



STUDENTS
OFFERING SUPPORT

Raising Marks. Raising Money. Raising Roofs.

Welcome to the BU121 Midterm Exam-AID!

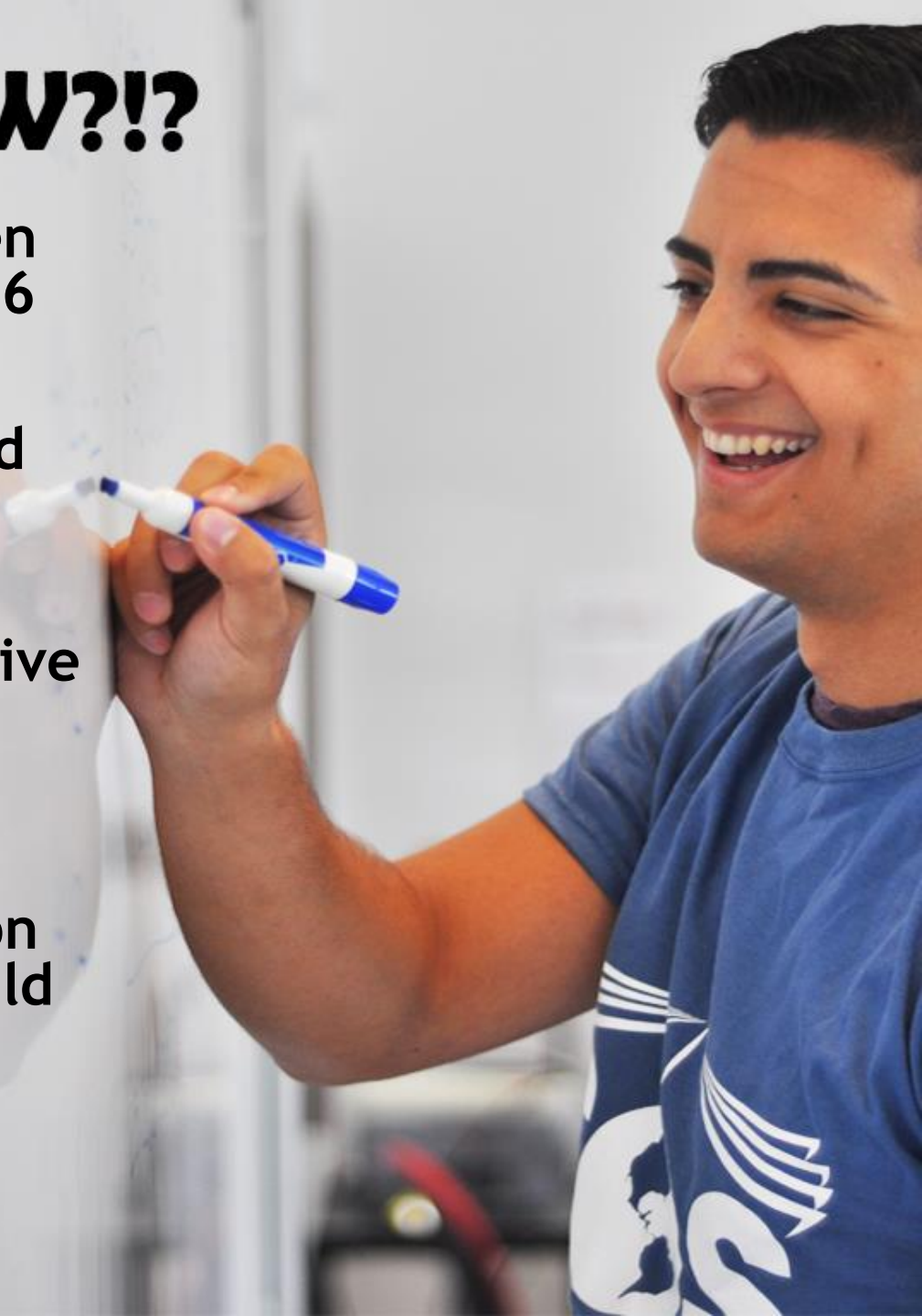
Demi Oba and Alex McDonnell, Winter 2015

NATIONAL SPONSORS:



DID YOU KNOW?!?

- 30,000 students have been helped by Exam-AIDs on 26 University campuses?
- Since 2004, SOS has raised \$1,700,000 for education development projects!
- With more than 2,000 active volunteers, SOS is one of the largest student organizations in Canada.
- We not just fund education projects, but students build them on two-week trips open for YOU to attend?





OUTREACH TRIPS:

Want to experience two weeks in Latin America building the education project THIS session is funding? Become part of the community, see the impact you can have, and truly experience a new culture.



OUTREACH TRIP TO: Calla Creek, Belize

DATES: May 1st – May 15th 2015

COST: \$950 + Flight



- Current school for 100 students only has two classrooms
- Constructing two new classrooms to give students more space

More info & How to apply:

lauriersos.com

OUTREACH TRIP TO: Sierra Nevada, Colombia

DATES: May 2nd – May 17th 2015

COST: \$1,850 (includes Flight)



- Dormitory repairs for a local school
- Infrastructure for the school (roof, washroom construction)

More info & How to apply:

lauriersos.com

OUTREACH TRIP TO: Los Trozos, Honduras

DATES: Aug 15th – Aug 30th 2015

COST: \$1,650 (includes Flight)



- Building a Vocational Training Centre
 - In order to help teach skills to community (sewing, woodworking, welding, etc.)

More info & How to apply:

lauriersos.com

Demi!

