

The Art and Science of Business Design

By Bob Norton



Helping You Break Through Barriers You Can't See

This is a Sample Chapter From a Book In the Secrets of a Serial Entrepreneur™ Series

[Click Here For A Full Catalog Of Our Books
and Tapes For CEOs and Entrepreneurs or
go to www.CLevelEnterprises.com/products.htm](http://www.CLevelEnterprises.com/products.htm)

© 2004 C-Level Enterprises, Inc.
This PDF file may be copied and forwarded in its
entirety as long as it is for free.



508-381-1450

<http://www.clevelenterprises.com/>
info@CLevelEnterprises.com

The Art and Science of Business Design™

The lack of a good business design process is the 'number one' reason why most businesses fail today. Almost everything else, like running out of capital, "unexpected" risks and poor sales, is just a symptom of this root problem.

Why Business Design Must ALWAYS Be The #1 Priority of Any New Venture?

Designing a business is more art than science because it is something that takes lots and lots of real-world experience. Personally I do not think you can learn it at any university, or by any amount of study, until after you have spent many years working in management to understand people and business well. It would be like someone reading for ten years about painting, without ever picking up a brush, and then when they finally pick up a paintbrush to paint their first person or landscape; and expect to paint a masterpiece. Pretty unlikely huh? We may be able to teach "strategy" in school, but even that is just a small part of overall business design.

I suspect most people do not even consider "business design" a process because few people get to the point in their career where they can understand all the skills or disciplines needed to actually do it. Business design is NOT just a flash of inspiration, or how you will charge and make money. It is the complete strategy for sales, marketing, finance, operations and product development, which are tightly interconnected, and must all work together, smoothly to create any real value for customers and stakeholders. As

The Art and Science of Business Design™

Edison once said, “Genius is 1% inspiration and 99% perspiration”. Nothing could be truer about the business design process.

We spend at least the entire first day at our, [CEO and Entrepreneur Boot Camp – The Art and Science of Business Design™](#) teaching these first four steps of the Rapid Growth By Design™ process, so I don’t want to pretend you can “get it” all from reading the few pages here. This is at least an entire large book by itself; however, what I can do here is summarize the first four steps at a very high level. My hope is that reading this can open people’s eyes to the fact that business design is its own process, art and science and must be done very early when founding any new business. Doing anything else first, except market research, is almost always a complete waste of time and money.

Many executives seem to think of business design as coming up with a “business model”, but this is only a small fraction of a complete business design. A complete business design must include far more, including a complete strategy for each discipline needed to run the business. Without all these areas working together there isn’t any business.

Defining “Business Design”

For purposes of this discussion let us consider the inner concentric circle of the vision pie below as the definition of a business design. Therefore:

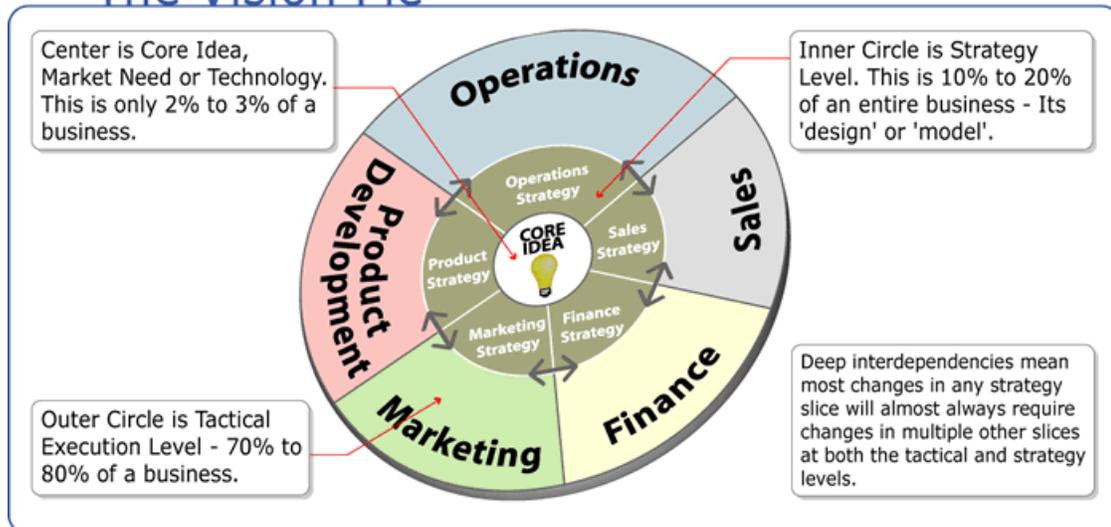
DEFINITION: A Business Design – The sum of the complete strategies for each of the business disciplines required to deliver a product or service to the market.

The Art and Science of Business Design™

We can assume the tactics can be driven by, or fall out of, the strategies developed. Certainly, this is best at any early stage of development. This is a simple, straightforward definition and very useful for our purposes. Note, however, that this definition does not mean the business design actually works, only that you have “a design. A successful business design process would also need ways to test, or validate if the business design will actually work in the real world. More on this later.

The Vision Pie

The Vision Pie



A Simplified Example of A Business Design

So let’s say you have a widget you invented that you want to sell. Let’s even say it is a mousetrap, and you have already figured out that the saying: “Invent a better mouse-trap and the world will beat a path to your door.” became completely invalid somewhere around 30 years ago when people had too many options and very few driving needs left to serve. You probably have also figured out that due to overly fragmented marketing channels and other factors today, narrow niche-marketing is the only way to go, to both

get established and avoid direct competition with larger companies. If you do not believe this you must read the book “The Purple Cow” which explains clearly the breakdown of the traditional advertising model product/business launch.

