

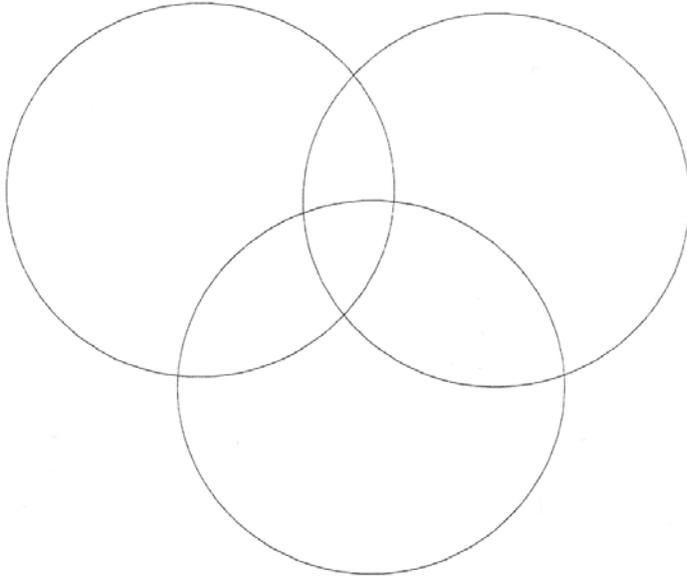
Don't Fence Me In
Geri & Ken Round
25/01/05-Session A.



Adding a Profit Centre

Hedgehog Concept

What you are deeply **Passionate About** What drives your **Economic Engine**



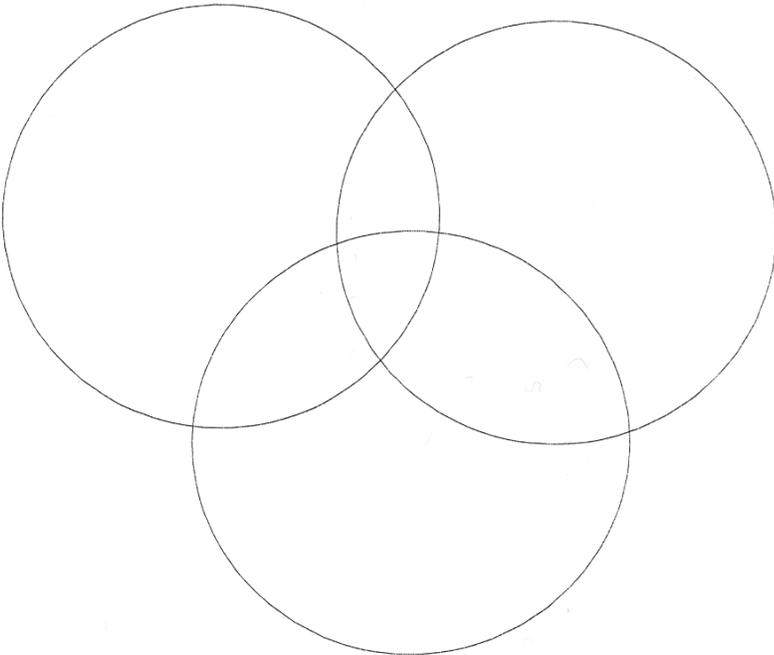
What you **can be the best in the world at**

Example: Suppose you were able to construct a work life that meets the following three tests. First, you are doing work for which you have a genetic or God given talent, and perhaps you could become one of the best in the world in applying this talent. (“I feel I was just born to be doing this.”) Second you are well paid for what you do. (“I get paid to do this? Is this a dream come true?”) Third, you are doing work you are passionate about and absolutely love to do, enjoying the actual process for its own sake. (“I look forward to getting up and throwing myself into the my daily work and I really believe in what I’m doing.”) If you could drive toward the intersection of three circles and translate that intersection into a simple, crystalline concept that guided your life choices, then you’d have a Hedgehog concept for yourself.

The Hedgehog Exercise

Identify the parts of your business that fit into each of the three rings. Identify parts of your business that show up in all three rings. This will indicate your competitive advantage.

What you are deeply **Passionate About** What drives your **Economic Engine**



What you **can be the best in the world at**

Readiness Assessment

Table Group Exercise

With any new business addition, it is crucial to develop a plan. What are the critical components of the plan that will provide you with the necessary information to decide – Go or No Go?

With your table group brainstorm these critical components. Select a spokesperson who will be prepared to speak on behalf of your group.

What could go wrong?

Table Group Exercise

Please brainstorm a list of things that could go wrong as you try to implement your business plan of launching your new profit center. The second part of the question is – What would you do if this did happen? Try to answer both parts of the question.

What could go wrong?

What would you do if it did?

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Adding a New Profit Centre - *A Feasibility Checklist*

- Determine the scope of your project, what is included and what is not – be clear.

Research

- Determine the size of the market potential. Who are the main players? Is it profitable?
- Research operational requirements (by visiting other similar businesses) ie: cost of labour, amount of labour, equipment requirements, training, other operational expense.
- Define your point of difference – how are you unique or set apart from competitors
- Determine the amount of capital required for start up – gain lender support.
- What could go wrong? And what would you do if it did? Contingency Plan.
- Assess impact on other parts of the business. Does the new venture fit into my core competencies (personal strengths and weaknesses)?

Develop Business Plan

- Financial Plan** – Capital requirements and operational requirements – gain lender commitment. Projected Net Income statements – 3 years out; Projected Cashflows. Identify other sources of income that can subsidize or support the start up phase. Set proper expectations for profitability.
- Develop a **Site Plan** – indicating parking, traffic flows etc.
- Marketing Plan** – Product – define your offer and how you are unique from competition, Positioning – what market segment are you after – demographics – seniors, kids? Promotion – what is your advertising strategy - flyers, newspaper, TV, radio, WOM? Pricing – How will you price compared to competitors? Anticipated reaction from competitors – if they do what will you do?
- Identify potential partners, alliances, or relationship that could help the business.
- Build **Labour Plan** including Hiring, training, scheduling, roles and responsibilities, processes and performance management system.