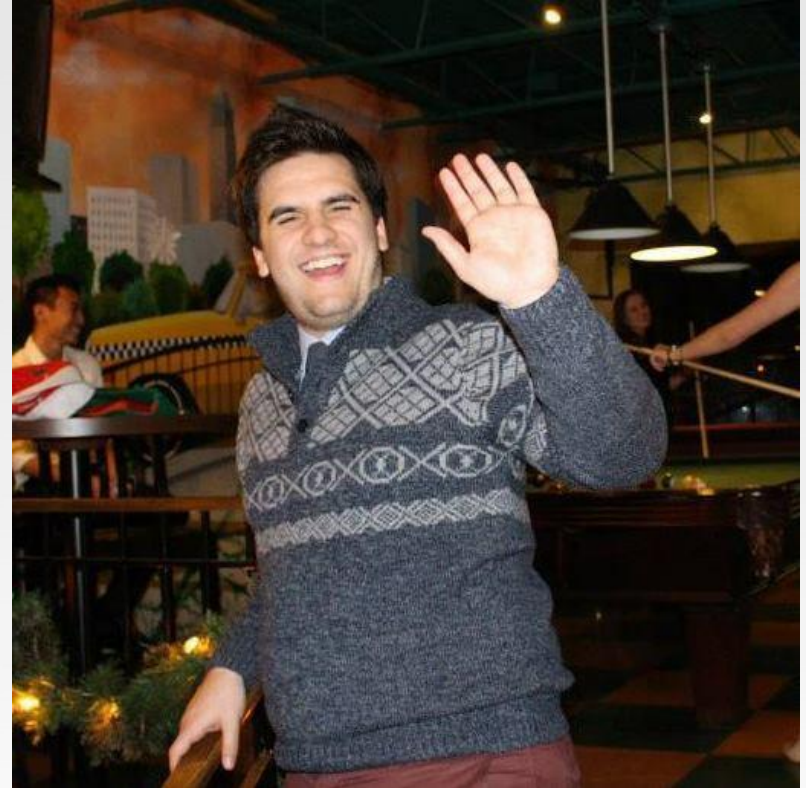
- 4th Year Business and Financial Math Double Degree Coop
- BU121 TA, Res Life Don and JDCC Team Member and now BU121SOS Tutor
- Accomplishments:
 - Coach of Willison's #1 Ranked dodgeball team
 - Tied for #1 receiving touchdowns in the Flag football B-League
- Fun Fact:
May have bitten off more than I can chew with extracurriculars :D



STUDENTS
OFFERING SUPPORT

Alex!

- 4th year BBA (just a single degree...), co-op, specializing in marketing
- BU121 TA and SOS Co-President
- Love education, space, and sandwiches
- Dream job is to teach astronauts to make sandwiches in space (it would be hard because the ingredients would float around)



STUDENTS
OFFERING SUPPORT

Slides & Feedback

After the session, use your unique code to access all these slides.

Please take the 20 seconds to leave us some comments! It helps us put on even better sessions.



STUDENTS
OFFERING SUPPORT

Disclaimer!

We have **not** seen the exam. We only know what you know.

We may discuss whether we think concepts **might be well-suited** to a short answers or multiple choice questions, but we **do not know** exactly how they will be tested.

Always defer to comments from your prof or lecture notes if things are unclear!



Agenda

- Finance (40 mins)
- Marketing (40 mins)
- Break--*
- Business planning (20 mins)
- Business models (20 mins)
- Business communication (20 mins)
- DISC/EQi (10 mins)





STUDENTS
OFFERING SUPPORT

Raising Marks. Raising Money. Raising Roofs.

Marketing

Understanding the customer

Identify an unsatisfied target market and offer them something unique!

Study guide says...

Chapter 3: Customer Focus

- marketing concept
- types of competitive advantage
- consumer decision-making process, influences on consumer decision making
- consumer buying decisions vs. B2B decision making
- trends

Lecture Material

- **#1 Key to successful marketing**
- locating a target market - market segmentation, perceptual mapping, preference analysis
- positioning - 2 approaches



What is Marketing?

an integrated **system of activities** designed to plan, price, promote and distribute, want-satisfying goods and services to present and potential customers

In plain language: create something **unique** and **valuable** (pt 1) and **convince** people to buy it! (pt 2)



STUDENTS
OFFERING SUPPORT

The “Marketing Concept”

An all-encompassing, paragraph length definition for marketing activities:

Identifying consumer needs and producing the goods/services that will satisfy them while **generating profits...**

that involves **focusing** on customer wants/needs...

integrating all of the organization’s activities to satisfy these wants/needs...

and satisfying customer wants/needs **legally and responsibly.**



Competitive Advantage



Competitive advantage is the factor or factors that make customers **choose you over others**. Why are you better than everyone else?

THREE TYPES: DCN: Don't Cook Noodles (controversial opinion: made to stick!)

- **Differential** Competitive Advantage - you provide something unique that is valuable to buyers beyond simply offering a low price.
- **Cost** Competitive Advantage - you can produce a product at a lower cost than all of your competitors while maintaining profit margins.
- **Niche** Competitive Advantage - you target and effectively serve a single segment of the market within a limited geographic area.



STUDENTS
OFFERING SUPPORT

4 Consumer Decision Making Process

NIEPP: Ned Insists Everyone Plays Pool

- ✓ Need Recognition
- Information Search
- ✓ Evaluation of Alternatives
- ✓ Purchase
- ✓ Post-Purchase Behaviour



Influences on Consumer Decisions

CISP ↙

CISP: This one sounds like it could be a word

- **Cultural:** Values, attitudes and ideas embedded in one's beliefs (culture)
- **Individual:** Influenced by their own unique characteristics
 - Gender, personality, self concept
- **Social:** Seek out the opinion of others when making purchase decisions; recommendations
 - Reference groups
 - Opinion leaders
 - Family
- **Psychological:** perceptions, beliefs, attitudes



STUDENTS
OFFERING SUPPORT

B2C vs. B2B: What's different?

business->consumer

business->business i.e wholesaler to retailer etc.

PNLD: Please, No Liver Disease!

1. Purchase **Volume** - B2B is in much higher volumes
2. Number of **Customers** - B2B marketers have fewer customers
3. **Location** of Buyers - B2B customers are more geographically concentrated
4. Direct **Distribution** - B2B tends to be sold directly to the buyer (vs B2C, which often uses intermediaries like retailers)



STUDENTS
OFFERING SUPPORT

Trends

Review textbook readings for detail on trends...
not much value to be added by us!

Social media and mobile marketing

Green and social marketing

Loyalty cards

...



