



Virtual Edition - 2

Empowering Strategies for Small Business Success

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GLOBAL STRATEGY EXECUTION SUMMIT

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Hello.

I'm Alejandro Villagran and I'm a **Senior Strategy Consultant**.

MBA INCAE, Costa Rica / Emory University, Atlanta GA

MSc Economics and International Management, Utrecht University,
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With nine years of experience in helping Small and Medium Enterprises (SMEs) fulfill their growth potential. As a Senior Consultant for **PV Group**, a Boutique Consultancy born from ex-Shell executives. I have focused on delivering consultation as a Trusted Advisor, providing **close and personal** experience with a **simple** and straightforward delivery aimed at guaranteeing **success** to our customers.

A man in a blue blazer is standing and presenting to a group of people seated around a long table in a modern office. The office has large windows overlooking a city. A whiteboard with a chart is visible in the background. The text "Empowering Strategies for Small Business Success" is overlaid in the center of the image, enclosed in a yellow border.

Empowering Strategies for Small Business Success

“ *There are 31.7 million small businesses that make up 99.9% of all businesses in the United States. But 90% of all new businesses fail in the long run.*

U.S. Bureau of Labor Statistics

References:

Bureau of Labor Statistics. (2009). Survival of Private Sector Establishments by Opening Year. Bls.gov. https://www.bls.gov/bdm/us_age_naics_00_table7.txt

Bryant, S. (2022, November 26). How Many Startups Fail and Why? Investopedia. <https://www.investopedia.com/articles/personal-finance/040915/how-many-startups-fail-and-why.asp#citation-1>



| How do you escape this problem?

Consultants and academics develop numerous new management and strategic frameworks, models, and concepts every year...

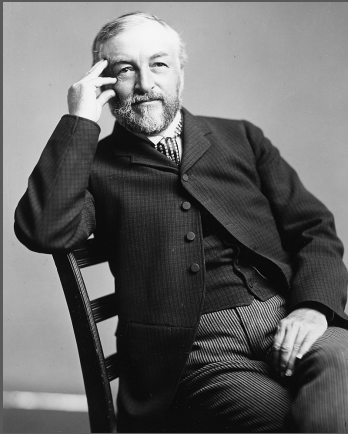
But the statistics seem to remain the same.

Most would say failures came because business were:

- 1 Undercapitalized.
- 2 Had the wrong people
- 3 Had unfavorable market conditions

...but is it really?

A tale of a first



Samuel Pierpont Langley was given 50,000 dollars by the War Department to figure out this flying machine. Money was no problem. He held a seat at Harvard and worked at the Smithsonian and was extremely well-connected. He knew all the big minds of the day. He hired the best minds money could find and the market conditions were fantastic. The New York Times followed him around everywhere,

Source: Sinek, Simon. "Start with Why -- How Great Leaders Inspire Action | Simon Sinek | TEDxPugetSound." YouTube, 29 Sept. 2009, www.youtube.com/watch?v=u4ZoJKF_VuA.

A tale of a first

A few hundred miles away Orville and Wilbur Wright, they had none of what we consider to be the recipe for success.

- 1) Undercapitalized? they paid for their dream with the proceeds from their bicycle shop,
- 2) Wrong people? No one on the Wright brothers' team had a college education, not even Orville or Wilbur,
- 3) Market conditions? No exposure, no money.



Source: Sinek, Simon. "Start with Why -- How Great Leaders Inspire Action | Simon Sinek | TEDxPugetSound." YouTube, 29 Sept. 2009, www.youtube.com/watch?v=u4ZoJKF_VuA.

But who failed and who succeeded?

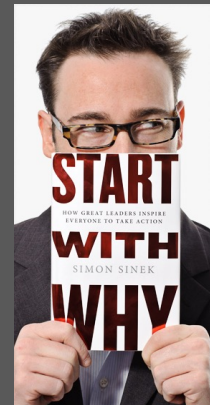


So what made the difference?

“

The difference was, Orville and Wilbur were driven by a cause, by a purpose, by a belief. They believed that if they could figure out this flying machine, it would change the course of the world.”

