



# IMPROVE BUSINESS PRACTICE

NTQF LEVEL -III

## LEARNING GUIDE -75

<b>UNIT OF COMPETENCE: -</b>	<b>IMPROVE BUSINESS PRACTICE</b>
<b>MODULE TITLE: -</b>	<b>IMPROVING BUSINESS PRACTICE</b>
<b>LG CODE:</b>	<b>HLT MLT M015 LO5-LG-75</b>
<b>TTLM CODE:</b>	<b>HLT MLT TTLM 0919V1</b>

LO5: Develop business growth plans



## Instruction Sheet

## Learning Guide 75

This learning guide is developed to provide you the necessary information regarding the following content coverage and topics –

- Developing and agreeing an action plan
- Reviewing business work practices
- Planning to add new clients

This guide will also assist you to attain the learning outcome stated in the cover page. Specifically, upon completion of this Learning Guide, you will be able to –

- Develop Plan to increase profitability
- Rank and propose plans according to agreed criteria
- develop and agree an action plan to implement the top ranked plans.
- Review business work practices to ensure growth plans

### Learning Instructions

1. Read the information written in the “Information Sheets”.
2. If you earned a satisfactory evaluation proceed to next module. However, if your rating is unsatisfactory, see your teacher for further instructions.
3. Read the “Operation Sheet” and try to understand the procedures discussed.
4. Practice the steps or procedures as illustrated in the operation sheet. Go to your teacher if you need clarification or you want answers to your questions or you need assistance in understanding a particular step or procedure
5. Do the “LAP test” (if you are ready). Request your teacher to evaluate your performance and outputs. Your teacher will give you feedback and the evaluation will be either satisfactory or unsatisfactory. If



unsatisfactory, your teacher shall advise you on additional work. But if satisfactory you can proceed to the next Learning Guide.

<b>Information sheet 1</b>	<b>Plan to increase yield per existing client</b>
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## 5.1. Planning to increase yield per existing client

Every business needs new customers, but don't ever forget that your easiest and most predictable source of new revenue is right under your nose: It comes from the loyal customers who already know your company. Acquiring new customers is expensive (five to ten times the cost of retaining an existing one), and the average spend of a repeat customer is a whopping 67 percent more than a new one. So, sure, put some energy into new business development, but make sure your sales people know that coming up with creative ways to sell more to your current customers is just as important. Here are 10 proven techniques to do just that:

**1. Think lifetime value, not transactional value.** To keep customers coming back to Zane's Cycles (and away from the superstores), Chris Zane offers a wildly attractive incentive to parents who buy their children's bikes from him: He'll credit the full cost of last year's bicycle toward an upgrade every year up to a 20-inch wheel. "We won't make money until they buy their second bike from us at full price," says the Branford, Connecticut entrepreneur. In the meantime, parents buy accessories for their growing children and, predicts Zane, are impressed enough with his commitment to service that they become customers for life.

**2. Go for a no-brainer upsell.** "We started noticing that our clients wanted us to store their media files because they had a habit of re-editing their sizzle reels several times over the course of the year," says Scott Gerber, CEO of SizzleIt, a New York City company that produces short promotional videos. The process became time consuming and tedious for the company, so Gerber started charging clients monthly and annual fees to store their data. "This created a whole new revenue stream for the company," he says, "not to mention it allowed us to get rid of large amounts of media files when clients didn't want to pay."

**3. Offer complementary products or services.** Put a little thought into what your customers are buying and the other needs that those purchases might trigger (think



printers/ink cartridges). For instance, Language International's primary product is language study abroad programs. "But very often, our customers also need housing and travel insurance," says Karen Ong, CEO of the Boston-area company. Offering those complementary products has "helped us expand our gross margins from 21 percent to more than 25 percent," she says.

**4. Offer complementary products or services.** . Sometimes you may not see your best customers as often as you'd like, so you need to work extra hard to keep yourself on their radar screens. Jack Mitchell, the CEO of The Mitchells Family of Stores in Fairfield County, Connecticut, has his sales people contact customers by phone, email, and handwritten note "not trying to sell them anything, but letting them we're available to do alterations, or to come to their home, look at their closet and see what is still wearable," says Mitchell. He knows that if he keeps in touch with customers in a low-pressure way, his best customers will find their way back his four luxury clothing stores when the economy improves.