STUDENTS
OFFERING SUPPORT

Segmenting and Targeting

- A core component of any marketing strategy is the target market
- **Target market:** The **group of customers** to whom you market your product towards
- Must be a group of customers whose wants and needs have not been met by the competition



Segmenting and Targeting

4

Your target market is identified through a process involving:

divide market into (segments=>consumer demand based)

1. **Market Segmentation:** divide and describe
2. **Perceptual Mapping:** visualize **competitive landscape**
3. **Preference Analysis:** visualize **consumer ideals**
4. **Target and Position!**



STUDENTS
OFFERING SUPPORT

Market Segmentation

DGPVB: Donald's pet grew very big

- There are many ways to segment a market, including:
 - Demographic
 - Psychographic
 - Geographic
 - Volume purchased
 - Benefits sought
- Next slide has details...



Market Segmentation

5

- **Demographic:** age, education, gender, income, household size... This is the most common form of segmentation.
- **Geographic:** segmenting by region of the country, city or county size, market density, or climate.
- **Psychographic:** personality or lifestyle. People with common activities, interests, and opinions are grouped together.
- **Volume:** based on the amount of the product purchased. Could be split into heavy, moderate, and light users.
- **Benefits Sought:** based on what a product will do (similar to “job”) for the consumer, rather than consumer characteristics.

done (known) by taking survey



STUDENTS
OFFERING SUPPORT

Market Segmentation



Steps:

1. Segment on benefits sought first
2. Describe further using other bases
3. Give each a memorable name!



STUDENTS
OFFERING SUPPORT

Market Segmentation

- Let's create an example to walk through this process.
- I want to open a new eatery at Laurier! Who should I target, based on what benefits?



Segmentation: Benefits sought

Benefits Sought	Productive studying in a nice environment	Quick bite with no judgment	Social dining experience

We surveyed Laurier students and asked what benefits they're looking for when choosing where to eat. Responses generally fit one of these three categories.



STUDENTS
OFFERING SUPPORT

Segmentation: Further descriptions

Benefits Sought	Productive studying in a nice environment	Quick bite with no judgment	Social dining experience
Demographics	More female, upper years	More male, first and second years	Balanced male/female
Psychographic	<p>Focused on academics.</p> <p>Cares about others' perceptions.</p>	<p>Doesn't care about appearance.</p> <p>All about efficiency.</p> <p>Doesn't mind eating alone.</p>	<p>Likes spending time with friends.</p> <p>School spirit and social connections are important.</p>

Be as detailed as you can be with the information provided on the exam!



STUDENTS
OFFERING SUPPORT

Segmentation: Names!

	Wifi Wilma	Trackpant Tim	Social Sam
Benefits Sought	Productive studying in a nice environment	Quick bite with no judgment	Social dining experience
Demographics	More female, upper years	More male, first and second years	Balanced male/female
Psychographic	<p>Focused on academics.</p> <p>Cares about others' perceptions.</p>	<p>Doesn't care about appearance.</p> <p>All about efficiency.</p> <p>Doesn't mind eating alone.</p>	<p>Likes spending time with friends.</p> <p>School spirit and social connections are important.</p>

Be as detailed as you can be with the information provided on the exam!



STUDENTS
OFFERING SUPPORT

Perceptions & Preferences

- **Perceptual mapping:** Plot the **competitive offerings** as *perceive by consumers*
- **Preference analysis:** Plot the **ideal offerings** of the different segments
- **Select the target market:** This will be where the **biggest gap** is between the segment's ideal and what is currently available to them



Perceptual Map

Select 2 dimensions that represent the most important buying criteria used by customers.

In this case, we believe the **type of atmosphere** and the amount of **time required for service** are the most important buying criteria.



Perceptual Map

Atmosphere

More classy

Time required

Short time

Long time

More casual



STUDENTS
OFFERING SUPPORT

Perceptual Map

Plot the positions of competitive offerings

Atmosphere

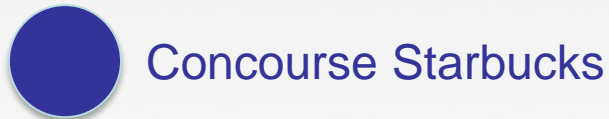
More classy



Wilf's

Time required

Shorter



Concourse Starbucks

Terrace
(as a whole)