Since it is probably unfair to define this without an example I hope you enjoy reading this, somewhat comical, yet vastly incomplete business design example designed to demonstrate the minimum level of thinking that might be appropriate after running the four-step business process design cycle (coming soon) just once or twice.

Overly Simple Business Design Example:

The Mouse House

Tagline: We Catch 'em Quicker and More Humanly

- 1. Product Development Strategy** – Done in my garage and testing and improved over the last six years since I inherited my uncle’s wheat farm with the largest mouse population per acre north of Mexico. Product tested and proven to catch a mouse every four days with enhanced bait recipe and instant superglue technology triggered by the slightest movement inside the “Mouse House”. Fully designed and tested. To be refined and improved, based on customer feedback with new version expected twice a year and product-line extensions using same patents. Add the “Double-decker Mouse House with Lemon Scent” unit in the second year to allow cleaning and disposal monthly instead of weekly. In year three, add waterproof, non-disposable multi-unit Mouse Condo unit for outdoor perimeter population reduction to break reproductive cycle up to 300 yards outside grain factory walls. Upsell this to grain factories we already have as customers. Offer monthly pickup service at low cost to collect these mice and sell them to labs for drug and cosmetics testing.

- 2. Finance Strategy** - Use personal savings to make the first 5,000 units, sell them and double the production order each time with the resulting gross profit, living off spaghetti and my spouse's salary for first 18 months of operation. Get 90-day payment terms from manufacturer in exchange for volume guarantee over 2 years. Offer 5% off for a 50% deposit with full payment within 20 days. Hire a bookkeeper and bring in a local accounting partner to do monthly books and taxes annually after market is proven and revenue is going. Sell company to first corporate offer over \$6 million for patents, or \$2 million plus a royalty for five years of 5% based on sales projection at the time of offer. Excel spreadsheet budget and revenue projection generated to verify all this works financially.
- 3. Marketing Strategy** – Go after grain processors who would need over 600 units per year. Develop the market research myself with help from brother-in-law, who is a VP and Brand Manager at Proctor and Gamble in the household cleaning products division. He sold his table wax business to P & G five years ago and is an experienced entrepreneur. Possibly sell on the Internet to identify additional types of people and niche markets that we do not understand (idea flow). Investigate direct sales to small and medium sized commercial property exterminators who may have high volume and be able to offer a better guarantee as a competitive advantage if they leave our traps behind with their logo and phone number. Use Internet leads to investigate and test other additional market niche ideas. Investigate the restaurant, water park (Jumbo Rat House product) and low income housing apartment markets in year two after initial base of customers is established and revenue reaches \$1.6 million. Investigate public relations potential getting support from animal rights groups and others who protest poison and slap-trap solutions.
- 4. Sales Strategy** – Direct mailer waves with telemarketing follow-up during prime mouse season each year to all 5,356 grain processors in the midwest breadbasket,

where the mouse problem is largest and cats are too well fed to solve the problem. Expect a 0.5% response rate to each four-page color direct mailer campaign to wheat warehouses and wheat processing factory operations directors. Send a free sample case of 12 units with follow-up calls weekly to insure testing is completed over 45 days. Expect a 32% closing rate from the free trial case to regular customers generating an average of 200 units per month at a gross profit of about \$150 per month. Implying a 5-year customer value of $\$150 \times 12 \text{ months} \times 5 \text{ years} = \$9,000$ and an average fully loaded customer acquisition cost of \$720. Get customers on an automatic monthly reorder plan with 10% discount offer to keep staff needs predictable and at minimum level. Assume telemarketers cost \$15 per hour fully-loaded with 33% of that being commission based on sales.

- 5. Operations Strategy** – Outsource production at \$0.23 per unit locally for first 6,000 disposable units sold at \$2.00 each. Order in amounts of 100,000 from overseas bidder in China who will produce for \$0.02 per unit plus \$0.02 cents shipping to U.S. after reaching 24,000 units per month with local manufacture as backup and fill in for some orders given the 45-day shipping time. Hire an office manager to take customer service calls for first six months and scale internal staff as needed, hiring a manager when we reach three phone support people. Use outside telemarketing group if sales ramp quickly. Drop ship directly from manufacturer in minimum quantities of 60 units. Visit customers for feedback and product improvement ideas annually. Take Internet and phone orders at 30-unit minimum shipped from our office weekly.

You see that idea is to develop an idea of how everything in the business will work at a fairly high level so we can begin to iterate the business design from some initial assumption point. Few people will know everything to come up with all this stuff

without some help from others though, but the assumption is, this help is not a lot of time or expense at this stage.

Where Do Entrepreneurs Go Wrong?

The sad fact is, most businesses should not be run as originally envisioned by the founders for two main reasons:

- 1) You never, never, ever know enough when you found a business not to make many, many adjustments along the way, and
- 2) It is highly unlikely the founder has exactly all the right experience for this new business across the many business disciplines needed.