**5. Practice the art of the perfectly-timed pitch.** What is a key day to reap additional revenue, and what can you do to capitalize on it? "We always have success with our yearly Black Friday e-mail blast," says Zalmi Duchman, the CEO of TheFreshDiet.com, a healthy meal delivery service based in Surfside, Florida. So last year, on the day after Thanksgiving, the company sent an e-mail blast to its database of clients, and generated an additional \$400,000 in revenue in three days. "For us it's the best of both worlds," says Duchman. "Everyone is looking out for specials, and it's right after Thanksgiving so people are thinking about dieting and their New Year's resolutions."

**6. Help your customers sell more to their customers.** If you're selling to other businesses, the best way to get more revenue from them is to help them increase sales to their customers. Nick Villaume, the CEO of The Dev Department, an Atlanta-based company that provides white label web development services to graphic design firms, developed a free credentialing system for the designers who are his customers. "This not only gives them the knowledge and confidence to sell more and bigger contracts, but also positions them as experts in their market," says Villaume. He launched the educational program six months ago and has since seen new client requests quadruple. "We are sending out many more estimates—20 to 30 per month—and about two thirds are closing," he says. "It not only provides



more sales, but more profitable sales. We are spending less time coaching designers and less time doing non-billable revisions."

**7. Remind customers of everything you offer.** Never assume that even your most reliable customers are completely aware of all the products and services you offer: you need to remind them regularly. Kelley Briggs, CEO of DesignWorks NY, a graphic design and marketing communications firm in Westchester County, New York, sends a personal letter to every customer once a year. She includes a list of her services with the ones they've used check off. "It reminds them of the types of projects we've worked on in that past year and shows them what services they did not use," she says. "It's an excellent cross selling tool." In recent years, clients who received the letter have signed on for additional projects such as annual reports, website design, and marketing strategy.

**8. Create incentives for in-house referrals.** Scott Gerber's video production company, SizzleIt, often works with large companies, and he has found a way to effectively turn one client into multiple clients. "We incentivized our current clients to recommend us to the project leaders in other parts of the company by offering them steep cash discounts for successful referrals," says Gerber. At a time when corporate budgets are tight, that lowered the cost of doing business with SizzleIt, strengthened customer relationships, and generated more income without the cost of attracting new clients.

**9. Give customers a say in what you sell.** started an initiative called Be the Buyer, which allows shoppers to vote online on clothing samples. If a garment gets enough votes, the online clothing retailer will add it to its offerings, and then send emails to visitors who voted for the item. The program allows the company to confidently gamble on items it might have thought were risky choices, plus it encourages a high level of customer engagement with leads to repeat sales. Co-founder Susan Gregg Kroger says the initiative has also significantly boosted web traffic to the Pittsburgh-based company.

**10. Put some skin in the game.** Greg Alexander, the CEO of Sales Benchmark Index, an Atlanta company that helps clients increase the effectiveness of their sales forces, says that the percent of his company's revenue that came from existing customers jumped from 20 percent to a whopping 80 percent in two years. His secret: he started writing performance-based contracts. "We said if we don't deliver



don't pay us. If we do deliver, pay us a percentage of the gain," he explains. He also started compensating his team according to the results they delivered for customers. "The 'skin in the game' technique resulted in our firm doubling revenue," says Alexander.

Self check 1	True/false
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Directions: Answer all the questions listed below. Use the answer sheet provided in the next page.

I-True or False: Write TRUE if the statement is correct and write FALSE if the statement is wrong. (5pts. Each)

1. Your easiest and most predictable source of new revenue comes from loyal customers who already know your company
2. Go for a no-brainer upsell is one method for increasing customer

### Answer Sheet

Score = \_\_\_\_\_

Rating: \_\_\_\_\_

Name: \_\_\_\_\_ Date: \_\_\_\_\_

I- True /false:

1. \_\_\_\_\_
2. \_\_\_\_\_



<b>Information sheet 2</b>	<b>Plan to add new clients</b>
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## 5.2. Planning to add new clients

If you want to grow your business, you must target potential new customers and do so knowing that your competitors are targeting the same group. In fact, most business owners quickly realize that half their efforts must be geared toward attracting potential new customers because there are so many options for buyers. Your company's marketing plan is the key aspect of appealing to potential clients for your business. However, to make a sale, you must prepare extensively, develop a detailed plan to target potential new customers and execute that plan in a diligent manner.