Simon Sinek.



MACHINE THAT FLIES

WHAT THE WRIGHT BROTHERS' INVENTION HAS ACCOMPLISHED.

American Team to Have Solved Problem of Aerial Flight—Air Navigated Without Aid of Balloons, Built on Acroplane Plan.

Butcher-Dressed and the Lefebvre, with their original balloon, are to replace an air navigation since the advent of Wilbur and Orville Wright, who have successfully solved the problem of aerial flight without the aid of gas bags.

In a recent trial of their flying machine at Kitty Hawk, N. C., the Wright brothers made four successful flights against a twenty-one mile wind, reaching a high rate of speed. The longest time in the air being fifty-seven seconds. The Wrights flew the machine at an altitude of six thousand feet, and it was reported to the air by a pair of aerocorves, or wings, having an area of 250 square feet. It measures a little more than forty feet from tip to tip, and the current use of this description is about twenty feet. The frame is of wood, covered with saags, but light canvas. Extending from the center of the car is a large thin shaped rod.




THE INVENTORS OF THE AEROPLANE.

THE NEWARK ADVOCATE
NEWARK, OHIO, MONDAY EVENING, DECEMBER 23, 1903.

Source: Sinek, Simon. “Start with Why -- How Great Leaders Inspire Action | Simon Sinek | TEDxPugetSound.” YouTube, 29 Sept. 2009, www.youtube.com/watch?v=u4Z0JKf_VuA.

Start with **WHY**:

- 1 EVERY organization knows **WHAT** they do.
- 2 Some organizations know **HOW** they do what they do.
- 3 Very few organizations can clearly articulate **WHY** they do what they do.

Revenues, profits, salaries, and other monetary measurements are simply results of WHAT we do. The WHY is about our contribution to impact and serve others.

The **WHY** inspires us.

Researchers Support this Idea

References:

Collins, J. C., Porras, J. I., Porras, J., & Collins, J. (2005). Built to last: Successful habits of visionary companies. Random House.

Davis, J. H., Ruhe, J. A., Lee, M., & Rajadhyaksha, U. (2006). Mission possible: do school mission statements work?. *Journal of Business Ethics*, 70(1), 99-110. <https://doi.org/10.1007/s10551-006-9076-7>

Mullane, J. V. (2002). The mission statement is a strategic tool: when used properly. *Management Decision*, 40(5), 448-455. <https://doi.org/10.1108/00251740210430461>

Mission and vision statements can be used to shape a mutual and collective sense of **purpose** and serve as agenda through which employees' emphasis is been created.

Mullane, J. V, (2002)

Mission statements **unify** organizations behind a **core purpose**, streamline decision-making, and provide the groundwork for **strategic planning**.

Davis, J. H., Ruhe, J. A., Lee, M., & Rajadhyaksha, U. (2006).

Mission and vision statements tend to enhance **motivation**, shape **attitude & behavior**, cultivate high levels of **commitment**, and ultimately positively impact employee **performance**.

Collins and Porras, (2005)

Researchers Support this Idea

References:

Desmidt, S., Prinzie, A., & Decramer, A. (2011). Looking for the value of mission statements: a meta-analysis of 20 years of research. *Management Decision*, 49(3), 468-483.

Forbes, D. J., & Seena, S. (2006). The value of a mission statement in an association of not-for-profit hospitals. *International journal of health care quality assurance*, 19(5), 409-419.

Ireland, R. D. and Hirc, M. A. (1992). Mission statements: importance, challenge, and recommendations for development. *Business Horizons*, 35(3), 34-42.
[https://doi.org/10.1016/0007-6813\(92\)90067-j](https://doi.org/10.1016/0007-6813(92)90067-j)

An **effective** mission statement describes the firm's fundamental, unique purpose. Developing effective mission statements can contribute to increases in a firm's overall performance.

