SUPERCHARGED!
UNLOCK YOUR INNER BRAND

TURN YOUR UNLIMITED POTENTIAL INTO RESULTS YOU CAN BANK

META MANAGEMENT

Writer: Isabel Wu

Please contact us if you have any feedback or opinions about this ebook on service@metamanagement.net or call us on +61 3 9016 3827.

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INTRODUCTION

It's your business: your place to shine. You're capable; you know what you are doing and you are good at it. You're motivated; you know what you want to achieve and all the things you will do when you can afford the money and the time. Aren't these – autonomy, ability and motivation – the ingredients for success?

But is your reality different to the business you set out to build? Even when it's not a struggle it's an effort to keep things on track. You put yourself out there to serve your community but most days you spend more time looking after cash flow, staff and chasing after customers who don't really appreciate you.

Unfortunately too many small businesses are doing it tough. The statistics on small business failures is well known. The tragedy is, behind every one of these failures are people: families who sacrificed for the dream; staff who were more than just workers; customers who believed in and supported the business; and you who feel it's you, not the business, which has failed.

The fact is we NEED small businesses. You are the people who choose to do something because you love it, not because some board of directors approved it. You give us an alternative to mass produced products and programmed services that corporates use their power to pay as little as possible for, sell with the highest possible margin but price just low enough to undercut you. You do things to benefit many – even if the results are not immediately obvious and are not the kind of benefits that will ever show up on a balance sheet. When you succeed it's a win for your community, not exorbitant salaries and bonuses for a privileged few.

If you can relate to any of these statements, this eBook is for you. If you have thought to yourself, "Maybe it's time to call it a day", and you have been thinking about this more seriously recently, you need this eBook. In here we will help you understand how you have ended up in this situation and seven steps you can take that will help you to start becoming the owner of the business you were meant to have.

What is an 'inner brand'? Is it some new marketing fad or instant business success formula? There are so many new 'cures' for businesses that aren't growing fast enough or big enough out there, you would be forgiven for thinking this is just another one jumping on the bandwagon.

Except 'inner branding' is not new. If you have some knowledge of marketing or management you may know it by the many components of which it consists: unique selling proposition, core values, core competences, brand equity, organisational culture and competitive advantage. Successful businesses have been using these for decades to establish their market leadership. It is a big reason why the small to medium organisations that do not have dedicated head office and support teams whose sole roles are to focus on the business, usually fall behind their larger competitors.

We want to show you how you can apply the same knowledge and skills these large, successful companies use so you can have some of their success.

We call it 'inner branding' because like any other brand, it is how people connect with you. After all, a brand is just values and activities coming together under a distinctive label. By 'inner' brand we mean the foundations of your organisation, the internal elements that, by the way they are designed and developed, determine the quality of that which you deliver to your customers.

Do all organisations need to work on their inner brand to succeed? The answer is 'no', there are three alternatives to growing your inner brand.

> **ONE:** You have a monopoly in your industry or area, or an audience so captive that any aversion they may have to your business is overcome by the inconvenience of the alternative. Examples are airport car parks. The lack of options means people use them even when their fees are outrageous. If a monopoly or captive audience is the basis of your business, you can consider your business safe – for now.

TWO: You have deep pockets, very deep pockets. You can afford to spend massive amounts on above the line marketing (such as advertising). If customers cannot really tell the difference between the products and services offered, they will opt for brands they recognise. In their minds big brands are a safe choice because companies so big are unlikely to fail, and because customers equate 'familiarity' with 'trustworthiness' (it's how the brain is designed). Insurance companies use this approach; you trust them because you have been repeatedly told (through their advertising) that they are trustworthy and reliable.

THREE: You don't really care how you do things as long as the money keeps hitting your pocket. You are the company and the company is you. You make the most of the cash economy, under-report, underpay employees and take shortcuts. Your systems are designed around maximising personal profit so you can 'earn' more (not that it's really your earnings when you help yourself to others' entitlements). If this is you, you can stop reading now as this eBook is not for you (we're surprised you got this far).

For all business owners not covered in the above three descriptions, then this is an eBook for you. It is designed to help you to learn how to use the same knowledge that large organisation use to design their processes, gives you seven steps you can implement to immediately improve your chances of success.

As with all things, the more you practice working on your inner brand, the better you become. The more time you spend on your inner brand the more you will benefit. No business ever grew itself so even if you have limited time, you have never taken a management course in your life and you have an almost non-existent budget to develop your business, you still need to invest in it. This eBook has been designed to make it easy for someone who has limited resources, so as long as you commit to taking the time to follow the steps we suggest you will be taking steps to business success.

A few things to mention before we start...

In this eBook we use the word 'organisation' to describe your venture as a whole. Even not-for-profit organisations do business, such as receive revenue, report income and provide services, so we use 'business' or 'enterprise' to refer to what your organisation does. By 'organisation' or 'company' we also include sole operators and contractors, who may not have a team, but still need to be organised for business. You can read these terms interchangeably.

When we talk about success, we mean business success. We mean satisfied customers, clients, users, fans, funders and supporters to whom your offering is aimed, and who enable you to achieve your financial and business goals. We are fans of healthy triple bottom lines, so as well as profits, we think success includes making a positive social and environmental impact. We won't lecture – you decide where you stand – but suffice to say that the customers who matter will be the customers who care how you perform in these areas and they will vote with their feet (and what they say on social media).

Finally, of the myriad ways to business success, how did we come up with these seven steps? What we have presented here are not 'secrets' to 'get rich quick'. Because we work with many large national companies, we see the things that give the large corporates the edge over small business. What we have noticed is that the things that make the difference are not that large businesses have more resources – they fail too, only their failures usually don't result in the company closing. We have collated what we have learned over the past twenty years into seven practical steps and adapted them so that small business operators can benefit from the knowledge that large businesses with their easy access to expertise take for granted. We want to make it simple for you to implement the steps that will supercharge your business.

Talk to us any time that you have questions (our contact details are in the front of this publication). If you think others can benefit from what you learn, please share by posting on our Facebook page www.facebook.com/metamanagement.

Here's to your success.

STEP ONE: IT IS ALL ABOUT *YOU*

How would you describe your relationship with your business?

"It rules my world. I am either at work, thinking about work or I take a break from work to fit in other things like my family."

"My personal time is precious and rather than build a business that takes over my time I have had to stay small."

"I spend too much time on tasks that take me away from building the business, the work I enjoy and the things I am good at."

"Once I get to work it's not my time anymore. Everyone needs a piece of me and by the end of the day I am lucky if I have finished even one thing on my to-do list."

If any of these sound like you and you are UNHAPPY about it, it's time to fix it! It starts with a very simple question.

Where are you in the business?

What a silly question. You are everywhere and everything from the salesperson to bookkeeper, cleaner to receptionist. But this is not YOU in the business; it's a one-man/one-woman band making up a workforce. Whether it's because you can't afford more help or no one else can do it properly, you are basically hiring yourself as a worker (and probably earning not much more than you would as a worker).

If we take out your efforts, your labour, then where are you in the business? The answer is probably 'nowhere'. You are constantly on the telephone or email or fretting over something that no one else is doing properly but as soon as you are not busy being busy there is no more of you. This is why you find it difficult to describe your business except in terms of what you do in it. This is why you cannot take time off. Instead of ensuring the business reflects 'you', you have made yourself invisible in the business. You are like the

sacrificial lamb who has given yourself up so the business can live.
Being your own 'elite' workforce creates two big barriers to your organisation's success. 1) You cannot scale. 2) You cannot lead.