Longer



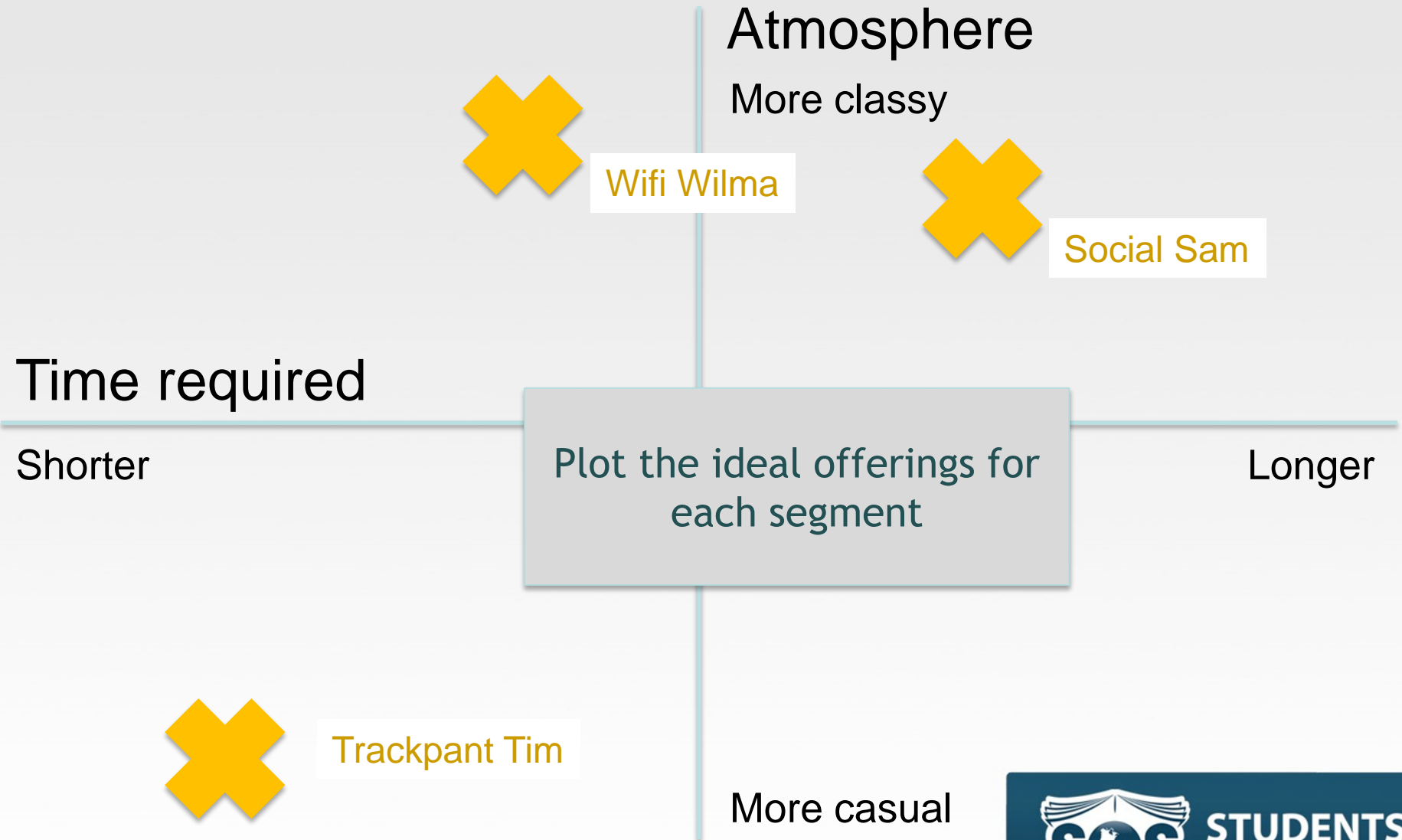
Dining Hall

More casual

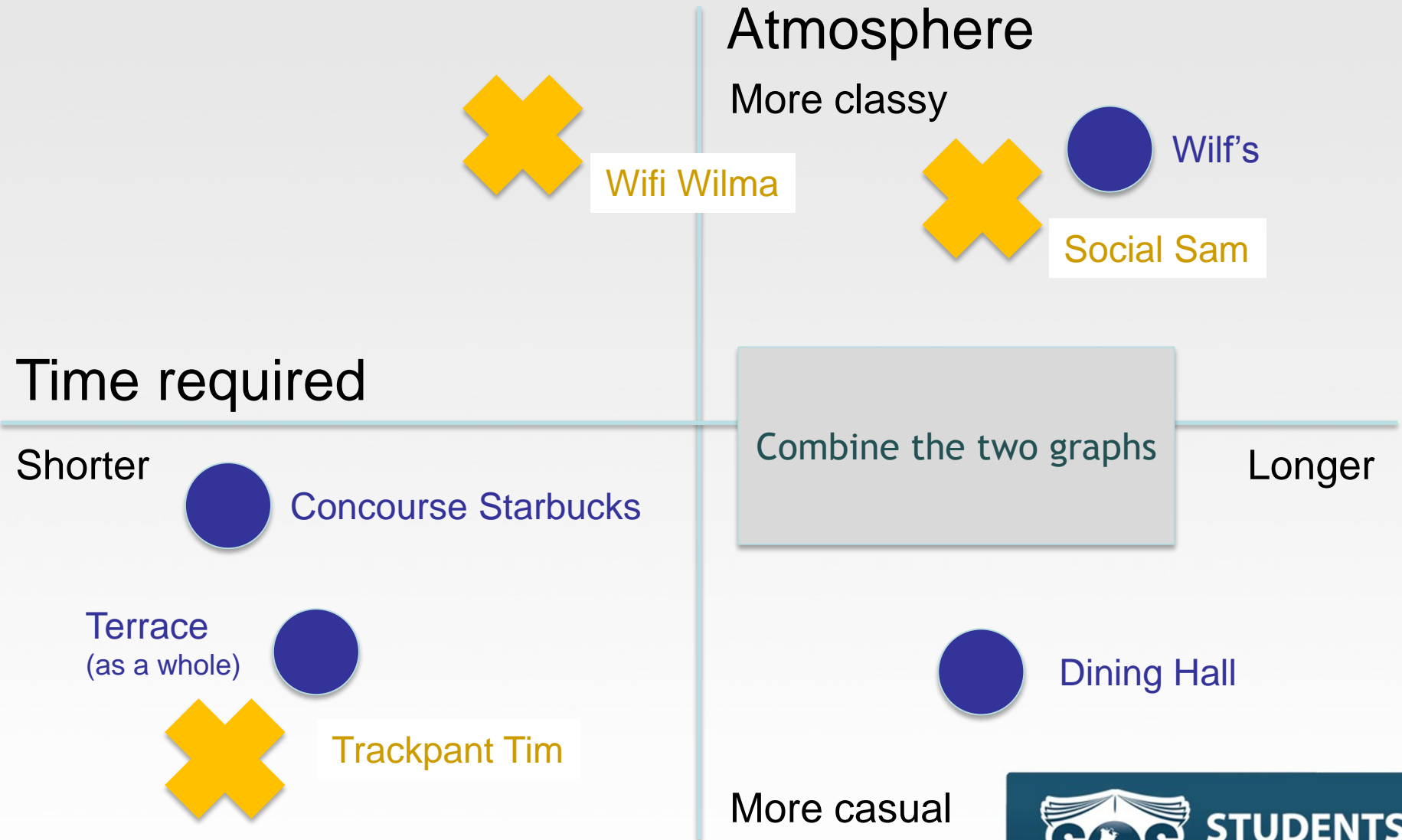


STUDENTS
OFFERING SUPPORT

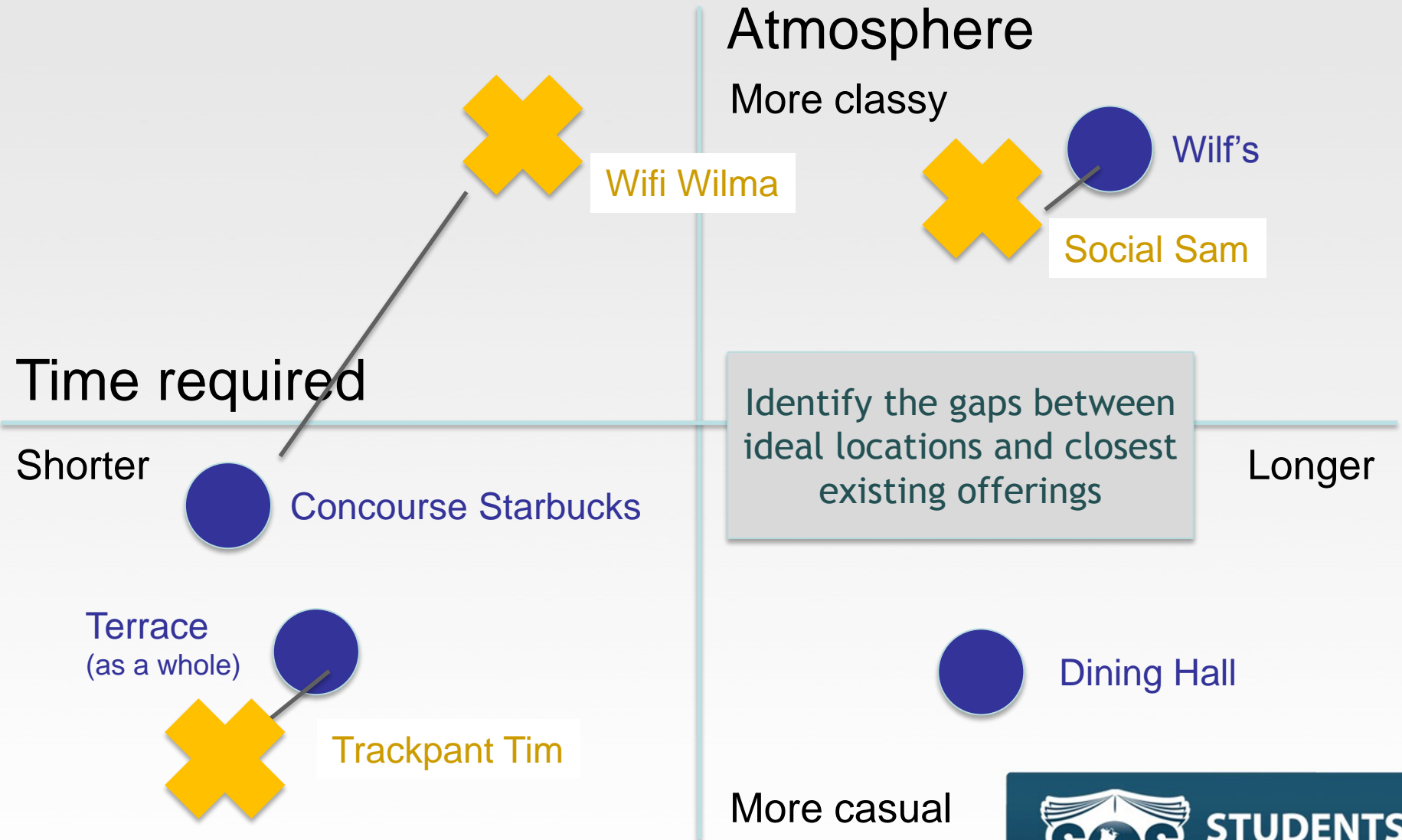
Preference Analysis



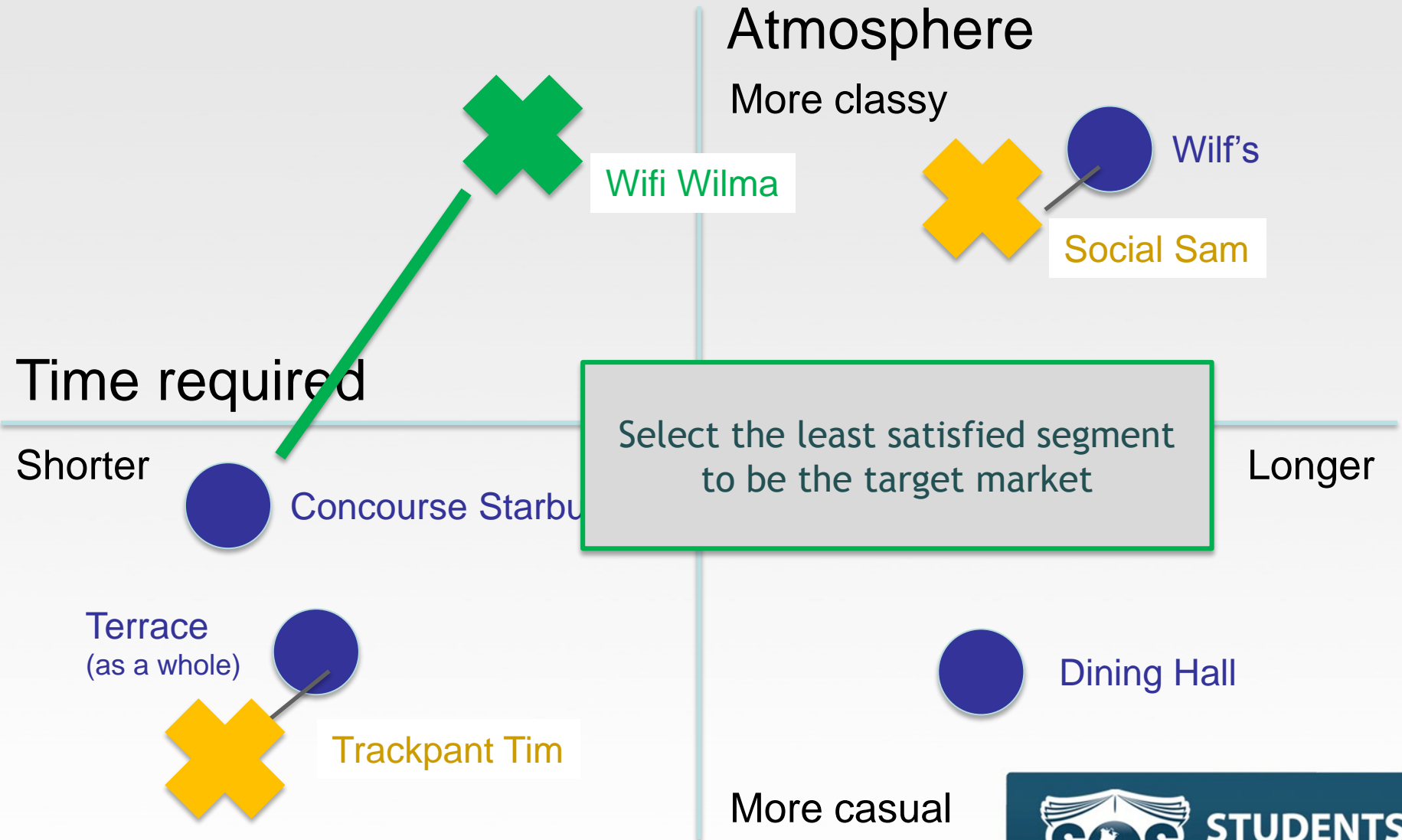
Perceptual Map + Preference Analysis



Perceptual Map + Preference Analysis



Perceptual Map + Preference Analysis



Targeting

Based on our perceptual map and preference analysis, **Wifi Wilma** is the least satisfied segment in this market.

Wifi Wilma should be our target market!

We would then use our understanding of Wilma's segment (from the table) to develop a value proposition and marketing mix.



Positioning

2

Select a position: your point on the perceptual map

2 layers to a position:

- Consumer approach: how well does your position fit with the target market's ideal offering?
- Competitive approach: how does your offering compare to competitors?



Segmenting and Targeting

We identified a **viable target market** by using this process:

1. **Market Segmentation:** divide and describe
2. **Perceptual Mapping:** visualize competitive landscape
3. **Preference Analysis:** visualize consumer ideals
4. **Target and Position!**





**STUDENTS
OFFERING SUPPORT**

Raising Marks. Raising Money. Raising Roofs.

Marketing Reaching the Customer

Inform and convince customers to buy your unique offering!

Study guide says...