With the many thousands of business models possible for any given product or service expecting to pick the “best” purely based on one person’s previous experience out of the gate is almost absurd. Only if this business is tremendously simple and the founder has spent decades in that exact niche could this really be possible. However, even then the odds are many unknowns will be learned early on that will necessitate the business plan and model being adjusted. In fact, one of the traits common to all successful entrepreneurs is lots of flexibility to adjust their business as more information becomes available. Very little is written in stone in the mind of a good serial entrepreneur and they are always open to discussions with people who know more than them about certain areas. **The key here is to accept that you do not know what the business will look like in a few months and iterate from there.**

I have had the pleasure of working with many entrepreneurs over my career and generally my experience is, they are focused more on the technology or solving some problem (hopefully), more than on the design of their business. Typically, the business model is the result of the entrepreneur’s most recent experience, as opposed to the result a structured and thorough process that can be used to optimize any new or existing

business. The idea being that MY IDEA + MY PERSONAL EXPERIENCE = GOOD BUSINESS DESIGN. In fact this is almost never the case early on. Very, very few businesses have launched and succeeded with exactly the strategies they had when the founder(s) started in their garages. Anyone that tells you otherwise either never did it, or has conveniently forgotten all the major and minor adjustments to the business model they made along the way.

If the entrepreneur's last company used direct sales, and the founder is a technology-focused person, (a very common scenario) then guess what the sales model is likely to be? Yes, direct sales will often be the only one considered until a deeper management team is brought in. Oops! – But who will they hire to run sales with this assumption from the start? A sales VP with mainly direct sales experience of course! And will this person recommend using another type of sales approach? Not very likely is it? Do you see what happens? This is a slippery slope and the business model can actually become a self-fulfilling prophecy based on very early bad assumptions. In fact, this seemingly little slip-up very early on often dooms a business before it even leaves the garage!

If the initial business model assumption is wrong, it is certain to cost lots of time and money to figure out. So, it is actually better to assume almost nothing early on in the business. I have seen so many companies that are completely dead, and they just don't know it yet, because they have a simple bad assumption in their business model design, and are totally committed to that incorrect assumption or model. Some actual examples I have seen presented by smart people with the wrong experience for the business to make these decisions include a company trying to sell an enterprise software product at a \$5K to \$10K price point with a direct sales force. Unfortunately, it is commonly accepted that anything less than \$100,000 price point is the "valley of death" for enterprise software direct sales due to the huge sales cost, overhead and long trail cycle of corporations using

these products. Yes, there may be exceptions, but I wouldn't want to bet a year of my time or any of my capital on being that rare exception.

Another example was a company that wanted to sell a \$10,000 product, where there was already a perfectly good \$500 solution available in the marketplace. They basically seemed to believe that rich people were idiots and would pay the extra \$9,500 for some extra convenience and an unnecessary feature or two. I am sure they are either gone, or soon will be. What were they thinking? How did this happen? It seems they hired a technical person with exactly the wrong skill-sets, and he came up with a big Unix box solution, basically because that was his technical expertise. It was exactly the case of the carpenter fixing everything with a hammer. The best solution was more likely a \$300 piece of hardware with some customer chips in it.

I actually saw both these companies present at different university enterprise forum start-up clinics. All I can do is shake my head, knowing no matter what I say to them, the odds are they already have their minds made up to pursue a futile business model. I have seen this so many times and I know for certain they are DOOMED if they follow this plan. It will just take them about a year and their life's savings to figure that out. This is because by the time they figure this out, they will have burned up six months of their personal funding (which is likely almost all they had), hired the wrong people and not made any real progress figuring out what their real business model should have been to leverage their idea. Another dead start-up! This is so sad, and so totally avoidable if founders are willing to step back, take a month to investigate the market and "Design the Business" properly for that specific market-need, BEFORE they start investing significant resources. What this means is that they also must be open to listening to others who have "been there and done that" and/or have different experience sets. That is not to say they should take everything they hear as gospel, many people without the right

experience, including most venture capitalists will try to alter a business model to their liking, but the entrepreneur must get many data points and likely move towards the ones offered by the most experienced, successful people.

How Many People Does It Take?

Consider for a moment all the things we as individuals do not know! It is pretty sure that today no one can even keep one-tenth of one percent of the knowledge available to mankind in their head! Scholars say the last “Renaissance Man” existed in the early sixteen hundreds some time. This was the last century in which anyone alone could claim to be an “authority on everything”. Today, four hundred years of collecting knowledge later, we now double human knowledge every few years! How can anyone be silly enough to think they can know enough across a whole industry plus management, sales, finance, marketing, technology and operations to actually design a business alone? Let me tell you I have never met anyone who can, and I do not think they ever have existed, or ever will.

How many elements of the business will be challenging? Today sales and marketing are almost always challenging because people are overwhelmed with options. Are you pushing the limits of logistics, technology or the need for capital? If these disciplines would demand a top person to do when you get there, you will certainly need a top person to contribute during the business design phase. Typically, you will need at least three or more likely five, experienced management level people along the way. This is not to say you need them full-time just contributing as you gather your market research and iterate your business design. You may need many more in a consulting capacity for some quick answers, but often this can be over lunch and by picking peoples’ brains in

exchange for past or future favors. However, this is only if you want to be successful – if you plan to fail one will certainly do just fine.

Knowing What You Don't Know

Consider for a moment what each of us has “NOT learned” from a mathematical perspective, or as a percentage of all human, or even just business, knowledge? I would never dream of designing a business alone without the expert help of several people who are more experienced than I in other areas. But who? Where do you start? As you have seen who you start with will be a huge factor in where you end up. Yes, it is key to understand this is an iterative process. You have to start somewhere, and without being too committed in time and capital invested. So it is an unavoidable logical conclusion that business design MUST be an iterative process by its nature and this fact that one person cannot do it alone. You need to iterate through several versions of business design over and over again, getting half way closer to your goal each time, but probably never finishing. In fact, this process must be repeated FOREVER, because the market, technology, landscape of competition and other factors, which are totally out of your control, are constantly changing like the weather. So every business must be repeating this process regularly. Today this is one of the chief objectives of the CEO that was not needed 50 years ago. Keeping your business design up-to-date, based on rapidly changing market conditions and circumstances is a never ending process.