Understanding scale

Scale means an organisation is able to expand using its existing resources. Building an organisation that is scalable means it operates effectively to greater capacity without increasing operating costs. A business that is not scalable is inefficient and compensates by stretching its resources to breaking point. It is unable to cope with greater demand so that increased business brings more revenue but results in decreased profits.

You are not scalable. There is only one of you and even if you never take a break you still only have 24 hours in a day. For your business to succeed you need to do more of what is scalable and do much less of what is not. When leaders make what they do their primary focus it does not take long for the organisation to reach its limits of growth and performance. A successful organisation creates a scalable management model. This is why leadership is so important – the culture it creates is scalable because it is effective influencing one, one hundred or one thousand people.

Leading the organisation

Why do business owners disappear within their own operations? Partially because they have been told "owners should not be the business and businesses are not their owners". This is good advice, but most owners misconstrue its meaning and end up doing exactly that: being at the centre of every decision and function. Getting the wrong end of this advice is only able to create exactly the situation it preaches against because of a pre-existing condition: absence of leadership.

It becomes your vision (we use the word 'vision' cautiously, it being one of the most abused concepts in business, those largely meaningless grand statements that grace many a corporate wall), a feeling that anything that deserves your commitment, your blood, sweat and tears, needs to make a difference, no matter how small. It comes from your best 'you', a precious part of you that you are willing to use to power your organisation. If you know what this is you can work with purpose. Without it, your organisation is doomed to being mediocre.

When leaders make what they do their primary focus it does not take long for the organisation to reach its limits of growth and performance.

Even with a clear vision, many business owners still find it hard to lead.

1. You are too spent. A tired, worn, grumpy, stressed and over-stretched person is hardly going to be a source of inspiration and energy vital to a vibrant organisation. Your organisation needs you to take good care of you: a healthy diet, fresh air, staying active, enough sleep, keeping up personal interests and having good emotional support to rely on.

2. You don't think you are worthy. Many of us have been conditioned to put others' needs, opinions, attention before their own. Sometimes we have just been led to believe that we are undeserving; there are others smarter, better, more talented, who have sacrificed more. When your business does not fire up, you accept it because you think you were presumptuous to expect any more in the first place. You are wrong. Anyone who takes a risk starting their own business and has a desire to serve others deserves to succeed.

It takes time for meaning and purpose to develop; sometimes it happens progressively as you understand yourself better and grow with the organisation. Then as it develops you can turn them into the vision that becomes the driving force of a strong organisation.

Chapter Summary

If you do not take care of you, you are depriving your organisation of its most valuable resource. Everything else you are giving: your skills, your labour and your time are either finite or replaceable. Your unique conception of how you can serve those who matter however is irreplaceable. It is something meaningful that needs to be shared and experienced by others. By using your organisation as the embodiment of your best 'you' it can become extraordinary.

STEP TWO: TELL YOUR STORY

What do you say when people ask you about your business?

Do you describe it in apologetic terms? "We're just ... (fill in the blank)."

Do you dumb it down? Instead of letting them know about what is unique about your product or service, you generalise it into its broad industry or category.

Do you stumble because you can't decide how you should put it? There's so much to explain and you have not quite yet found the right branding message.

Do you give a quick answer then change the subject because you don't feel comfortable talking about where your plans are taking you? It ends up sounding like a sales pitch, or fake and egotistical and that's just not who you are.

If you have trouble describing what you are all about, how can you make it work?!

Humans are story-tellers by nature. Stories elicit different neurological responses to information. They engage us emotionally and invite our participation. A story makes you, the business owner, more likeable, believable, and allows people to see that you are a person just like them, the foundation stone for building trust. Your story is much more than the basis of your marketing; it becomes your organisational culture.

We will talk more about the importance of culture later in this eBook, suffice to say for now that the work you do here will have long range implications for the performance of your employees.

Story-telling is a craft

It is a craft that anyone can master as long as they have the essential ingredients. A compelling story always starts with a good plot. Plots are necessary for building a strong, believable and cohesive story.

In a good story, the plot is really only understood at the end. A story where you can see what is coming is boring, and can even be an insult to your intelligence. A good plot usually contains three basic ingredients: a main character, conflict and an ending.

1. It needs to be personal. If you are in the food industry, for instance, while saying that good food is about enjoyment is true, it doesn't really mean anything. For some people, watching grass grow is enjoyable too. Your own experience, however, means something. Perhaps food is your connection to your cultural heritage, or how you escape from daily stress.

2. You need emotions. Good stories are based on feelings not events. Most of us remember even the simplest fairy tales from our childhoods because of how they made us feel. You cannot just make up any story because no matter how clever it is, how slick, how well-told, it will sound insincere. Use the feelings from your best 'you' to make your story genuine.

3. You need conviction. It doesn't have to be about changing the world, but it does have to be the sense of purpose and meaning that drives your work. It is focused on the 'B' point, that is, where you want to take people (i.e. going from A to B). More important than your customers knowing what you do, is know what problem you solve, what state you lead them to.

The role of the plot is for you to build your story around it. When Bill Gates shared his vision, "A computer on every desk and in every home" in 1980, *Microsoft* was a small company that wrote software code. Bill Gates' vision was not about computers but his belief in opportunities and how computers would open new possibilities to ordinary people. The *Microsoft* story continues on in its mission statement: At *Microsoft* our *mission* and values are to help people and businesses throughout the world realise their full potential.

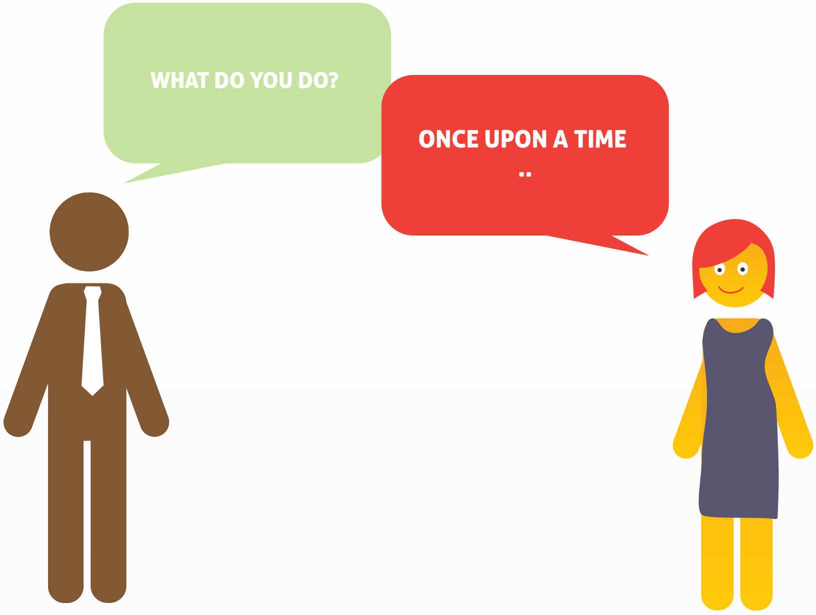
Some business owners are so immersed into their own expertise that they try to explain everything to others. The thing is people – your potential customers – do not care about your expertise if they don't first care about your story. We don't describe our business as 'management experts in organisational design for growing performance capability using change management strategies to increase employee engagement and productivity improvement' (confession... we used to until we realised nobody cared). Our business is 'showing businesses how to use the organisation as the source of their competitive advantage'. The first version was all about us; the second is all about people we work with.

Remember a good plot is tight, short and sharp. A marketable business is one that is easily described in sound bites. Working in sound bites forces you to think of what you do in terms of where its greatest value lies and to decide who your offering is intended to benefit most. Small business owners can have a tendency to panic that they may be missing opportunities by going too narrow. They develop a spiel that is so general it covers everyone but ends up sounding appealing to no one.