Chapter 4: Creating Marketing Strategies

- classifying consumer products vs. business products
- Product: product life cycle (+ altering the speed of the cycle discussed in class)
- Price: pricing objectives, markup, strategies
- Place: channels of distribution and marketing intermediaries, alternative channel arrangements, functions of distribution channels, and intensity of distribution
- Promotion: promotion objectives and factors affecting the promotional mix
- Trends

- But wait! There's more...



Study guide says...

Lecture Material

- **#2 Key to successful marketing** - importance of value proposition
- **Product:**
 - Product classifications - how consumers classify products and implications for strategy
 - Total product concept - brand and brand insistence model
- **Price:** pricing mechanisms (ways to price) and approaches to pricing (factors to consider)
- **Promotion/IMC:**
 - advertising objectives - AIDA, how to advertise successfully, laws of 'going viral', and basic principles of a contagious message
 - personal selling - combining with advertising, factors in budget decision
 - sales promotion and publicity - what they are and how to use them effectively
- **Place:** direct vs. indirect channels of distribution - implications - demand backward pricing, push vs. pull promotion
- Top-down and bottom-up forecasting



The 2nd Key to Successful Mktg

- Our goal: **Convince** the customer that the product provides the **unique** benefit
- All parts of organization must have clear idea of the **value proposition**, the articulation of our unique benefit
feelings -> words (expression)
- **Achieved** through product, price, promotion and place
 - 4Ps are integrated/consistent system of activities

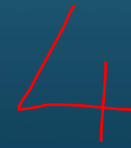


Our tools: **The Marketing Mix** (4 Ps)

- **Product** ⁽⁴⁾
 - Classifications
 - Life cycle
 - Total product concept
 - Branding
- **Price**
 - Objectives
 - Strategies
- **Promotion** ⁽⁴⁾
 - Advertising
 - Sales **Promotion**
 - Personal Selling
 - Public Relations
- **Place**
 - Direct vs. Indirect



Product Classification



- **Convenience** Good/Service

- Staple - branding, max exposure, shelf position common routinely goods i.e bread,milk,paper
- Impulse - max exposure, shelf position, point of purchase unplanned purchases eg.gum near checkout
- Emergency - near point of purchase, readily accessible lighters,batteries (readily A/v at variety of stores)

- **Shopping** Good/Service

- Homogeneous - exposure for price comparison different brands of petrol (brand doesnt matter)
- Heterogeneous - exposure near similar products windows pc vs mac pc

- **Specialty** Good/Service

- selective distinction for exclusivity (Rolex watch)

- **Unsought** Good/Service

you don't seek to purchase them

- aggressive promo, personal selling (life Insurance)