Ireland & Hitt, (1992)

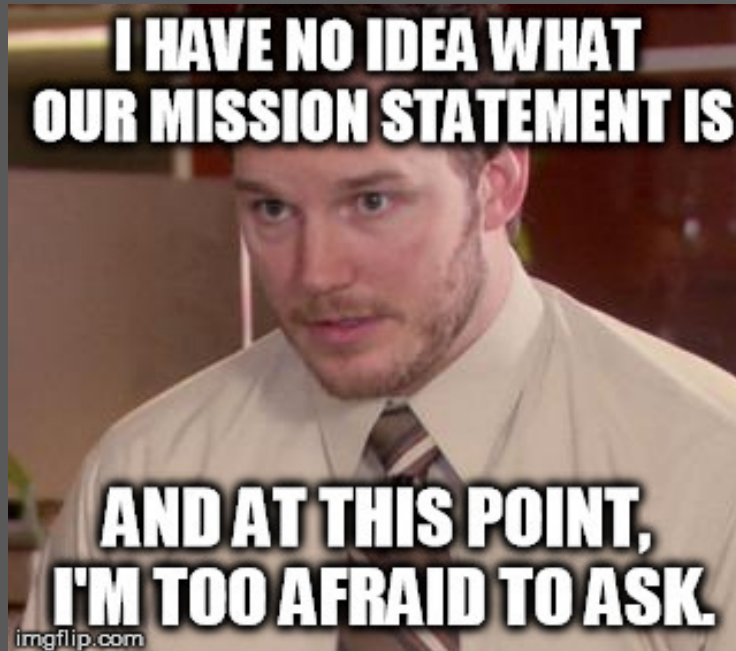
In order to establish a **common purpose**, inspire, and motivate personnel in the business, SMEs need to increase the usage of mission and vision statements

Forbes & Saena. (2006).

Research indicates that a **clear** mission and vision statement can enhance business performance by providing guidance for decision-making, motivating employees, and fostering a shared sense of purpose.

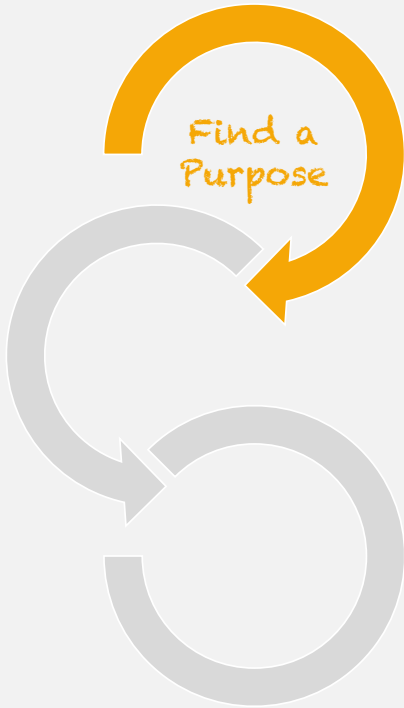
Desmidt, S., Prinzie, A., & Decramer, A. (2011)

Mission and Vision statements are no good if they don't foster a shared sense of purpose...



Source: Author and Historian Blaine L. Pardoe. (2017, December 26). Humorous Mission Statements for the Real World. Notes from the Bunker. <https://blainepardoe.wordpress.com/2017/12/26/humorous-mission-statements-for-the-real-world/>

Driving Growth for Small and Medium Enterprises



Find a Purpose for your Organization

Formulate and articulate a purpose or a Mission Statement so that everyone understands it, remembers it, and owns it. When this happens, people sense their work has meaning.

Good mission statements are simple, powerful, and emotive. They should be:



1. Short,
2. Unambiguous, and
3. Meaningful.

Here are some examples:

- Disney: “To entertain, inform and inspire people around the globe through the power of unparalleled storytelling.”
- Amazon: “To be the Earth’s most customer-centric company.”
- Nike: “To bring inspiration and innovation to every athlete in the world.”

Reference: Peterson, J. (2020). Entrepreneurial Leadership. HarperCollins Leadership.

“ **95%** of a company's employees are either unaware of or do not understand its strategy.

Robert S. Kaplan and David P. Norton

Build a Strategy:

According to Edmonstone and Havergal (1992), strategy is a methodology that asks *how a mission is to be achieved*, seeing strategy as the means by which organizations seek to fulfill their mission or purpose.