Like any good story, yours may be filled with great characters, sub-plots and exciting chapters, but unless you get the plot right you will continually be floundering with whatever it is you are 'developing', 'trying to be' or 'working towards'. A good story helps you to find your niche, your uniqueness, own it and sell it.

Chapter Summary

Your story, one that genuinely reflects your personal values, forms the basis of your marketing message. In developing your story sound bites you need to identify what it is that gives greatest value to your customers, and are able to better articulate not only who your customers are, but also who they are not. The story allows you to create an emotional connection necessary for building long term trusting relationships.



STEP THREE: DEVELOP THE RIGHT BUSINESS MODEL

There are two paths to business growth: 1) continuously chase customers; or 2) build relationships with your community of loyal customers.

How well your organisation performs has a lot to do with the business model you use to run it. The business model is the structure of the organisation that determines where money should be invested and the potential sources of revenue. Your business model is the means through which you develop your competitive advantage.

While most organisations think they have thought about their business model, they usually have only thought about their business plan, the description of how the business model will be implemented. Most businesses simply follow a standard model and end up as a cookie cutter version of most of their competitors.

Today's customers – facilitated by the internet – have been conditioned to expect exactly the product or service they want. They know that a comparison, if not an alternative, is only as far away as the nearest computer or mobile device. The problem is not only that you may not compare favourably with others, but simply being so similar can leave your potential customers unable to decide and frustrated with the effort of trying to work out what all the features mean for them. Your business model can be generally described in one of two ways.

A transactional model

The transactional model means you focus on the tangible offering: product, service, price, variety, quality and other features. The transactional model is easy because it is common – you know exactly how it works and how to run it. It is a fast-to-market model as anything you need is practically available off-the-shelf. However because your customers' attention is directed towards 'what they get', you are totally reliant on making that next sale. Even if your offering is better or cheaper than the competition you are constantly at the mercy of someone else's promotion, discount or claim. Traditional retail is a typical example of a transactional model. The major retailers with market power are using cheap prices to shore up their sales in a race to the bottom.

Regardless of your industry or whether you are selling B2B (business to business) or B2C (business to consumer), if you focus on tangible offerings your customers are usually only as loyal as your latest discount, promotion or novel idea.

An experiential model

An experiential model is one that focuses on the intangible offering: value (as in values, not price) and the emotions with which you want your customers to connect. Because your customers' attention is direct towards 'how they feel' you can engage them on a deeper level and develop a longer relationship based on common values. This model requires at least some custom building meaning you have to test your own waters rather than follow the well-trodden path before you. However, because your customers' attention is direct towards 'how they feel' you can engage them on a deeper level and develop a longer relationship based on common values.

Organisations built on an experiential model do not always look different – at least not at first – it is usually a deeper response, a personal connection that moves customers to becoming not just happy customers but loyal fans. Because of your unique approach it is difficult to compare your offering with others meaning your customers are less sensitive to price. Technology company, Apple, used this model to turn its struggling company around to its current $400 billion market value. Their focus on design innovation has seen them become largely immune to their competition despite their products not being the best nor the cheapest of their type.

Not working out your business model can result in:

- Being too dependent on price to attract customers
- Unable to grow as you don't have the infrastructure for a bigger operation
- Spending precious resources on the wrong things: re-decorating, re-branding, new products, promotions, packaging, partnerships, marketing, for instance – then dropping these efforts into the old model, unsurprisingly, with little difference in results
- Having to micro-manage the staff who don't 'get it' or don't care
- Chasing ideas to fix performance problems that may have worked for someone else, hoping that the latest one will be the one to make the difference
- Cutting costs, often the wrong costs that have a detrimental effect on performance

Stick to your story

An experiential model begins with your story. How you want your customers to experience your story becomes your vision. It is not only way the most effective way to create a genuine experience for your customers, but as it is your story you are more likely to get it right. Even if it takes a little longer while you work it out, you will still be believable and trustworthy to your customers.

One way to help you to use your story is to draw a line down the middle of a page with the heading 'tangible' on one side and 'intangible' on the other. Thinking about the things you purchase, lease, create or develop, list the items as relevant under each column, for example, the shopfront will be under 'tangible' and 'training' under intangible.

Start with the 'intangible' column and identify how these support your vision. Now look at the 'tangibles' column. You should be able to clearly see how these items help you tell your story. Understanding intangible assets is critical to organisations in today's business environment so we look more closely at these are in the next chapter.

It can help to think of the items in the tangible list as expenses and the intangible list as investments.

- Expenses are necessary for the operation of the business, once spent has no further return
- Investments are the items that have an expected return and contribute to long term sustainable profitability

This is how you provide a real experience to customers, your expression of the value you offer. Too many businesses start with the tangible side, perhaps not trusting their own judgement they copy what they see their competitors do. Then with a few superficial differences they are convinced that their better skills/prices/service/systems/marketing will be obvious to customers.

Chapter Summary

Setting up your organisation copying the stock-standard approach for your industry can only give you temporary advantages. Your chances of success increase when you do not have to worry about your customers heading off to your nearest competitor. By creating an organisation that tells your story you connect through values and emotions, the basis for customer loyalty.

STEP FOUR: BUILD INTANGIBLE ASSETS

Business of the 21st century is different to business in the 1900s. Last century business growth depended on scale, and small businesses unable to raise sufficient funds to which larger businesses had access, remained local or niche operators.

21st century business however is a global one (available even to the smallest of operators), driven by technology and becoming increasingly fragmented. Intangibles, including brand-building, worker training and advanced organisational practices, are at least as important as scale – if not more so – for growth because they create assets that can be leveraged for greater revenue. They enable more efficient use of valuable resources making it easier for organisations to compete even with limited funding.

All businesses should have at least a rudimentary understanding of intellectual assets if they wish to be competitive. We no longer operate in the production era; we are now participants in the knowledge economy. Without access to the same intellectual asset expertise as their larger counterparts, small businesses will fall further behind, while understanding how to develop intellectual assets can create a more level playing field for smaller organisations.

It is important to note that all brands are made up of intangible assets. A brand is simply the point where values and activities intersect. While the visible part of a brand is its design, without intangible assets it's only a logo, not a brand. In other words, if there is no 'inner brand' there is no brand.

Small brands that are not globally-recognised can still reap the benefits of branding:

- Greater consumer loyalty – people are more likely to trust a business with a brand they recognise
- Lower price sensitivity – brands are recognised for delivering more than the basic product or service so people are more willing to pay for them
- Less vulnerable to competition – brands build trust over time so new entrants that have not achieved the level of trust will find it more difficult to compete
- More readily able to recover from disasters – if the unthinkable happens, a trusted brand has a greater chance of re-establishing a relationship with customers (as long as the crisis was well-handled of course) than an organisation without an established brand
- Brands are the means through which an organisation, product or service's values are communicated, therefore brands increase the likelihood of survival

Disney is one of history's most successful companies with a brand that has been much loved by generations. In 2012 the Disney brand was valued at $19b or 70% of the company's overall $27b valuation.

Of course Disney has enormous resources at its disposal but it does not attribute its success to its physical assets. Bruce Jones, Programming Director for Disney Institute, the professional development and external training arm of The Walt Disney Company wrote a series of articles about leadership, culture and branding and relevantly says:

"Walt Disney recognized that, above everything else, brand loyalty begins with an authentic relationship. Now, I'm sure at this point you are thinking, "Yes, but you're Disney. It's easy for you to create an emotional connection to your brand." There are parks around the world that spend a lot of time and money developing top-notch rides and attractions, but still struggle with the overall customer experience. We [consider] how the entire system works together; the product, the people, and the story—the story of the attraction or film certainly, but also the story told by people after leaving. Stories are the manifestation of the brand and people tell stories. Brand loyalty is established when organizations consistently deliver superior value relative to their brand promise; when customers develop emotional connections through their interactive, commitment-based relationships with employees; when the company effectively

reinforces and extends its brand; and when it continually reintroduces the brand with old friends."