If you think about it you will realize, if we only use the things we have learned before, which we just agreed, I hope, is a small fraction of 1% of available information, we are almost certain to NOT have the proper business design. This does not even take into account, the fact that this is a different place and time. The obvious truth is, when you

The Art and Science of Business Design™

objectively consider it, it is very unlikely that the exact model of sales, marketing, operations and other disciplines at the founder's last company, or even all their previous companies, are anywhere near the optimum ones for this new business. If you accept that, then you must realize that every business is totally unique and needs to have its own custom business design with the input of many experts in appropriate fields.

Since no one can reasonably even claim to consider business options that they have no previous experience with very well, it is not only difficult to design a business without a good team, it is literally impossible, except in the very narrowest of circumstances. And I would argue in such circumstances this would not even be true entrepreneurship, because it must be an exact clone of some other simple business. So, it follows that any founder who says they have designed their business before they have a full team involved and lots of market research completed cannot possibly be on the right track.

Every business could be said to have been "designed", but the question is how many options were considered and how many people, with how many sets of professional expertise, were involved? Given any technology, product, challenge, problem or "core value" that you have to deliver to a market, there are literally thousands of ways to construct a business to extract value from this core value, expertise, product or service (the center core of the vision pie) and I'll show you why shortly.

Personally, I do not consider someone who is opening a new McDonald's franchise to be an entrepreneur, as many would, because they really are not doing something new, but only repeating someone else's proven formula for a business in a different place.

The Business Design Process

Doing a real business design is significant amount of work, but not compared to the resources that will likely be invested in any business during its first year. Even one senior person working alone for a year means you are taking about a six-figure commitment. And if it is not done right then it is almost certain the amount of capital and time needed to get to profitability will be driven up dramatically, greatly raising the risk of launching the business. In fact, I would bet that 99 times out of 100 the total launch cost of a business will be driven down enormously when the proper thought on the business design is done right up-front.

Well, I am sure there are many, many ways to approach this, but here is what I have evolved over two decades of launching eight start-ups and dozens of products and more than 15 years as a CEO. The first four steps (of 12 in the entire framework) of the business design process I have developed over the last fifteen years, which is called “Rapid Growth By Design™”, looks like this:

Business Design Process Diagram

1. Input: An Idea, Technology or Core Value As a Starting Point



Output: An INITIAL Business model

Lather, rinse, repeat, repeat, repeat, repeat . . . until you know (by selling actual products and/or services to actual customers) that your business model is working.

The Steps to Designing a Business

So, here are the steps I use and would recommend to almost anyone starting a new venture or optimizing any existing business too. The one caveat is you should never, ever attempt to do this whole cycle at home alone (enforced by step #3).

1. Come Up With Your Initial “Core Value”

What can you do better than someone else that will solve a big problem for lots of people who will either save money or time by using your product, service or idea. And I don't mean a ten-percent improvement I mean a 50%, 100% or more improvement on what ever else is available today to solve that problem. I am not going to spend much time here, as this is an entire book in itself on innovation and idea generation, but most entrepreneurs starting a business for the first time, know this already. So let's get to the good stuff that most entrepreneurs seem not to really know as well.

2. Research the Market.

I do not mean a major market research study here. For the first iteration I mean spending a few days or a week, yes, you the founder personally, researching the market, competitors, alternative solutions and technologies and many other things. Find and read everything you can on the area. The idea is just to establish a starting point. Merely being able to say that “maybe” there is a market for “X”, which leverages your core proposed value in the marketplace. You will do some competitive intelligence (CI above) calling competitors, customers, going to trade shows etc. And you should be filling in the top level of the marketing and messaging pyramid (see other chapter or article on this framework), so you can begin to frame the business model a bit and talk to people about it. This means you have a company name, tag-line, an elevator pitch, and maybe some sort of an idea what a brochure for the product should look like. But remember you are NOT supposed to do a very good or deep job on this at this point, because you will be coming back to this later (again and again) after doing a first pass on other things in the business design cycle.

3. Develop a Proposed Market Positioning Using Some Competitive Landscape Maps.

These were invented, as far as I know, by Michael Porter of Harvard Business School, and are discussed in great detail in his classic book “Competitive Advantage”. It is a must read for any CEO or entrepreneur. Basically, this process breaks down the problem into several two to three dimensional problems, instead of one ten dimensional problem. Human beings can actually only think in four dimensions, including time, except by using math equations. Yet a market position, business model or any complex business decision may have hundreds of significant variables or dimensions. So, we need to break the problem down into component parts that we can think more easily about. Basic elements we can put on paper to a) Communicate to others and b) See and play with all these variables (that a customer might recognize) that make up your product or service. This exercise always opens up people’s eyes to new possibilities, and I guarantee you I could put five teams of people in separate rooms with the same core business idea and get pretty much different business models almost every time if they did this process right. Each would come out with a different product definition or market position because with six variables and a spectrum of values for each there are literally MILLIONS of possible product positions in that market. For example: If there are seven variables, or attributes, that the customer recognizes about the product, there will be many possible values of each variable (likely an entire spectrum). So, let’s say these are the only product attributes: 1) price, 2) size, 3) value, 4) color, 5) flavor, 6) packaging and 7) distribution (how they buy it). And let’s assume only five distinct values for each variable. Then there are mathematically 35 to the power of 7 possible product positions. I believe that means there are about 64 billion distinct product positions in this market! So, typically there are no limits on what we can invent, or the positions available in the market so much as what people can remember, care about and, often most importantly today, if we can find people economically who need that product variation (niche marketing).