### Review Your Customer Persona

You can't properly target potential clients for your business without first reviewing your existing customer persona, which is a thorough **summary of your ideal customer**. The reason a review is important is that you may discover that your persona is missing key characteristics. For example, if you sell comic books, your ideal client may be men from the age of 20 to 40 who are active on social media. However, you may have discovered that you have a growing customer base of women in that same age group. Reviewing your customer persona allows you to include women in this demographic as potential clients for your business.

### Learn Where Your Potential Clients Hang Out

Once you understand who you are targeting, you have to learn where to find your potential clients so you can reach them with your marketing plan. For example, the owner of a comic book shop would likely find that prospective customers are **active on social media** sites devoted to discussions about comic book, movies and fan fiction. As a result, that business owner would create a marketing plan that is heavy on social media promotion rather than direct-mail advertising.

Creating a job skills development plan is a useful strategy for achieving professional growth. The ideal plan identifies long-term goals and outlines a detailed approach for developing job skills. A professional development plan may be created by a supervisor who works closely with his employee. Career counselors



use job skills development plans to help clients achieve their career aspirations. New college graduates and career seekers can develop their own plans.

<b>Self check 2</b>	<b>T/F</b>
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Directions: Answer all the questions listed below. Use the answer sheet provided in the next page.

I-True or False: Write TRUE if the statement is correct and write FALSE if the statement is wrong. (5pts. Each)

1. Creating a job skills development plan is a useful strategy for achieving professional growth.

You can ask your teacher or trainer for the copy of the correct answers

### Answer Sheet

Score = \_\_\_\_\_

Rating: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

I- T/F:

1. \_\_\_\_\_





### **5.3. Ranking proposed plans**

Particular situation for year 2013 described in Section 1 implies that KIC InnoEnergy will only fund the development of the feasibility study dedicated to the analysis and development of the business opportunity. Such analysis will have to be defended in front of a thematic field assessment committee which, at a formal gate review, will determine if the project can continue or not receiving KIC InnoEnergy funding. Those projects not succeeding at the gate review will be cancelled. Once successful at the gate review, the funding of KIC InnoEnergy projects will be decided on a yearly basis, subject to two conditions:

1. Performance according to plan. Project performance will be assessed by KIC InnoEnergy thematic field assessment committee at regular mid-year or year-end project reviews, or at gate reviews established upon attainment of milestones previously identified and agreed for each project. Favorable assessments can lead to budget increases, whereas non-favorable assessments can lead to budget decreases, including the total cancellation of the project.
2. Availability of KIC InnoEnergy resources for year Y. Every year in September Y-1, KIC InnoEnergy has to submit to the EIT the Business Plan proposal for year Y. After assessment of the overall KIC InnoEnergy Business Plan proposal and upon consideration of available financial resources, it will communicate to KIC InnoEnergy the amount granted for year Y. On the basis of such EIT resources and KIC InnoEnergy own resources, KIC InnoEnergy will allocate the available funds to the different activities.



<b>Self-check 3</b>	<b>Written test</b>
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**Answer the following question**

1. Write the steps to develop plans to increase yield per existing client?

**Answer Sheet**

**Score =** \_\_\_\_\_

**Rating:** \_\_\_\_\_

Name: \_\_\_\_\_ Date: \_\_\_\_\_

I- short answer

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## 5.4. Developing and agreeing an action plan

### 5.4.1 WHAT IS AN ACTION PLAN?

In some ways, an action plan is a "heroic" act: it helps us turn our dreams into a reality. An action plan is a way to make sure your organization's vision is made concrete. It describes the way your group will use its strategies to meet its objectives. An action plan consists of a number of action steps or changes to be brought about in your community.

Each action step or change to be sought should include the following information:

- **What** actions or changes will occur
- **Who** will carry out these changes
- **By when** they will take place, and for how long
- **What resources** (i.e., money, staff) are needed to carry out these changes
- **Communication** (who should know what?)