The following provides a short overview of intellectual assets. Although it may sound a little complicated at first, it is worth spending time to work out how your organisation can use its intellectual assets. They can increase the value of even the simplest business by five times of its physical assets. The earlier mentioned Apple company's physical assets makes up only 4% of its total value, the remaining 96% has been grown through intangible assets.

Intellectual Property

The most well-known of the intellectual asset categories, intellectual property (IP) is a legal concept which refers to creations of the mind for which exclusive rights are recognised and to which ownership can be claimed. Under intellectual property law, rights can be granted for assets such as musical, literary, and artistic works; discoveries and inventions; and words, phrases, symbols, and designs. Common types of intellectual property rights include copyright, trademarks, patents, designs, trade dress, in some jurisdictions trade secrets, confidential information, circuit layouts, and plant breeder's rights.

> Without access to the same intellectual asset expertise as their larger counterparts, small businesses will fall further behind, while understanding how to develop intellectual assets can create a more level playing field for smaller organisations.

If you have invested in your brand, systems, designs or any research and development you may have valuable intellectual property that is worth nothing if it is not protected. An IP mining program will help you determine the assets that are potentially valuable and whether these can be marketed or leveraged into new opportunities. Specialist IP lawyers will not only assist to register these assets but will conduct searches that ensure that you have not infringed on the rights of another's IP which can have very costly consequences.

Knowledge Capital

Based on the skills and experience of workers, knowledge capital is the organisations ability to apply standards, procedures, training, learning, information sharing, expertise and the like achieve performance and productivity results.

It is one thing for organisations to hire and train people with high performance potential, but this is not knowledge capital unless its application and shared across the organisation. Ensuring effective systems to transfer the knowledge and abilities of the individual to become the organisation's skills, experience and competence is the key to building knowledge capital.

Social Capital

Social capital refers to the relationships and interactions that occur within the organisation. Increasing evidence shows that social cohesion is critical for the organisation's sustainable performance. Social capital improves the effectiveness of team work, conflict resolution, communication, problem solving and collaboration. It increases productivity and reduces the costs of doing business.

Social capital develops through the quality of horizontal and vertical interactions. The key feature of social capital is the development of communities rather than the dependence on hierarchies and connectivity of networks rather than groups working across departmental and job divides. The key to managing individuals in a structure which fosters social capital is a strong, positive organisational culture.

Focus on the infrastructure

An organisation's infrastructure comprises all the non-physical factors of production and market delivery. It is often said that business owners should work on, not in, the business. While it is usually clear what demands *in* the business need attention, what *working on* the business means can be confusing. Managing an infrastructure to grow and use intangible assets is the best way to work *on* a business.

Chapter Summary

Intangible assets are the organisation's path to accelerated prosperity. Unlike physical assets that can only be used once intangible assets continue to appreciate allowing the value of the organisation to grow exponentially. Investing in the organisation's infrastructure – to develop and manage intangible assets – allows the organisation as a whole to work more effectively and with lower management overhead, therefore improving efficiency and increasing productivity and return on investment.

STEP FIVE: MANAGE PEOPLE

Most business owners find dealing with staffing issues and managing people the most difficult part of running a business. Managing people is not simply 'people skills'. Employing people means using them for your own gain which instantly creates power tensions. On one hand the worker is dependent on the employer to provide their means of livelihood; on the other, the employer must trust the worker to do nothing that deliberately or inadvertently damages the employer's business. If one side misuses their power, the interdependency can become unbalanced, dysfunctional, manipulative or unhealthily dependent.

Managing people so that they are committed to the goals of your business is not going to be achieved by treating people as 'human resources' which is really just another way of saying 'breathing machinery'. Reducing people to 'human resources' makes it easier to see them as a means to an end and much of employment-related legislation is aimed at controlling how this may occur.

More importantly, 'human resources' is neither positive nor respectful. It is no surprise that in the fifty or more years that this has been the approach, despite all the efforts to improve motivation and leadership, productivity and performance, the experts are still trying to figure out how to influence better employee results.

Employee engagement is about managing people and their contributions, not creating a relationship in which one party is treated as subordinate then somehow cajoled into being happy about it. In fact much of the human resources approach is spent righting out the imbalance of the employment relationship that it created in the first place. It is probably the very environment you chose to escape when you set up your own business.

The inherent difficulties of a relationship where power is either ambiguous or out of balance and the convoluted processes used to control and motivate people often encourages employers to avoid dealing with people, particularly when they have a potentially sensitive situation to resolve. Small businesses cannot afford the time or cost of managing unnecessarily complicated relationships and a dispute or breach of legal requirement could be enough to decimate the business.

Managing people assumes that it is not their labour that matters, it is their belief in, support of, commitment and contributions to your organisation and what it stands for that is valuable. If this is present, the labour will follow; and not in a mechanical, programmed tasks kind of way, but with a thoughtful, objective-oriented approach. If the expectation for high performance is accessible to all employees and the barriers (not standards) to achievement are removed, then employees become willing to work on your vision as hard as you do.

Getting the people management right not only makes good business sense from a cost perspective, but it is essential for the long term success of the organisation.

Many managers worry that if they remove the stop signs that restrict workers from straying out of their designated area that chaos will reign, people will take liberties, people will fight for the choice jobs and managers will lose control. They manage for the worst and are then disappointed if not resentful when people respond in kind to that environment. This is why getting your story right is so important. If your story is genuine, meaningful and present, it regulates employee performance just as effectively as any other written rule however instead of suppressing them as rules tend to do, the story invigorates energy and effort.

Getting the people management right not only makes good business sense from a cost perspective, but it is essential for the long term success of the organisation. People are the source of ALL intangible assets, therefore knowing how to manage people as knowledge workers, is the single best way to achieve supercharged results.

There are four key things that will help you to achieve this.

1. Get the basics right
2. Build the culture
3. Prioritise the job
4. Manage collectively

1. Get the basics right

Once you take on your first employee, you need to be proficient in proper employment practice. Not only does the law require it, as with all laws ignorance is no excuse and mistakes in employment are very costly. These may include fines, back pay, the other party's legal costs, your own legal costs, the disruption to the business and damage to your reputation.

Employment basics you must get right include:

- Awards, contracts, minimum wage and pay conditions
- Workplace rights and entitlements such as leave and grievances
- How to meet occupational health and safety requirements
- Anti-discrimination, anti-bullying and anti-harassment measures
- Payroll, superannuation and recordkeeping obligations

- Representations to employees do not breach laws covering fair trade, that is conduct that is unconscionable, misleading or deceptive, or likely to mislead or deceive
- How to develop and/or discipline employees in line with

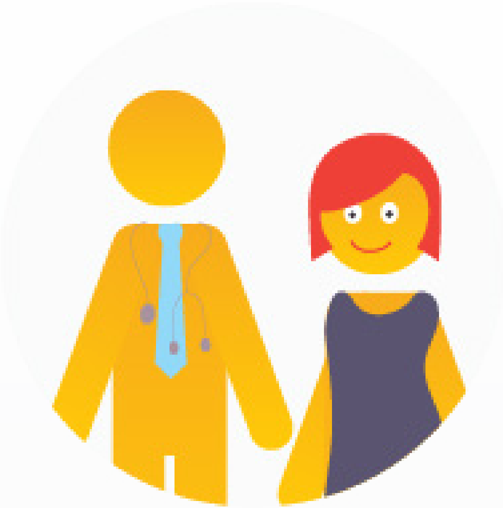
- the work they are required to perform and what constitutes reasonable management action
- Terminating the employment relationship and what constitutes unfair or unlawful dismissal

Many employers think if they do the following employees should respond with good performance:

- Pay well
- Provide employees easy access to offered benefits and their employment entitlements
- Maintain a good working environment
- Promote fair and healthy employee relations (good employer-employee relationships, concern for employee well-being)

The mistake they make is these do not make them a good employer – not to undermine their importance, but these just makes them an employer. When workers enter the employment relationship, these are the minimum conditions they expect; employers are supposed to be good at doing these things; it is what gives them the right to exploit another person's knowledge, skills and efforts.