For SME's who want to GROW, the strategy should rely heavily on:

- 1 **Sales.** Indispensable to cover expenses, it is what yields profits that can be used to reinvest in the business.
- 2 **Infrastructure.** Without it, business will quickly hit its limits and can miss growth opportunities.
- 3 **Knowledge.** Make sure everyone knows what to do and what to expect in return.

References:

Edmonstone, J. and Havergal, M. (1992). Business planning: learning by doing. *Health Manpower Management*, 18(4).

<https://doi.org/10.1108/09552069210023051>

Kaplan, S. (2006). *Be the elephant : build a bigger, better business*. Workman Pub.

Sales as the main driver of profitability:

Fitting the Formula



$$[\text{Profits} / \text{Sales}] \times [\text{Sales} / \text{Assets}] \times [\text{Assets} / \text{Assets} - \text{Liabilities}] = \text{ROI}$$



Sales as the main driver of profitability:

Main Sales Strategies for diversification (Horizontal and Vertical), focus on:

- 1 Selling **same products** or services to **existing customer** / markets.
- 2 Selling **same products** to **new customers**.
- 3 Develop **new products** for **existing customers**.

		Products	
		Existing	New
Markets	Existing	Market Penetration	Product Development
	New	Market Development	Diversification

Ansoff Matrix

Ansoff, H. I. (1957). Strategies for diversification. Harvard business review, 35(5), 113-124.

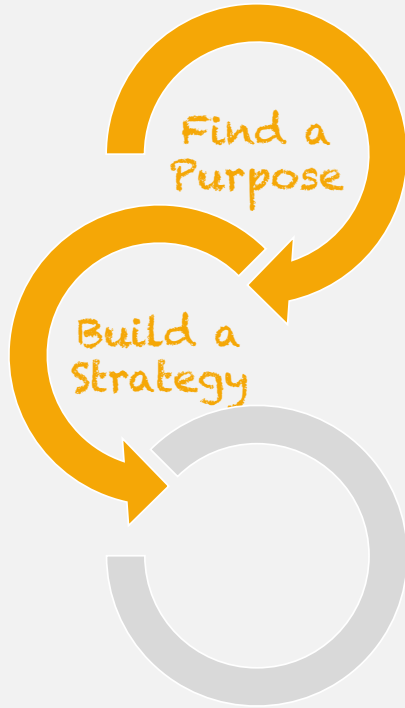
Sales as the main driver of profitability:

You know why you sell, now identify why they will buy.

Tailor your selling proposition (the “why” they should buy) to your customer type:

- 1 **Quality seekers:** buy only when they find the best product they can. Price is secondary
- 2 **Service seekers:** need to feel you care about them, will do things for them and won't forget about them after they buy. Problems will be addressed right away.
- 3 **Price seekers:** want to get the lowest price, even though they may be able to afford better quality and higher prices. The deal is what excites them.
- 4 **Satisfaction seekers:** are motivated by status, security and the approval of others. The satisfaction seeker wants to feel safe and enjoy a sense of belonging.

Driving Growth for Small and Medium Enterprises



Build a **Strategy** for your Organization

Build a strategy that focuses on your purpose and help you achieve your mission. Customers will more likely buy from you if you inspire them. The rest will come as an aggregate.

Specially for SME's, focus your growth strategy on



1. Selling more, that will help you cover further investments
2. Build your infrastructure, it will support further growth.
3. Knowledge, hire, train and inspire the best people who will do the work.

“ **70% of strategic failures are due to poor execution leadership. It's rarely for lack of smarts or vision.** ”

Larry Bossidy and Ram Charan

Follow through with Execution:

Everything else will fall if you **fail to execute**.

Despite its importance, execution is often handled **poorly** because:

- Managers are trained to **plan**, not execute.
- Top managers believe that implementation is for **lower-level employees**.
- Planning and execution are highly interdependent. Managers often **don't consider** execution when they formulate their plans.
- Execution usually **takes longer** than formulating strategy.
- Strategy implementation always involves **more people** than strategy formulation.

