for a definition of a company's stand on some of these fundamental issues.





Value-based marketing



► **Definitions**

Value-based marketing is a business strategy in which a company sets prices and promotes products based on the value consumers perceive a service or good to have. It is an alternative to other forms of pricing, such as market, product cost, competition or historical.



Keys to Success

- Good idea
- Location
- Salespeople
- Major brands
- Newspaper advertising





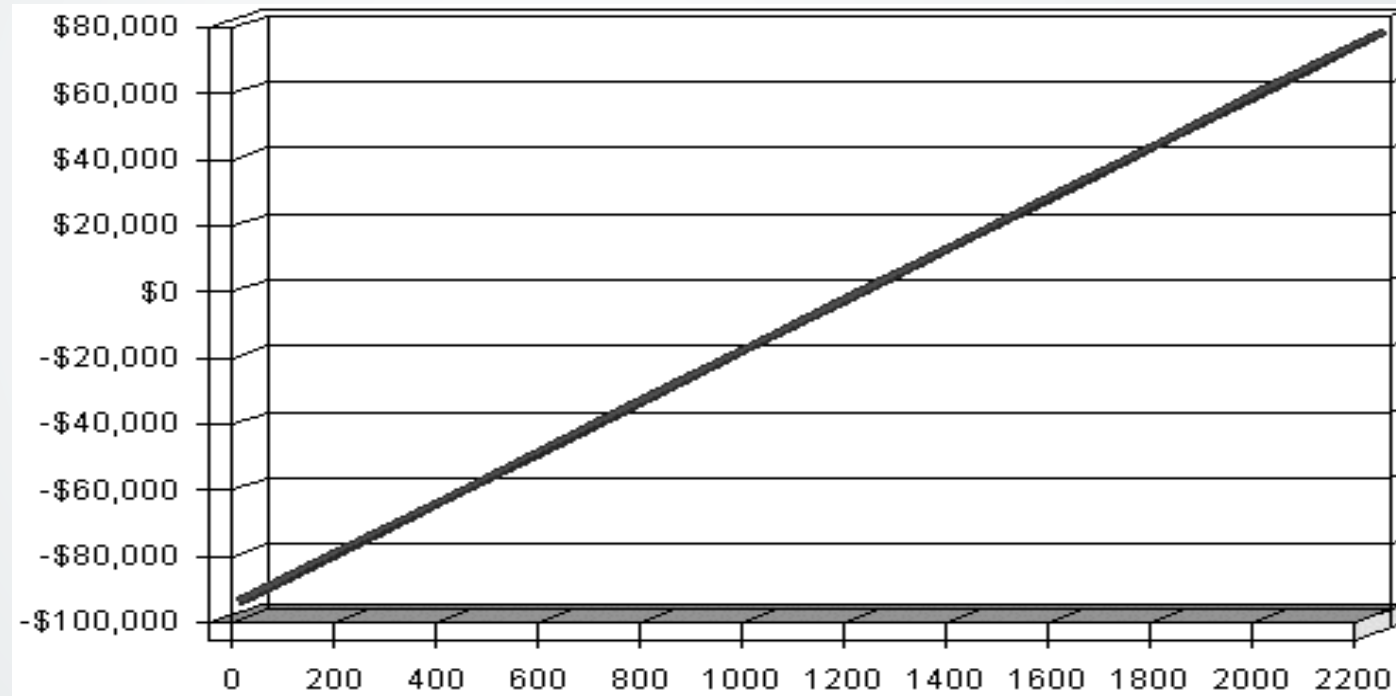
Break Even Analysis:

- ▶ Break-even analysis entails the calculation and examination of the margin of safety for an entity based on the revenues collected and associated costs. Analyzing different price levels relating to various levels of demand, an entity uses break-even analysis to determine what level of sales are needed to cover total fixed costs. A demand-side analysis would give a seller greater insight regarding selling capabilities.

Break Even Analysis:	
Monthly Units Break-even	1,222
Monthly Sales Break-even	\$397,262
Assumptions:	
Average Per-Unit Revenue	\$325.00
Average Per-Unit Variable Cost	\$248.07
Estimated Monthly Fixed Cost	\$94,035



Break-even chart





Pause for reflection

- ▶ How does your business look from this viewpoint?
- ▶ Does it make sense?
- ▶ Can you make the sales you need to break even?
- ▶ Is the market big enough?
- ▶ Are your projections realistic?
- ▶ Can you bring together the keys to success?



Summary

- If you think you can make your break- even numbers work, and you believe you have enough customers to make it, then go on to develop the plan. If not, either do more research and revise the idea, or give up and try something else.



Thank you