Failing to provide minimum conditions is de-motivating. Workers may not openly object, but will leave, or worse, stay and damage your business. The unintentional damage can be even more harmful than blatant deliberate problems which are more evident and therefore more likely to be managed. The hidden costs of small errors, missed opportunities, lost sales, incomplete tasks, double-handling, following up, re-checking, re-working, wastage, inefficiencies, attention paid to the wrong priorities, time wasted, information not passed on, absenteeism, presenteeism and so on have costs that may not even be noticed until



they really add up. The gaping holes they leave is where competitors can move in without even trying.

We see many employers who want to improve the engagement of their employees by enhancing these minimum conditions. These are not a good investment because they relate to minimum conditions; they can increase satisfaction but will have little impact on motivation. Employee satisfaction only means an employee is 'satisfied' with work. Employee satisfaction is not what leads to motivation and productivity, nor does it translate into intangible assets, where organisational value exponentially multiplies.

Once you have the basics right you can focus on the things that result in supercharged performance.

2. Build the culture

All organisations have a culture. The culture is the shared understanding and norms that exist and that tell people how they should behave to function in the organisation. A culture forms through the interactions between people and the organisation and is the single biggest influence on the quality of the work and the relationships. When employees go out of their way to look after the customer, the culture is most likely one that tells them that customers matter. On the other hand a culture of self-interest and greed encourages the sort of behaviours that triggered the global financial crisis.

The organisational culture starts with the vision and values we discussed in step one. All the decisions you make from then on either communicate that the story you have to tell is genuine and employees need to get on board; or they disprove its genuineness. This is why it is important to develop the business model (discussed in step three) that supports the vision, as the congruity creates the culture that makes your story come alive.

The culture has the effect of managing employee behaviour so the more the culture reflects your expectations the less effort, time and money you need to spend on a managing them.

Systems, the organisation structure, priorities, definitions and measures of success, accountability and handling conflict are the other key influences on the type of culture that will exist in the organisation. The relationship between these organisational elements evolves into the culture. The culture has the effect of managing employee behaviour so the more the culture reflects your expectations the less effort, time and money you need to spend on a managing them.

When your organisational elements are inconsistent, you will need to fix more than the operations; inconsistencies are the openings through which doubt and uncertainty creep in. Over time, left untreated, these can grow into lack of mutual trust and/or disinterest. If these become entrenched, they can develop into a culture that allows, even promotes, destructive behaviour such as fraud and unacceptable risk-taking.

The greater the consistencies, or congruence, and the more these are at values level, the more your employees will understand – and will want to do – what you expect of them. They are more likely to find ways to improve the work they do and resolve problems to make your vision a reality.

3. Prioritise the job

All employers have a fantasy: finding the 'perfect' employee – someone who has the right skills, attitude, experience; who happen to want the hours, salary and career you are offering;

who will never be sick and have few competing demands such as elderly parents or young children to interrupt their work; who are local enough to fit into, or at least understand, the Australian/Anglo culture; and who are physically 'normal' in body and style. (As much as employers might try to deny this, the evidence tells otherwise.) Think about the last times you have advertised to fill a position vacancy. Did you have such a 'wish list'? If a similar position was offered by a large employer, could you compete with them on the salary, perks, career opportunities, access to training and development, and brand recognition?

Standard employment practices are based on the assumption that labour will always be plentiful. Now that the labour pool is not only shrinking, it is becoming more expensive to employ, employers need to review how they access available talent. The problem is the focus is too often on 'positions' and not enough on the job.

A 'position' is an artefact created to attach different meanings to a job that are used to keep people under control. Positions impersonalise situations making it easier to treat people differently. They promise promotions or add perks to certain positions to make people feel more privileged as a way of enticing them to work harder. Positions enable employers to filter out any workers they want not to have to control, selectively looking for 'position matches' ignoring others who could do the required jobs as well as if not better than the 'right' person.

A story emerged in early 2013 about a computer programmer who worked for a US IT infrastructure company. He was considered a star employee, regularly received glowing performance reviews and earning a 6-figure salary. A good example of having the 'right' person in the 'right' position until he was fired when his employers discovered during a network-security audit that he had been outsourcing his work to a Chinese company costing one fifth of his normal salary.

The questions of ethics aside, the employer, was happy when they thought the job was being done by a person in the programmer position. Instead, the worker was effectively performing a role of subcontractor manager; one he performed so well that he was able to work in more than one job at a time. You can imagine that if, having advertised for a programmer, a person from China had sent an application, they would have been rejected out of hand as unsuitable for the position. Similarly if the programmer had suggested to his employer that he should be assigned to manage other programmers he would have been compared – and doubtless left wanting – against a manager's position description. Yet, both proved more than capable of doing the jobs that made up the position.

If you have been focusing on positions you are setting yourself up to access the same – shrinking – pool of talent everyone else is and you could find yourself paying higher salaries than you can afford. You could be wasting precious resources on people who are position-focused, looking for the title, salary and opportunities of a position. You could be training people who were using your position as a way to enter a position with another employer for which they previously did not have enough experience, but now thanks to your efforts, they do. Positions encourage people to think about their own gain, needs and performance instead of job purpose and outcomes.If you could focus on the requirements of whole jobs you can then find people who are prepared to be committed to getting these done.

Some of these people will make up a core team, some may be contractors, and some will be outsourced companies. The functions that are essential to the organisation's vision and values are those that should be made up by the core team. Ancillary functions are just tasks that need only to be performed efficiently and effectively and may be better to be outsourced.

When you are focused on the job it is easier to divide the job into tasks and assign the roles that can be fulfilled by different people who can serve you better because it is the job that matters, not the position bestowed on the individual. It is easier find people who have the skills, knowledge and experience you require but may not have matched a position description. For example, young workers can fulfil part of a job paired with an older worker who trains and mentors. You may then avail yourself of the talents of the 'fringe' workforce, who may have disabilities, or carer responsibilities, or may have already retired, who may be happy to work hard without having one eye out for another position that pays more or is a 'step up'. Contractors who work with many organisations develop deeper and/or broader knowledge and experience that can give you better results than someone who has been doing the same thing the same way in the same job for a while. When you focus on the job and not positions, everyone is equal – equally important and equally responsible for getting the job done.

Roles are flexible ways to manage work as people take them on as required. A person with experience in a particular problem can perform a role of team leader while that problem is being resolved, or when an emergency occurs in another area people know their role is to help.

As long as you have systems and procedures for managing jobs and roles, what you are doing is prioritising knowledge, which you know from your understanding of intangible assets is how you build knowledge capital.

4. Manage collectively

When we were talking about getting the basics right we were talking about how each employee should be treated. At all other times you should not be managing 'employees' but a community people.