4. Develop a List of The Professional Skill Sets You Will Need To Build The Company Across All Disciplines.

This is far easier said than done, because you, by definition, do not know all these skills yourself and so cannot expect to even interview these people well enough to be sure they have them! I have developed a tool called the Skill-Set Matrix™ that helps flush this out and forces people to consider as much as possible. However, the idea is that you do a rough job of this, without hiring anyone first, so you can iterate after you have gotten some input from people with these skills. You see by definition you cannot really have a business model yet because you do not have the people who could begin to say it could work.

5. Analyze The Risks In The Business

So, now that you have some people on your virtual team, you can begin to look at the business risks and what you do to manage or overcome these with additional confidence. This first pass is also fairly rough, but will get you to the point where you can repeat the entire four steps all over again. Odds are that by adjusting the business model (easy to do without employees) you can actually eliminate, or greatly reduce many risks. This iterative process alone can increase any company's chances of success by 100% or more!

Now Repeat This Cycle Until You Get It Right

You may need to repeat this cycle anywhere from three to a hundred times, but I guarantee each time you do, your business model and design will keep getting better and better. You could take two steps forward and one step back, but generally you will make lots of progress with each iteration. As you get good experience with the process you

will go through the cycle faster and faster. Also, the more mature the business becomes the less needs to be changed. This also speeds up the process considerably.

**A key thing to remember is
“Putting a hammer in your hand does not
make you a fine carpenter”.**

This process can be a powerful tool, though much detail is missing here due to space limits, but without the right team of people, and with the exact right experience working on this process with you, even this process is doomed to failure. After almost 16 years as a CEO now I would still not expect to cover even half of the skills needed to design virtually any business worth launching. Even the Lone Ranger had his trusted sidekick, Tonto, and he was not doing anything so complicated as launching a new business venture.

Verifying Your Business Design

Unfortunately, there are no “business design simulation tools, like there are for verifying the design of complex computer chips. Frankly, I think there are too many variables for there ever to be good tools for this. So the only practical way to simulate a business must be to “run it” in the mind of the CEO and other senior executives with lots of experience. Each expert must verify that their portion of the business will work in their own head based on their own past experiences and by using their personal and subjective judgment. So this process clearly has lots of risk because people can be wrong or have the wrong experience. This risk must be addressed in several ways by testing in the real world, all those assumptions that are risky and critical to success.

You may use tools to verify “pieces” of the design that will work. For example, a spreadsheet model of the financials will verify that the business could actually produce a

profit long before a product is actually produced. This is actually one of the easier things to verify because it is mostly math; however, it is only as good as the assumptions put into it. “Garbage in, garbage out” as they say about any computer operation. Verifying that sales, marketing and operations processes will work is a different matter entirely. The key is to break out and prove that key higher risk pieces, or assumptions will pan out.

The Greatest Market Research Tool Ever Developed

There is one remarkable tool available today, which was not available a few years ago to test the market demand for a new product. It is the Internet. The Internet can be used to promote and measure interest and exactly measure how many people searched on specific words related to a product need. You can see who came to read a pitch for a product and actually hit the “BUY NOW” button too. Getting both readership and conversion to buyer ratios. More specifically there is an Internet tool that can do this for you in twenty-four hours for most product ideas. It is called “Google Adwords”. With a credit card and less than a one hundred dollar budget you can instantly set up a small ad to pop up in front of people searching on specific key words. All you have to do is figure out what words people will be search on when they have a need for your new product. There are probably many, but some can be so specific that you can be pretty certain most would want to know about your offering. You will also be able to track how many of those people click on your ad and send them to a simple web “brochure page”. This is also easy to set up. **This is actually the biggest market research development in the history of mankind.** And I do not say this lightly.

The reason that it is the greatest is that it is:

1. Exactly measurable
2. Cheap to implement
3. Easy to change in real-time without mailing, surveys, telemarketing
4. Can be used before the product is available

The Art and Science of Business Design™

5. Samples a huge amount of the population, with only a slight skew to Internet users
6. Provides a wealth of data on actual historical keyword search volume to help you know which keywords to use even before you launch your research campaign
7. Is real-time

I do not believe you can say all these things, not even close actually, about any other market research vehicle available today. It is actual an almost perfect tool to figure out if there is a need for what you are thinking of creating before you invest one red cent in product development, hiring, sales or even marketing. And not only this but you can actually roll this into a real sales campaign and begin selling almost instantly.

Most products fail because people build products that other people actually don't want, are too expensive, or the company cannot economically find good prospects or buyers. This tool actually solves all three problems, on a small scale, and allows you to know: A) There is demand for product, even before you create the product, B) Test any number of prices and other variable quickly, and C) Identify actual buyers, and the number of them available on a monthly (through the Internet channel anyway). You can then even have a good chance of interviewing both those people who bought, and those who did not, if you can simply capture their email addresses or other contact information in exchange for some small bribe of a free something or other. The economics of this, as compared to doing traditional, formal market research are literally 100 times better or more!!