STUDENTS
OFFERING SUPPORT

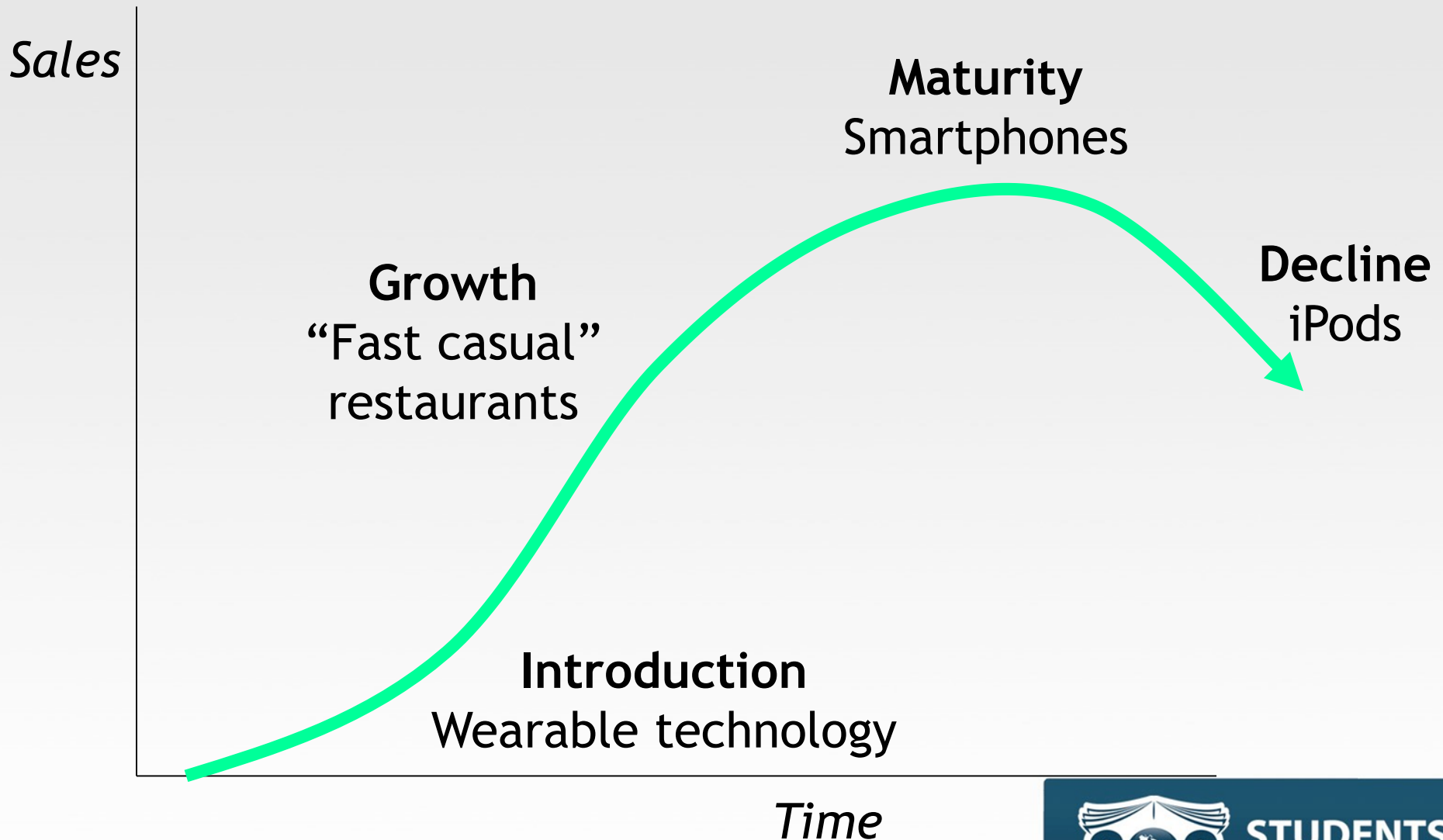
Product Classification

- Understanding the classification of our offering allows us to understand the approach consumers will take to purchase it...
- And has implications for how we attempt to reach and convince them. (implications for the 4 Ps)
- Example: unsought goods require heavy advertising; speciality might imply selective distribution.
- See **textbook** for full breakdown of implications for each type of good



Product Life Cycle (PLC)

4
Stages



STUDENTS
OFFERING SUPPORT

Product Life Cycle (PLC)

- Introduction
 - Frequent product modifications, limited distribution and heavy promotion
 - Failure rate is high
- Growth
 - Sales grow at increasing rate, profit = healthy
- Maturity
 - Product has been in market for a long time
- Decline
 - Change in consumer taste or new products have entered