If you have spent any time in business, as a manager or worker, you have no doubt been fed a steady diet of advice about 'motivating employees'. The popular wisdom runs along the lines of 'talent management' and 'employee engagement'. You have probably implemented many of the recommended programs yourself: job descriptions, performance appraisals, rewards and incentives, succession plans, to name a few. If so you may have noticed how many resources these activities chew up. They not only need to be designed, developed, planned, implemented and managed...wash, rinse and repeat...they rely on managers who are already busy and have little or no experience in these programs. There is a reason why there is still so much theory about how and why these work, and that is because they are still exactly that – theory.

It is more effective to work on the shared environment simply because people are designed that way. Our most basic instincts are to cooperate on common goals to maximise chances of survival. Of course we no longer have the same necessity for a 'survival of the fittest' mentality but we still follow our instinctive patterns of behaviour.

Managing collectively means focusing more on the outcome desired not the people who are there to achieve it. Validation, such as through feedback, improves performance. The system you create is the system through which that validation occurs; if the focus is on the individual they will always be looking for affirmation. That could be a lot of people looking for evidence of their achievement that keeps spiralling upwards. For example, you may create position titles to recognise the capabilities of your workers. They feel that increasing skills and experience needs to be recognised by new titles of greater seniority. Team leaders become coordinators who become senior coordinators who become managers until you reach the situation where no one is content to be a 'worker'. When you run out of ways to 'recognise' your best people, you start to worry that they will be lured away by another

employer that can promise continued seniority. By contrast, recognition for the progress that improves the collective performance concentrates everyone's attention on the overall goals not their own. Think of team sports; each player does not try to be the best player more than they try to win the grand final.

By your focusing on:

- The culture
- Demonstrating accountability
- Assisting role clarity based on how different abilities can meet the needs of the various situations
- Work-related communication
- Job instruction and access to necessary training
- Consequences of poor performance and unacceptable conduct
- Availability of tools, equipment, facilities and support
- Standard operating procedures
- Communicating and rewarding progress

Your people can focus on the efforts they need to make for for your organisation to enjoy the sorts of benefits as massive growth, increasing profitability and the satisfaction of doing something worthwhile.

An example of a 'team' in which many of us 'work' is on the roads. Through collective management (road rules) rather than individual intervention we are able to achieve our objective (to arrive safely at our chosen destination). It is not until you consider the improvements in road deaths that you realise how effective this approach has been. Government investment in the road system through improving roads, compulsory fitting and wearing of seatbelts, random breath testing, road safety education and road safety legislation has seen road deaths reduce from a peak of 3,798 in 1970 (30.4 fatalities per 100,000 persons) to 1,310 in 2012 (5.78 fatalities per 100,000 persons).

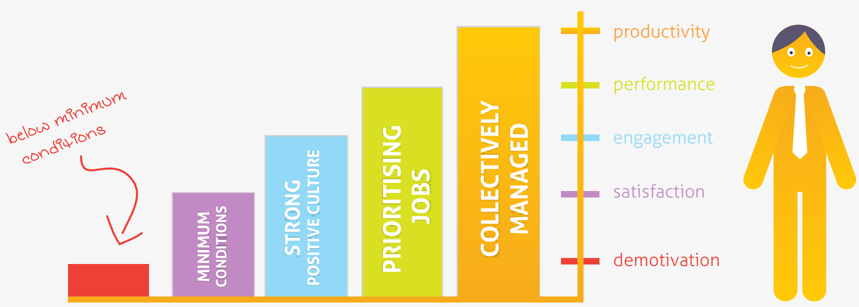
Of course you know from your understanding of intangible assets that managing collectively is how you build social capital.

Engage the right help

If you do not have the training, knowledge or time to properly manage your employment processes, you must get help. It is not necessary to have a permanent, dedicated resource. No different to your accounting systems if the systems are set up properly you should be able to maintain the day-to-day employee requirements and access advice and specialist services as needed. Without proper set up however your time will be spent being the business or fixing the business and you will have no time or energy for anything else. You will also miss out on the available energy of others that are vital for building a supercharged organisation.

One software engineer put it this way: "*I had really high standards, and I often felt other people weren't meeting them. But over time, I realized that even if others on the team weren't doing everything as perfectly as I wanted them to, if they got 80 percent of the way there, then that's awesome. Because there are five of them, and five times 80 percent is much larger than 100 percent of me.*" These are the words of Pierre Omidyar, founder of eBay, the company that earned $14 billion in revenue last year. That is a really supercharged organisation!

Chapter Summary



STEP SIX: FIRST GROW ORGANICALLY

It's great that so many people are prepared to take the risk of starting a business to realise their dreams and aspirations. Many small operators started their businesses with an idea of something they could do better or differently to the way they perceive the market is being serviced. Then, having taken the plunge, they are left with the enormously difficult task of making it work.

After the initial rush of starting the business, many start to flounder. They are not getting enough traction so they begin an endless cycle of concept, developing and tweaking, looking for the trends in the market and latching on to every new opportunity hoping it has the ability to kick them along the path to success. Their 'workshop' is so full of half-finished projects, abandoned ideas, ideas-in-waiting that it is really difficult to describe what they do, never mind, where they are going.

What does this mean? In their minds they already know what the idea or concept looks like and then they start working backwards to create the version they have already imagined. Business operators that work this way are often perfectionists. They are so used to getting things done to the standard that satisfies them that this is the only version they will accept. Perfection in the mind's eye bears little resemblance to the lumpy, rough-edged reality of getting things off the ground.

They also see this as the monetised version, and when the anticipated results do not materialise, the business owner starts to treat the product as having some flaw and either it is abandoned or reworked and the process begins again. Not working on the final version does not mean that you should not have a vision of the end-result you want; only that this version should guide you but the version you grow is more important because this version comes with real experience, and progressively, real feedback and real user data. If the imagined and emerging version are the same, great, but if not you must learn to react to the reality not justify the gaps and drag out problems.

Set the concept

The only part of your new business concept you must set in stone is that it is consistent with your story. If you value fairness and respect, it should be out of the question that your business will depend on cheap labour using sweatshops. Know who the market is for your concept and keep them firmly in mind. It does not mean that they will ever be the only market but remember designing for everyone will usually ensure it is appealing to no one.

Once you have set the concept and laid out your initial plans, you should aim for proof of concept. Develop your prototype or pilot before building out. Do your customers value the product? Does it work as you intended? Use a workable version to test feasibility and evaluate potential. How much research you should do depends on the cost of getting started. If the cost is negligible (including upfront cost and cost of failure such as impact on customers) then it is worth trying with very little research. You can take this approach to any new investment: a product, service, your website, marketing, even locations as the pop-up concept becomes popular.

Iterate, iterate, iterate

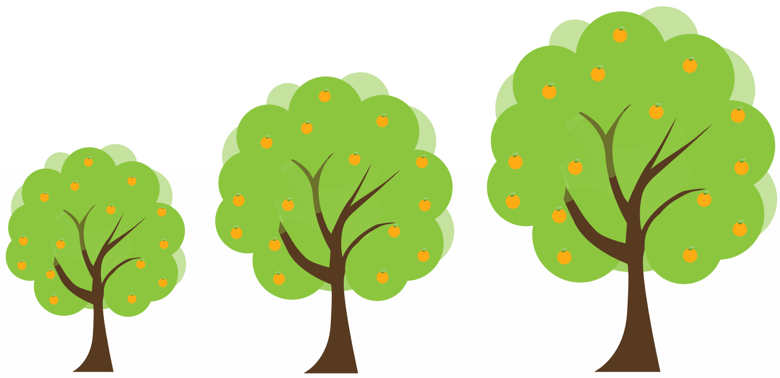
Iteration is the process of constant repetition to move gradually towards the desired goal. Unlike the traditional approach to starting, developing and growing a business, the iterative approach (i.e. progressive development) is supposed to include failures. The failures are worked out quickly, and because they have not been under development for an extended period, the costs are limited as are the attitudes that too much has been invested to let it go. Each step taken is validated or reconfigured.

