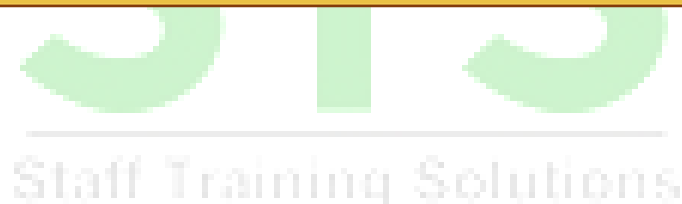




UNIT-2

Defining Your Company



Learning Outcomes

By the end of this unit the learner will be able to:

- ✓ Defining your company and developing your operations strategy.

Unit 2

Defining Your Company

Identifying Your USP

When you create your proposal, you are also defining what makes your business distinct from similar businesses. This helps people understand what differentiates you from the competition. This unique attribute is called your USP or Unique Selling Proposition. Your USP may or may not be something that you have thought a lot about just yet, but it is an integral part of your business plan. (It's also what will help your sales team describe and sell your products or services.) Make sure that you can answer your stakeholders' questions about your USP when they ask why you are in the best position to provide this solution.

Test Your Knowledge

Use the space below to design your USP.

Writing Your Company Description

Now that you have succinctly described your USP, you are ready to describe your company. What's your purpose? If you are starting a technology company and developing the next generation of video games, you need to explain your research and development plans, where your developers will come from, and how you will manage intellectual property. If you are starting a storefront retail operation you need to describe pricing, inventory, staffing, and location. Make sure that your description addresses the elements that are pertinent to your industry. You also need to include a few statements addressing how your background in this type of business or industry can be leveraged to help the business be successful.

To help you write your company description, answer the following questions. Use simple language so that anyone who reads the plan knows what you are planning to launch.

- What is the purpose of your company?
- Briefly introduce the product(s) or service(s) you are selling.
- What will the impact of this business be on the customer?
- What other components are needed to easily describe your company to someone else?

Test Your Knowledge

Start working on your answers to these questions.

What is the purpose of your company?

Briefly introduce the product(s) or service(s) you are selling.

What will the impact of this business be on the customer?

What other components are needed to easily describe your company to someone else?

Describing Your Products and Services

In this section, you will provide a detailed description of your main products and services. This description will provide your stakeholders with a clear understanding of each product and service that is going to be available. If you have patents for certain products or copyright requirements, are creating licensed material, or have ideas about how you will package and present your material, those elements can all be detailed here.

Example: The Acme Vacuum 1000

The Acme Vacuum 1000 is designed to reduce vacuuming time by at least 50%. With its dirt sensors, unique swivel head design, and 500 PSI suction capability, it is the most powerful vacuum currently on the market. It is also available in four different colors to appeal to the style-conscious homeowner.

A patent is pending on this design and a copyright registration form has been submitted to the appropriate organizations in the Americas and the United Kingdom.

Performing a Market Analysis

The market analysis is an essential part of your business plan. It includes exactly what is happening in your region and industry, what is going on in the areas you want to conduct business, and the potential influence (or interference!) from other businesses. This section should include attention to creating a competitive business profile, contingency plans, and a measurement of the risk you are undertaking, as well as what you and the business will be able to tolerate. While our description here is short, make sure you do not take any shortcuts with this part of your business plan, and that your market analysis – including a careful and thorough look at the competition, is robust.

Developing an Operations Plan

Defining Operations

Operations management is about how you do what you do every day to make sure that the business is running efficiently. The nature of your company will decide some of these things, naturally, but the actual functions don't differ at all. An operations manager may look after other elements of the business as well as operations, depending on the size and complexity of the operation.

Operational functions include:

- Designing
- Planning
- Organizing
- Directing
- Controlling

This means that we:

- Gather resources (ideas, people, space, and money)
- Design products and/or services and decide how to deliver them
- Sell, distribute, and service those products and/or services
- Learn and improve the operation based on feedback

The Operations Process

Operations is called a **transformational process**, because we take an undeveloped product (or service), make it into something that we can sell, and then sell it. While this transformation takes place, we apply our operations strategy to it.

If we drew the process, it might look something like this:



Operations and Your Business Plan

In the operations management section of your business plan, you are going to define how you will look after all of these elements. You'll need to carefully determine the type of operation you run so that you can remain flexible to changing markets and meet licensing and regulatory requirements.

In Canada, for example, anyone can set up a sole proprietorship and work from home. However, that same person might have to get a business license from their town or city to be allowed to have customers visit, and the tax department has rules about how income is treated and what items you can write off against that income. In addition, while some businesses have to abide by regional rules (such as a company that manufactures car parts), transportation companies like airlines and trucking companies

have to abide by federal regulations. As your company scope grows, and you wish to do business across regions or in other countries, you have to follow those rules, too.

Types of Operations

When you consider your operations plan, you may want to categorize the business in the following ways (with plenty of overlap just to keep things interesting!):

- Manufacturing
- Transportation
- Supplies
- Service

Manufacturing

This is about things that we physically make, such as picnic tables, computer components, rakes, and tractors. It also includes the way that we run factories, manage inventory, and perform related activities.

Transportation

This is how we get our materials to our customers. It can include a fleet of delivery vans, large tractor-trailer units, taxis, and aircraft.

Supplies

These are products that someone purchases from the company. Retail stores, grocery stores, and equipment for dentists are all supplies where the ownership starts out with your company and then changes over to a purchaser.

Service

Service can refer to customer service that the company provides. For example, a server in a restaurant provides a service, as does the chef who prepares the meal. Service can also be provided by someone in a call center who answers the phone when customers call with questions. Perhaps we need to rent a car for two weeks, in which case we are using a rental service. Part of the service application can also include the way in which the company collects feedback (customer surveys, for example) or the way they process purchases (in person with cash or a credit card, on a smartphone, or online).

Overlaps

Naturally, there are companies who provide products or services that come from more than one area. This adds complexity to the operations management function, but is of the business world. For example, a company like Ikea Furniture has operations around the world. They manufacture and distribute furniture and accessories to their stores, and then sell, deliver, and in some instances assemble or install those purchases. They are involved in business as a manufacturer, a transportation provider, supplier, and service.

Buffers

You will also see businesses who build buffers into their operations system. For example, a company that makes computers needs a steady supply of equipment and components in order to produce a complete unit. If a particular component is unavailable, the company cannot meet their manufacturing demands, and their customers will look elsewhere for their computers. As a result, the company may stockpile critical components in order to meet their targets. They also may arrange for backup suppliers or, to minimize the risk of a supply shortage, they'll also use several different suppliers.

Getting to Work

We have not completed all the elements of the business plan yet, but this is the ideal time to start pulling everything together and doing some of the writing that is needed that will take you into the next steps.

While no template is really perfect for a business plan, we are going to provide some space here (and valuable time) to help you gather your research and build your plan. Here are the first elements that you should work on in the time provided:

- Company description
- List of products and services
- Market analysis
- Organizational structure
- Operations plan

Please note that the following areas are also part of your business plan, but we will be working on them later:

- Marketing and sales strategy
- Financial projections

Don't forget the optional and helpful elements that you may want to add:

- SWOT analysis (Strengths, weaknesses, opportunities and threats about several aspects of the plan)
- Glossary (helpful if your audience is not familiar with industry jargon)
- Supporting details (logos, graphic representations, charts)

Test Your Knowledge

Business Plan Worksheet

Company Description

List of Products and Services

Market Analysis

Organizational Structure