Writing a Business Plan

I recommend using only PowerPoint slides for the first few iterations of the business design, rather than writing a significant business plan document. The reason is that the

rate of change of information is so fast that you waste an enormous amount of time writing text that needs to get change dramatically. If you just have bullet points for the key design elements they are very easy to change, reorder, delete and expand on. When the design begins to solidify and change less rapidly you can write a paragraph of text for each bullet point and expand as needed. I do recommend writing a full business plan; you really cannot have a complete business design without one, it is just that you need to have a very mature design before you begin putting in this kind of effort into writing. The business plan is absolutely necessary and you should run, not walk, from any consultant or advisor who tells you otherwise. Even if you throw it in the trash when it is done the planning process is the value, not the resulting document. You will have a different, and much better, business design as a result of the discipline enforced by writing a business plan and it will pay huge dividends. Far more than the cost of doing it, because you will clearly avoid many expensive mistakes as a result. That said this is a big job and

generally requires a few weeks of full-time effort. So ideally you want to write it before you have full-time employees on your payroll and have ratcheted up your burn rate. This can be done using a virtual team as discussed for the business design process. You should spread the writing effort around and get the expertise and thinking of lots of good people. Although the best people will not do this for stock, they don't have too and the success rate is too low for this to make sense for all but the most desperate consultants.

Conclusion

Each time you go through this cycle your business will improve significantly. Each time you do it early on it will probably take longer because you are going deeper and deeper into each step and more things are starting to harden up. Later, as less information changes, you can actually repeat the cycle faster and faster.

I would venture to say most of the best entrepreneurs do much of this business design process at some point intuitively along the way; they are forced to by circumstances. The problem is most often they do it way too late and long after resources and people have been committed, based on earlier faulty assumptions. It gets harder and harder to change these major variables as time goes on, and as people are hired based on assumptions of distribution, market position (pricing, volume, quality) and many other factors.

So the key could be stated as “Understand you do not understand anything at the start.” or in other words go into the business design and market research process with very few, if any, preconceived notions. I know it sounds like a line to grasshopper from his Shaolin monk Master Po in Kung Fu, but you must empty yourself and be aware of everything you assume, but do not know for certain. You must be aware of what you do not know. You must bend like a tree in the wind and yield like water, yet flow back again and again with the raw determination to find the right way to leverage your core value. These are great metaphors for the business design process.

The way the human mind works if you do not do these things then you will work hard to prove your preconceived assumptions and ignore much data that says they are wrong (“Cognitive Dissonance”). This results in proving a market you set out to prove existed, instead of being open to all possible uses for your core value and letting the market tell you where the most valuable, “lowest fruit” market opportunity really exists. You must also start out understanding you will need to draw on the experience of several other high-quality, highly experienced people who have experience in areas where you do not.

Appendix
Other Available Products to Help Your Business Grow More Rapidly

Appendix - Other Products For CEOs, Entrepreneurs and C-Level Executives To Help Grow Your Business More Rapidly

C-Level Enterprises, Inc. offers a series of unique books as part of titled “The Secrets of a Serial Entrepreneur™”. These books are all written by Bob Norton and are designed to be used at key points in a company’s development life cycle, and throughout the development of the company. They are a great alternative to high-price consulting services from business launch experts and will greatly increase any entrepreneur’s chances of success. They provide proven frameworks for success, developed by Bob Norton over 15 years as a CEO and 25 years as a serial entrepreneur, to help break through some of the most common and practical traps that growing businesses fall in to virtually all the time; if they have not grown a business before to this size.

The entire series can be seen at <http://www.CLevelEnterprises.com/products.htm> if you are online go there for the most up-to-date information now. Otherwise you can read below. The Books cover the business development steps: Design, Launch, Hire and Manage. And ideally should all be read in that order.

Appendix
Other Available Products to Help Your Business Grow More Rapidly

Books and Tapes For CEOs, Entrepreneurs and C-Level Executives To Help Grow Your Businesses More Rapidly and Develop Long-term Competitive Advantage

These books are all written by Bob Norton, a serial entrepreneur for over 25 years and a CEO for more than 15 years. Mr. Norton is one of the leading authorities in the world on entrepreneurship, intrapreneurship and growing businesses rapidly. He has participated in eight startup companies, grown two to over \$100 million in sales and several have dominated their respective markets. He has also worked for two multi-billion dollar corporations running product development efforts. His experience goes across all size companies, and many types of businesses in various industries. During his career Mr. Norton has helped created over \$1 billion in new shareholder value just while at those companies. Mr. Norton provides expertise on growing small and medium size companies more rapidly using eleven different proprietary tools and methodologies for business design, development and optimization, which he has developed over the last fifteen years. Many ideas are also contributed from over 1,000 business books in his personal library. He also runs the premier CEO and Entrepreneur Boot Camp in the U.S. today, which is design to cut years off the learning curve of CEOs and entrepreneurs and turn them into world-class CEOs. This exclusive event teaches practical business design and optimization systems in an intensive 3-day training program for any CEO or entrepreneur.

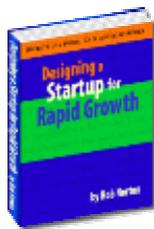
Mr. Norton has appeared on CNBC, Good Morning America and many other regional and national media like Inc. magazine. He provides advice to entrepreneurs and CEOs through consulting, speaking, writing and seminars. He frequently speaks at corporations, associations, and universities on business topics.

These books are targeted at particular problems and stages of development where early-stage ventures commonly encounter critical issues while moving from raw startup

Appendix
Other Available Products to Help Your Business Grow More Rapidly

with an idea to becoming an established company. They are guaranteed to improve any business's chances of success dramatically. They can be downloaded immediately and the ideas and systems put into action the same day. Unlike hardcover books, that need to be a certain size to justify the printing, distribution and retail markups, these books will not have lots of redundant information, essentially showcasing the same basic ideas five different ways. They are packed with totally unique content that comes from the experience of a real serial entrepreneur, not just an author who did some academic research, but practical advice and systems for CEOs and entrepreneurs proven to work over two decades. The philosophies and systems used in each are compatible so that, as a set, they will create a framework for successful and rapid business growth.