Working one iteration at a time allows for proficiency to develop. When you do something repeatedly, evaluating and re-planning as you go, you will quickly become quite the expert. The experience you gain is then applied to the next version, which ensures each iteration is not just a version with problems fixed, but a more mature version.

When the product/service has reached a marketable level, it should be promoted to early adopters – not everyone in the target market. Ask the early adopters for feedback and when they are happy, to spread the word.

Outgrow your first versions

Aim to outgrow your early approach. Business owners usually fear that they will outgrow their investments too quickly and build in extra scale for this. Developing something that you aim to outgrow however saves you in wasting initial investments. For example, how many times have you purchased software for all its features only to find that



you only ever use a fraction of them? Limiting available resources also encourages you to look for ways to maximise their use which tends to improve efficiency and possible opportunities.

Stay single

Growing organically means that your growth is achieved through better use of existing resources. It is growth that results from management skill rather than new funding, acquisitions, mergers or takeovers. When you are working on organic growth your focus is on your core business.

However, when you are working on your envisaged scaled up version, you become open to partnering. You see the many ways your respective organisations can complement each other and the possibilities of combining resources. It is worth remembering that when another organisation suggests a partnership, it's most likely because they have a gap they need filling.

The reason you are considering it is because you have a gap you would like filled. Note that we are not referring to partnerships that have a clear commercial interest (covered in the next chapter), we mean those opportunistic joining of forces that you hope will save you. Taking on a partner for the purpose of plugging holes is hardly a recipe for success. Eventually you will be tired of managing them, you will probably have different objectives, and you may resent how much time you wasted. If you have a hole to plug, find a way to hire what you need. It will cost far less in the long run.

Chapter Summary

Remember that scaling up when you need it is easy.
Over-committing, however, can be a death sentence.

STEP SEVEN: LEVERAGE

Growing organically is important for establishing a robust business, but once you have created a solid core business, it's time to think about the future. All organisations must have the ability for continuous renewal.

Renewal means growth – an organisation that does not grow does not stay the same, it shrinks: there will always be some turnover of customers due to changing demographics, tastes or trends; costs will increase, sometimes faster than the market will bear price rises; and legal, economic and political environments impact the viability of certain industries and business practices.

Scaling up

Growth requires the ability to scale, that is, a structure that allows you to do more of the same otherwise the pressure of demands of growth will eventually lead to the organisation to break down. Think of scale as an elastic band; at first it goes easily around the items, then stretches as you gradually add more. All physical resources: your buildings, your IT network, your line of credit, your website, even your time need to be set up to have this ability to extend or it will not be long before that elastic band snaps.

Scale has traditionally been the way organisations grow. They use what I call the addition/multiplication approach. 'Addition' meaning they add more resources to increase the volume output: another machine, another site, another brand, another person, and so on. At the same time they are multiplying the amount of business that can be conducted for small or no increases in cost, for example, their marketing is now covering two sites instead of one, or their accountant is working on more revenue streams (also called 'economies of scale'). As the cost of doing business reduces as a proportion of sales the organisation can add more resources to increase scale again, and so on.

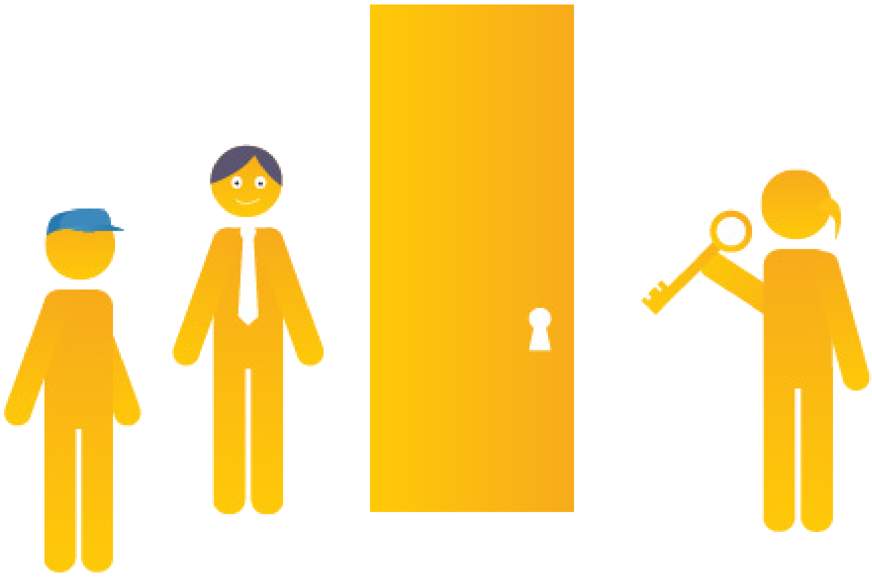
Scaling, as important as it is, is risky if it is your only strategy for growth. For instance, just because you can produce more, does not mean the market can bear more – you can simply find that there are not enough customers to support the volume increase. It can also turn your product – or the perception of it – from unique, interesting or specialised to ubiquitous (has the market for frozen yoghurt been saturated?) or homogenous.

When scale fails to work, businesses usually respond with the 'subtraction/division' mentality, basically, cost-cutting. They subtract as much as they can from the whole, such as shutting outlets, reducing variety, cutting service, implementing redundancies, while expecting existing resources to be spread further, particularly staff that are suddenly expected to divide their time between additional roles. Subtraction/division actions are usually reactionary and while they may be vital for immediate survival, it is not a viable strategy for the long term success of your business.

There are also cost/investment issues to consider. Some industries need to consider that the cost of resources is increasing beyond what is a feasible investment. Other industries are at risk of sudden unexpected devaluation. Current taxi licence holders, for example, are at risk of the value of taxi licences for which they could have paid as much as $500,000 being slashed if proposed changes to the taxi industry are adopted.

The term 'marketing myopia' was used by Theodore Levitt, an American economist and professor at Harvard Business School in 1960, to describe the risk of businesses becoming obsolete if they defined themselves by the products they sold. Levitt used the example of a buggy whip company that stubbornly tried to produce more business for its buggy whips through product features, lowering prices and promotion, ignoring the fact that the automobile industry would see the permanent demise of the horse and buggy as the main mode of transport.

It was not technology that led to the 125-year old Kodak company declaring bankruptcy in 2012; Kodak *invented* the digital camera in 1975. It was management's delusion that as the company controlled almost 90% of photography sales it controlled the market. What Kodak did not consider was that the market it controlled was made up of film and camera sales. Kodak did not lose market share to anyone; the market simply died while the new digital photography market grew.



If the market for your product diminishes, a scaled up operation can be less flexible, nimble or responsive. Focusing only on growth encourages organisations to make reactive decisions which are usually costly, almost always inadequate and never convincing.

Supercharge your growth

If scaling is adding and dividing, there is a supercharged approach to growth: leveraging. Leveraging is the equivalent of exponents, or what you may remember from your years of maths lessons as numbers multiplied to the 'power of'. For example if you are a business selling three products (or services) and you go from one store to 3 stores, your potential business has multiplied 3 x 3. Leveraging however allows you to achieve 3^3 (i.e. 3 x 3 x 3) growth.

Leveraging is a wonderful concept that basically means using your existing assets to exploit new business opportunities. Fixed resources like buildings, labour and equipment can be leveraged, for example, a restaurant that experiences its most of its business in the evenings could offer itself as a conference venue for businesses during the day. Leveraging fixed assets means finding ways to use spare capacity. While this is a good way to improve returns on your assets, the fixed nature of physical resources means there is a limit to the increased capacity.