Follow through with Execution:

To guarantee Execution, a Leader must understand that:

- 1 **Execution Is a Discipline.** The strategy should be planned considering execution. Execution involves discussing how and what, following up, and ensuring accountability.
- 2 **Execution is a Leader's Job.** Setting a strategy from the top is not enough, execution the must be lead with deep personal involvement.
- 3 **Execution must be central to the business culture.** Execution must be embedded in the reward systems and in the norms of behavior that everyone practices.

Follow through with Execution:

Driving Execution through Leadership

- 1 Lead by **example**. Employee's behaviors are influenced more by the leader's actions than by words.
- 2 Be **consistent**. Employees need to know what to expect from their leader to avoid confusion and inefficiency.
- 3 Be **approachable**. Isolating oneself can have significant negative effects on both the leader's and the employees' perceptions.
- 4 Maintain the **home front**. Nurture and support employees' personal lives.
- 5 Excel during **adversity**. Adversity can bring teams together in ways that winning never could. Steps to handling a problem effectively: remain calm, stall, dig, analyze, plan, execute and communicate your decision.

Follow through with Execution:

Keys to fostering a Culture ready for growth

- 1 **Respect the microscope.** Your every move will be analyzed, and the more success your company achieves, the more intense the scrutiny.
- 2 **Share the spotlight.** No matter how good you are, you cannot do it by yourself.
- 3 **Involve others** in shaping the business. As you grow, involve your most effective and dedicated employees in your discussions.
- 4 **Promote from within.** It sends a better message to the organization.
- 5 **Communicate effectively.** Communicate with the team. Ensure everyone knows about new customers, sales records, and industry reviews.

Driving Growth for Small and Medium Enterprises



Focus on the Execution of the Strategy

Good execution begins with good strategy. However, it all falls apart if plans and strategy are not implemented properly. To guarantee this, SME's should focus on



1. Make execution part of everyday life.
2. Implement Leadership skills.
3. Establish a Culture around execution

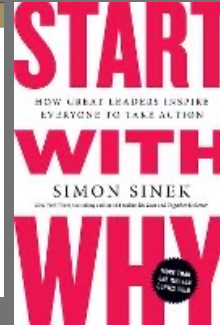
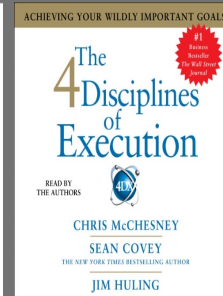
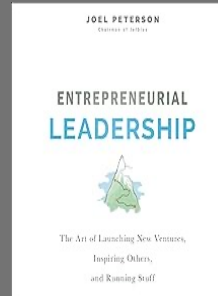
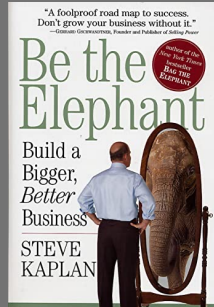
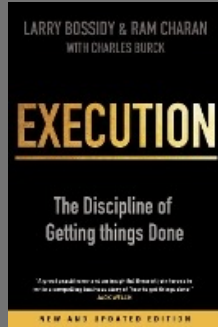
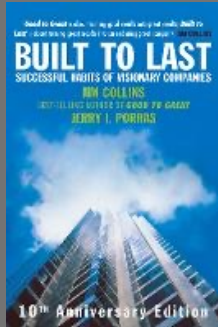
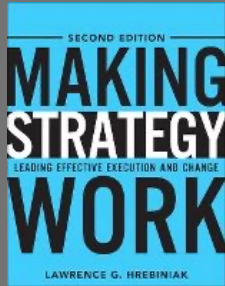
Driving Growth for Small and Medium Enterprises



=> SUCCESS

To **guarantee execution**, you can implement software, and tools that can help you achieve flawless execution. Personally, I can recommend **FruStrategy** (sponsors), but my job is to seek Small Businesses that want a **Trusted Advisor** who can guide them through **their journey**.

Recommended Reading:



References:

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Thank You

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