You can click on each book icon below for more complete information.



DESIGNING



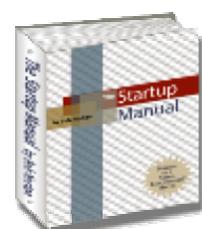
LAUNCHING



HIRING



MANAGING



**ALL FOURS
BOOKS**

The Startup Manual includes all four books plus our proprietary business design tools CD-ROM.

Appendix
Other Available Products to Help Your Business Grow More Rapidly

Books and Tapes Order Form

(Click on Titles For Complete Information and online ordering)

Books & eBooks These are provided as PDF files. Add \$8.95 shipping and handling for each book <u>only</u> if you want a physical hard copy printed and shipped to you.	Unit Price	Printing & Shipping (eBooks Free)	Quantity	Total
<u>Designing a Startup For Rapid Growth and Profit</u>	\$39.00	\$8.95		
<u>Roadmap To Launching A Successful Company</u>	\$39.00	\$8.95		
<u>Hiring The Best People At Early Stage Companies</u>	\$27.00	\$8.95		
<u>How to Manage a Business For Rapid Growth</u>	\$34.00	\$8.95		
<u>The Startup Manual</u> Set Of All 4 books above in 3-ring binder. Save \$10 When all are purchased together	\$129.00	\$10.95		
Audio Taped Seminars With Slides				
<u>Raising Angel Financing (2 CDs + Slides)</u>	\$39.00	\$6.95		
<u>Bootstrapping (2 CDs + Slides)</u>	\$39.00	\$6.95		
<u>The Ultimate Startup Manual</u> All 4 of the above books plus both audiotape programs. This product comes in a three ring binder with over three hours of audio on Raising Angel Financing and Bootstrapping. It is a complete system for starting an early stage company from original idea to first	\$189	\$11.95		

Appendix

Other Available Products to Help Your Business Grow More Rapidly

outside financing. It should save or make you many thousands of dollars.				
(You may deduct \$1.00 for each shipping and handling charge after the first item)				
TOTAL CHARGES:				-

[Click Here To Go To Our Complete online catalog of products for CEOs, entrepreneurs and Senior Executives.](#)

Appendix
Other Available Products to Help Your Business Grow More Rapidly

Entrepreneur and CEO Boot Camp DVD Order Form

Available 8/1/2004

This is the premier training program for entrepreneurs and CEOs in the U.S. today. Almost 12 hours of video documenting a complete CEO and Entrepreneur Boot Camp weekend available by subject, or as a complete set. This is some of the best advice available today on launching and growing businesses from someone who has done it many times. You can replay them and share them with your entire team, which multiplies the power and impact on your company many fold. [See video testimonials by clicking here.](#)

The CEO Boot Camp DVDs The Art and Science of Business Design™	Unit Price	Shipping and Handling (eBooks Free)	Quantity	Total
1. Roadmap to a Successful Vision – Included free with any other DVD ordered. Included free with any other DVD. Plus our Risk Management tool and Boot Camp Preview.	\$44.95	\$5.95		
2. Market Research – Marketing Steers The Enterprise	\$89.95	\$5.95		
3. Competitive Positioning (also includes Risk Management and business optimization system)	\$89.95	\$5.95		
4. Entrepreneurial and Intrapreneurial Marketing	\$89.95	\$5.95		
5. Rapid and Efficient Product and Service Development	\$89.95	\$5.95		
6. Managing The Sales Process	\$89.95	\$5.95		
7. Finance, Financing and The Financial Plan	\$89.95	\$5.95		
8. Developing Your Team - The Skill Set Matrix, Management Methods and the Employee Development Ladder	\$89.95	\$5.95		
9. Operations and Customer Service – The Corporate Dashboard	\$89.95	\$5.95		

Appendix

Other Available Products to Help Your Business Grow More Rapidly

10. Hiring Sales Winners	\$89.95	\$5.95		
11. Everybody Needs a Branding Strategy	\$89.95	\$5.95		
The complete CEO and Entrepreneur Boot Camp DVD Set Contains All DVDs Listed Above. Over 11 hours of the most valuable video you will ever watch. This package also includes the full 300 page manual with all slides, articles, our proprietary business design tools CD-ROM and plus a Rapid Growth By Design™ system wall poster that pulls it all together after you have listened to the entire set.	\$799.00	FREE		
		TOTAL: _____		

[Click Here or Call For CEO and Entrepreneur 3- Day Boot Camp Seminar Dates and Locations in October, December, January \(7 Day Caribbean Cruise\) and March 2004](#)

Appendix
Other Available Products to Help Your Business Grow More Rapidly

Shipping and Billing Information	
Card Type	Circle one: Visa Master Card Discover
Cardholders Name:	<input type="text"/>
Credit Card Number:	<input type="text"/>
Expiration Date:	<input type="text"/> MM/YY
Cardholders Signature:	<input type="text"/>
Ship To:	<input type="text"/>
Street Address, Apt. #	<input type="text"/>
City/State/Zip Code	<input type="text"/>
Country (if outside US)	<input type="text"/>
Daytime Phone	<input type="text"/>
E-Mail Address	<input type="text"/> (Please print clearly)

FAX To: (801) 672-9640 Or Call (508) 381-1450

Note: All orders outside of the United States: Add five dollars for each video, nine dollars for each physical book, above regular shipping costs.