### 5.4.2. WHAT ARE THE CRITERIA FOR A GOOD ACTION PLAN?

The action plan for your initiative should meet several criteria.

Is the action plan:

- **Complete?** Does it list all the action steps or changes to be sought in all relevant parts of the community (e.g., schools, business, government, faith community)?
- **Clear?** Is it apparent who will do what by when?
- **Current?** Does the action plan reflect the current work? Does it anticipate newly emerging opportunities and barriers?

### 5.5.3 WHY SHOULD YOU DEVELOP AN ACTION PLAN?

There is an inspirational adage that says, "People don't plan to fail. Instead they fail to plan." Because you certainly don't want to fail, it makes sense to take all of the steps necessary to ensure success, including developing an action plan.



There are lots of good reasons to work out the details of your organization's work in an action plan, including:

- To lend credibility to your organization. An action plan shows members of the community (including grantmakers) that your organization is well ordered and dedicated to getting things done.
- To be sure you don't overlook any of the details
- To understand what is and isn't possible for your organization to do
- For efficiency: to save time, energy, and resources in the long run
- For accountability: To increase the chances that people will do what needs to be done

#### **5.5.4 WHEN SHOULD YOU CREATE AN ACTION PLAN?**

Ideally, an action plan should be developed within the first six months to one year of the start of an organization. It is developed after you have determined the vision, mission, objectives, and strategies of your group. If you develop an action plan when you are ready to start getting things done, it will give you a blueprint for running your organization or initiative.

Remember, though, that an action plan is always a work in progress. It is not something you can write, lock in your file drawers, and forget about. Keep it visible. Display it prominently. As your organization changes and grows, you will want to continually (usually monthly) revise your action plan to fit the changing needs of your group and community.

#### **5.5.5 HOW TO WRITE AN ACTION PLAN**

##### **DETERMINE WHAT PEOPLE AND SECTORS OF THE COMMUNITY SHOULD BE CHANGED AND INVOLVED IN FINDING SOLUTIONS**

If you have been using the VMOSA (Vision, Mission, Objectives, Strategies, Action Plans) model, you might have already done this, when you were deciding upon your group's objectives. Again, try to be inclusive. Most of the health and development issues that community partnerships deal with are community-wide, and thus need a community-wide solution. Possible sectors include the media, the business



community, religious organizations, schools, youth organizations, social service organizations, health organizations, and others.

Some members of the community you might consider asking to join the action planning group include:

- Influential people from all the parts of the community affected by your initiative (e.g., from churches and synagogues, the school system, law enforcement, etc.)
- People who are directly involved in the problem (e.g., local high school students and their parents might be involved in planning a coalition trying to reduce teen substance abuse)
- Members of grassroots organizations
- Members of the various ethnic and cultural groups in your community
- People you know who are interested in the problem or issue
- Newcomers or young people in the community who are not yet involved

Let's consider some of the people who were involved with the planning group for the fictional Reducing the Risks (RTR) Coalition that hopes to reduce the rate of teen pregnancy. Some of the members of this planning group included teachers at the local high school, local teenagers and their parents, members of the clergy, counselors and school nurses, staff of the county health department, and members of youth organizations, service agencies, and other organizations that focus on youth issues.

**Convene a planning group in your community to design your action plan.** This might be the same group of people who worked with you to decide your group's strategies and objectives. If you are organizing a new group of people, try to make your planning committee as diverse and inclusive as possible. Your group should look like the people most affected by the problem or issue.

Once everyone is present, go over your organization's:

- Vision
- Mission



- Objectives
- Strategies
- Targets and agents of change (e.g., youth, parents and guardians, clergy)
- Proposed changes for each sector of the community (e.g., schools, faith community, service organizations, health organizations, government)

**Develop an action plan composed of action steps that address all proposed changes.** The plan should be complete, clear, and current. Additionally, the action plan should include information and ideas you have already gathered while brainstorming about your objectives and your strategies. What are the steps you must take to carry out your objectives while still fulfilling your vision and mission? Now it's time for all of the VMOSA components to come together. While the plan might address general goals you want to see accomplished, the action steps will help you determine the specific actions you will take to help make your vision a reality. Here are some guidelines to follow to write action steps.