When you include intangible assets to extend into new categories, formats and markets, leveraging provides opportunities that are quite possibly limited only to your imagination. Intangible assets are not only the most under-developed of all assets, they are also the least utilised. There have been estimates that most organisations would at least double in value just by leveraging the use of their existing intangible assets.

You can think of leveraging as the ladder in a game of snakes and ladders which can suddenly boost you way up the game. When you promote your business on Facebook, for example, you are leveraging the social media site's over one billion users. If you use online affiliate marketing you are leveraging the visitors of other peoples' websites to promote your products. Your ability to leverage others' friends,'likes' and web traffic means you do not have to go out and find all these potential customers yourself.

In 2011 a client who owned the rights to a motocross championships series contacted us for assistance. An entire leg of the tour had been washed out by heavy rains and they were stuck with thousands of dollars' worth of unsold tour merchandise such as t-shirts and caps. They planned to clear the stock at a heavily discounted price selling through their 26,000-strong event database. They needed help to manage retail selling including the logistics of payments, receipts, postage and returns and asked us for advice.

Knowing how much fans lovze their motor sport brands, we had a better idea. We contacted Australia's largest motor bike retailers offering them an opportunity to align their products with the motocross brand. The retailer used the product to run a special promotion, and in addition to offering their own customers something they would find valuable they potentially gained 26,000 new customers (give or take a few who may have been on both databases). Our client sold everything in one transaction instead of hundreds (saving enormous time, effort and money) and created a new alliance with the potential for more opportunities in the future.

That's how leveraging works

A butcher is as standard a business as you can imagine. They all look the same, sell the same products, and run their businesses in the same way. Some may promote features that differentiate them from others (ready-made meals, organic produce, and so on) or try to compete on price. One Sydney company run by a fourth generation butcher decided to do things differently.

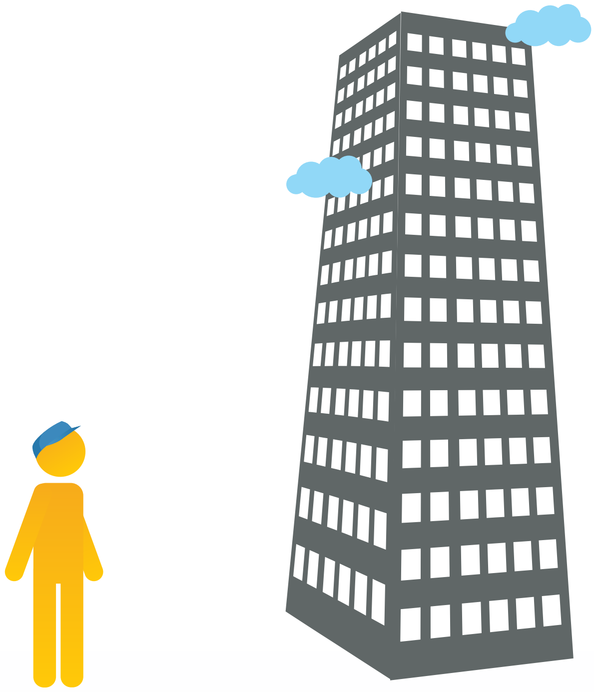
Victor Churchill is renowned for delivering the highest quality produce and is the supplier of choice for all the best restaurants in Sydney and beyond. The heavy brass doors of their retail shop open into a wood-panelled room with brass fittings and marble floors. Meat is on display with no counter to get in the way of the staff and the customers they are there to assist.

Such is their reputation that CBS *This Morning* and *O* magazine editor, Gayle King, mentioned the store to one of her close friends and business associate. At the end of her 2010 Sydney Opera House performance that friend, Oprah Winfrey, jumped into a limousine and headed off to visit the store. Now that's emotional connection!

The Victor Churchill vision is to share as much of their knowledge as possible so that everyone can experience the pleasure of fine meat. In 2009, realising how many more people they could reach with digital technology, they released the 'Ask the Butcher' app which has been downloaded 30,000 times. In 2012, Foxtel's Lifestyle Food channel commissioned an 8-part Ask the Butcher series featuring butcher-owner Anthony Puharich. That's leverage!

Leveraging opportunities

When software programmers need to learn how to work with a Microsoft product, they do not contact Microsoft. They locate one of the thousands of Microsoft Certified Trainers who have been accredited by Microsoft to run programs. These Trainers not only pay Microsoft fees for the recognition but also royalties for the use of all the material which belongs to Microsoft. Microsoft benefits from the expertise of thousands of experienced technical trainers with the ability to provide services to Microsoft users anywhere in the world without having to set up their own offices. Independent businesses benefit from access to potential customers and charging for a service they can provide without having to go through the investment of developing their own material and building a customer base from scratch. This form of leveraging is called licensing.



Licensing means the owner of intellectual property (the licensor) allows another party to lease the IP to be used with different products and services with the payment of licence fees (royalties). In 2012, the international market for intellectual property licensing was valued at $31 billion.

Another form of licensing is brand licensing. In brand licensing rather than a system or expertise that is being licensed, it is the brand name itself. Disney does not make or sell any of the products that you see in stores: toys, clothes, games, furniture, stationery, food – all these products are made by other companies who pay for the rights to use the

Disney brand and all its benefits of trust and recognition. Disney can use the expertise and infrastructure of established manufacturers and just focus on developing stories that people love; manufacturers can get more product on the shelf because they are not selling unknown labels but Disney-branded products.

Franchising is also a form of leveraging. It involves one firm (the franchisor) allowing another to use its business model and operate under its brand (the franchisee) with the payment of franchise fees.

Group buying leverages collective buying power through co-operatives and banner groups such as the liquor group, Super Cellars. The many independent operators that operate under the brand are able to achieve lower pricing on products, marketing, distribution, warehousing and so on that would not be achievable by any of the retailers on their own.

Leveraging works best when an intangible asset has been developed and established. The opening of the first Krispy Kreme Doughnuts stores in Australia in 2003 – the company's first outside of the US – was so highly anticipated that customers were willing to wait in queues hundreds deep and hours long. By 2010 and 50 stores later, the company was in administration. Despite the strength of the brand, the business model of taking the product out to its customers was flawed; the cost of wide distribution was simply too high for that type of product. Krispy Kreme Australia emerged from administration with fewer stores maintained in key locations such as the Sydney domestic airport terminal. In 2011, a partnership was signed with 7 Eleven allowing Krispy Kreme products to be sold through their 600 outlets. Krispy Kreme leverages 7 Eleven's distribution capabilities to increase sales without the store overheads; 7 Eleven is able to offer a 'destination brand' capitalising on someone else's lengthy, expensive investment in developing a recognised brand.

A word of caution: leveraging is about maximising complementary intangible assets, not a quick fix for lagging sales or for plugging weaknesses. Trying to leverage anything other than established assets can lead to disaster for all parties. Worse than the wasted effort and the costs of a failed venture, the problems of one can jeopardise the operations of the other.

Chapter Summary

Because leveraging builds on the core business, when done well it not only adds more business with far less investment than would normally be required; it also strengthens the core brand, as it uses not only the resources of others but also their expertise.

FINAL WORD

So there you have it, the seven ways in which you can really supercharge your business. These are not 'instant formulae' that will supposedly send people flocking to your door or turn pumpkins into golden carriages. These are the steps for building a business for a person who has a purpose and needs a solid, sustainable foundation for giving value to others. It may take some getting used to because you may not have ever worked on inner branding before, but anyone who has run their own business knows you are always on a learning curve.

So let's get started. What's your story?

meta
management
unlock your inner brand