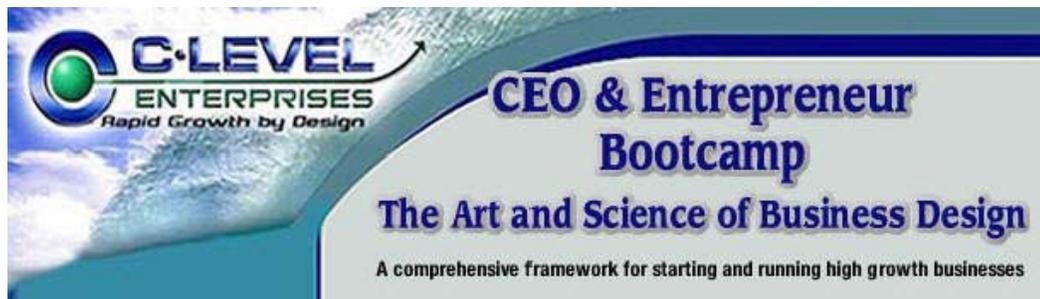
Appendix
Other Available Products to Help Your Business Grow More Rapidly

This complete collection of four eBooks is also available as a package at 30% off, with over 300 secrets of a serial entrepreneur and hundreds of pages of valuable "How To" content from someone who has done it before.

Sign-up for No Charge Mini-course on Raising Angel Financing just by clicking here to send an email to this address:
<mailto:bob3-66436@autocontactor.com>

This free mini-course on raising angel financing will help you understand why today angel financing is far more important than institutional venture capital financing and far more accessible.

The Art and Science of Business Design CEO and Entrepreneur Boot Camp



**The Premier CEO and Entrepreneur Boot Camp
in the World Today.**

Developed and Delivered by a successful serial entrepreneur and 15 Year CEO who has grow two businesses from \$0 to over \$100 million in revenue and generated over \$1 billion in shareholder value.

**Two Days That Will Change Your Life, Accelerate Your Business,
and Accelerate Your Career**

Appendix
Other Available Products to Help Your Business Grow More Rapidly

*Learn How To Turn Any Enterprise Into A
High-Growth \$100 Million Business*

In this intensive seminar, you will learn how to design and run businesses for high growth and profit from very successful, “been there, done that” experts. It is a complete integrated system for designing and running businesses compiled over 15 years from over 1,000 business books and field-tested. Experts offer you the most important systems, tips and techniques for success that they’ve learned during their distinguished careers, while also letting you know how to avoid many common business missteps by employing systems using the latest research, techniques and best practices available today.

[Click Here For More Information If You are Online, or](#) read more
below.

Call (508) 381-1450 or email <mailto:Seminars@ClevelEnterprises.com>

What is The CEO and Entrepreneur Boot Camp About?

Join Bob Norton, a serial entrepreneur who has grown two businesses to over \$100 million in sales, for an intense two-day Boot Camp filled with 312 secrets on starting and running companies for fast growth. Learn to greatly improve your strategy, vision, business design, and management skills using a complete system developed over 15 years as a CEO incorporating some of the best ideas from 1,000 business books. You will learn to use 11 proprietary tools that will radically improve any business in any industry.

Nothing ever fully prepares you for stepping into the role of a CEO or Entrepreneur.

The Art and Science of Business Design details how to design, plan and manage each of any enterprise's key disciplines - Sales, Marketing, Finance, Operation and Product Development. As a CEO and Entrepreneur, you need to know how these departments

Appendix

Other Available Products to Help Your Business Grow More Rapidly

interact and even compete. You need to know how to recruit, hire, motivate and manage the best people in each discipline. You must also know how to get them to work together so that everybody is on the same page.

In "The Art and Science of Business Design" you will learn to:

1. Design and position a business for more sustainable competitive advantage and higher barriers to entry.
2. Optimize your business model for minimum risk and capital investment.
3. Better define the exact skills you need on your team and learn how to select people and interview for skills you do not have yourself.
4. Raise capital in any market from the best sources without giving the company away.
5. Inject entrepreneurial spirit into ANY organization, large or small, and improve product development productivity by a factor of FIVE times the average or more.
6. Develop a marketing, communications and messaging plan, and a marketing department, that is accountable to a return on investment.
7. Develop and improve your corporate vision to better attract investors, employees and customers.
8. Plan, design and manage a sales department and select strategies, tactics and channels that will work for your business.
9. Hire the best people in every area and understand what personality types work best in each business area to create superior results.
10. Adjust your management style, risk, appetite and executive decisions based on your company's stage of development as it grows from a raw startup to a significant business.
11. Manage employees and develop them into more valuable assets for your company's benefit and theirs.
12. And much, much more than what we can list here.

If you are an entrepreneur intent on growing your business to \$50 million or more in sales, you really can't afford to miss this unique event.

Admission includes:

Appendix
Other Available Products to Help Your Business Grow More Rapidly

- A sure-fire business and career-booster that is not available anywhere else. The skills developed in this seminar will allow managers to move up in any organization
- A complete system that will bring high-growth to any business
- More cutting edge, how-to content than you'll find in some 3 to 5 day seminars
- Reference materials you'll use over and over again, including a complete 350+ page manual that includes all the slides, handouts and tools presented in the seminar
- A BONUS CD-ROM containing the key tools, forms and templates that could save thousands of dollars in expenses. (This is a \$499 value sold separately)
- Each attendee will receive one hour of consulting from our President and Founder, Bob Norton, at our offices in Milford Massachusetts. This is a \$400 value
- An e-book from our "Secrets of a Serial Entrepreneur Series". Four titles all written by Mr. Norton- even more will be available shortly
- Breakfast, lunch and snack break both days
- A 100% money-back guarantee (see web site for details)
- Free parking.