Members of the community initiative will want to determine:

- *What* action or change will occur
- *Who* will carry it out
- *When* it will take place, and for how long
- *What resources* (i.e., money, staff) are needed to carry out the change
- *Communication* (who should know what)

#### Self-check 4

#### Written test

#### Answer the following questions

Essay: -

1. What is an action plan?
2. What are the criteria for a good action plan?
3. Why should you develop an action plan?
4. When should you develop an action plan?



## Answer Sheet

Score = \_\_\_\_\_

Rating: \_\_\_\_\_

Name: \_\_\_\_\_ Date: \_\_\_\_\_

### I- short answer

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3.

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4

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## 5.5. Reviewing business work practices

Once your business is established and running well, you may be inclined to let things continue to run as they are.

However, it's actually time to plan again. After the crucial early stages, you should regularly review your progress, identify how you can make the most of the market position you've established and decide where to take your business next. You will need to revisit and update your business plan with your new strategy in mind and make sure you introduce the developments you've noted.

This guide takes you through this essential process, detailing the stages you should go through to assess how well your business is performing, highlighting your strengths and areas that could be improved and suggesting the actions you need to take to implement the improvements that you've identified.

- Why it's vital to review the progress of your business
- Assess your core activities
- Assess your business efficiency
- Review your financial position
- Conduct a competitor analysis
- Conduct a customer and market analysis
- Use your review to redefine your business goals
- Models for your strategic analysis
- Breaking down your strategic review

### **Why it's vital to review the progress of your business**

It's easy to focus only on the day-to-day running of your business, especially in the early stages. But once you're up and running, it can pay dividends to think about longer-term and more strategic planning. This is especially true as you take on more staff, create departments within the business, appoint managers or directors and become distanced from the everyday running of the business.

Reviewing your progress will be particularly useful if you feel:

- uncertain about how well the business is performing
- unsure if you're getting the most out of the business or making the most of market opportunities





- your business plan may be out of date, e.g. you haven't updated it since you started trading
  - your business is moving in a direction different to the one you had planned
  - the business may be becoming unwieldy or unresponsive to market demands
- It is also useful if you have decided that your company is ready to move on to another level.

### Setting the direction

A clear business strategy will help to answer any concerns and show practical ways forward.

Questions you might want to ask include:

- What's my direction? To answer this you need to look at where you are now, where you want to go over the next three to five years and how you intend to get there.
- What are my markets - now and in the future? Which markets should I compete in, how will they change and what does the business need in order to be involved in these sectors?
- How do I gain market advantage? How can the business perform better than the competition in my chosen markets?
- What resources do I require to succeed? What skills, assets, finance, relationships, technical competence and facilities do I need to compete? Have these changed since I started?
- What business environment am I competing in? What external factors may affect the business' ability to compete?
- How am I measuring success? Remember, measures of performance may change as your business matures.

It's doubtful whether you will be able to answer these questions on your own - involving your professional advisers, your fellow directors and your senior staff will all help to make your review more effective.



**Self-check 5**

**Writing test**

**Answer the following question**

1. Why it's vital to review the progress of your business

**Answer Sheet**

**Score =** \_\_\_\_\_

**Rating:** \_\_\_\_\_

Name: \_\_\_\_\_ Date: \_\_\_\_\_

I- short answer

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**Operation Sheet-1****Procedures for preparing action plan****Techniques for-preparing Action plan****Step 1-** Define the Problem(s)**Step 2-** Collect and Analyze the Data**Step 3-** Clarify and Prioritize the Problem(s)**Step 4-** Write a Goal Statement for Each Solution**Step 5-** Implement Solutions: The Action Plan**Step 6-** Monitor and Evaluate**Step 7-** Restart with a New Problem, or Refine the Old Problem

<b>LAP Test 1</b>	<b>Practical Demonstration</b>
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Name: \_\_\_\_\_ Date: \_\_\_\_\_

Time started: \_\_\_\_\_ Time finished: \_\_\_\_\_

**Instructions:** Given necessary templates, tools and materials you are required to perform the following tasks within 3-4 hour.

**Task 1.** prepare Action plan



## References and Manuals

1. <https://ctb.ku.edu/en/table-of-contents/structure/strategic-planning/development-plans/main>
2. <https://smallbusiness.chron.com/approach-new-clients-61970.html>



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