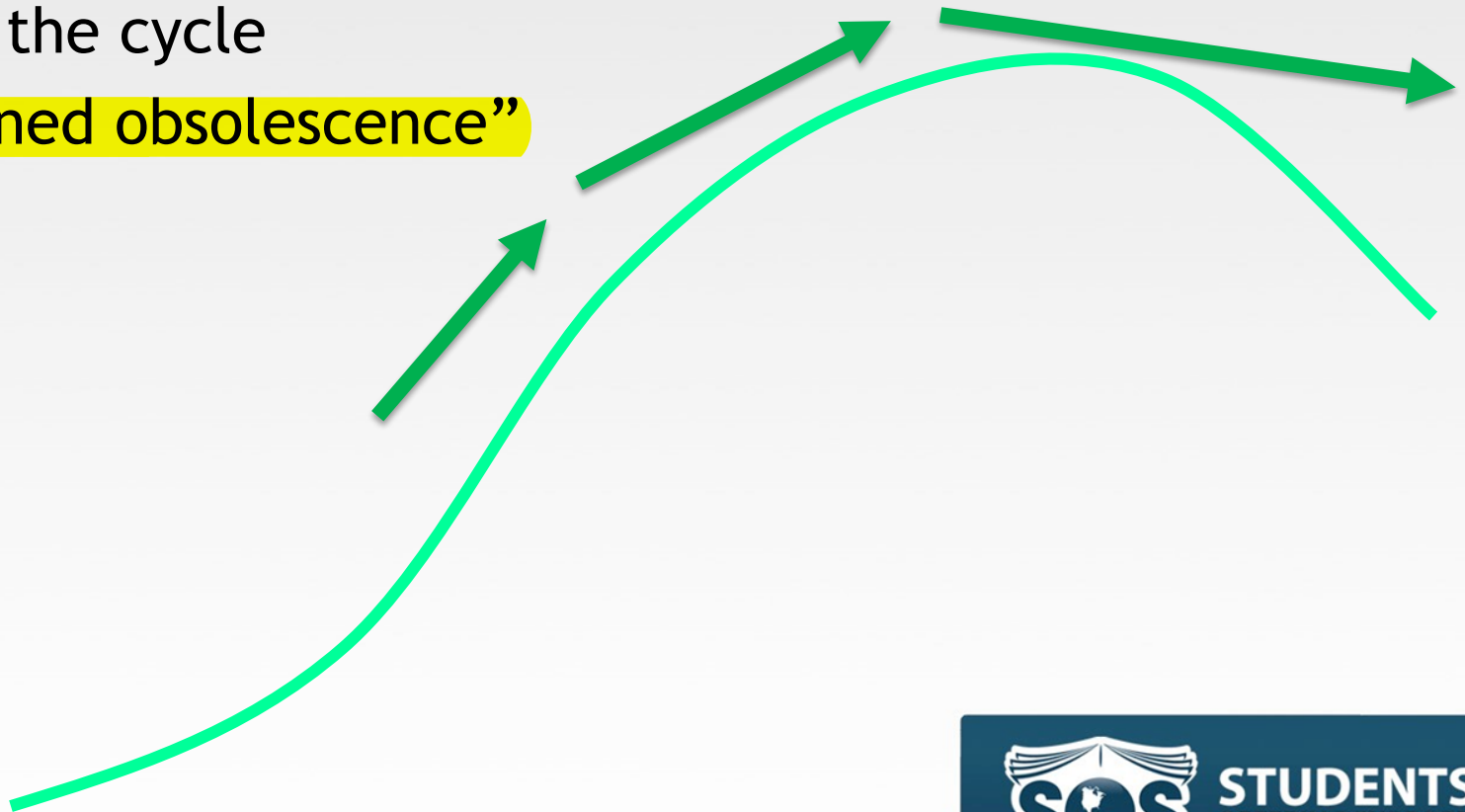
PLC Variations

2

- Speed up the cycle (on purpose) New product

- Bring out **another product** to chase the existing product down the cycle

- **“Planned obsolescence”**

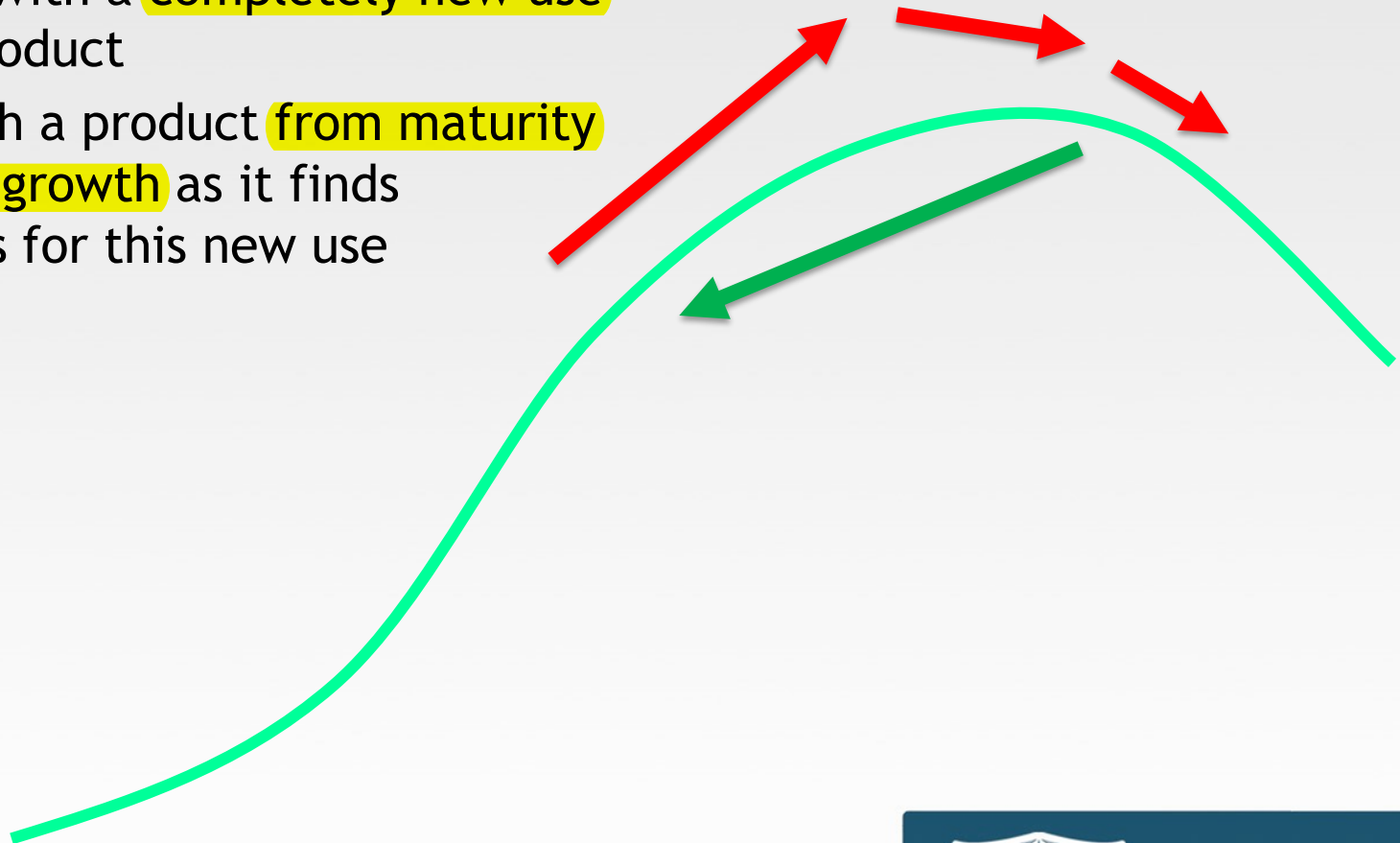


PLC Variations

- Slow down or reverse the cycle

Product remains same

- Come up with a **completely new use** for the product
- Could push a product **from maturity back into growth** as it finds customers for this new use



Total Product Concept

- TPC is more than the physical product or literal service
- *It's the **total package of benefits** as experienced by the consumer*
 - Brand: The set of perceptions in the mind of the customer
 - Package: How is the product physically presented to the customer?
 - Service: How is the product provided to the customer and supported?
 - Warranty: Is the product insured? Does that create peace of mind?
 - Delivery: The movement of product to consumer's possession?
 - Credit: Cash only sales or can we offer receivables?
 - Atmosphere: What's the ambience/climate of the place of sale?
 - Image, Reputation: ties in to brand/goodwill
 - Accessibility: Can I get a hold of the product easily?
 - Price: How much does the consumer have to pay for it? How does that make them feel?



What is a Brand?

“a **collection of perceptions** in the mind of the consumer”

- built not only through effective communications or appealing logos - **it is built through the total experience** that the product offers
- The real value of a brand is **not seen, but experienced**. The recognition, the connection, the loyalty, the reputation are all intangibles that define a brand's true worth



Branding

- *Brand Name*
 - communicate VP
 - move customer through stages of recognition
 1. Non-recognition
 2. Brand recognition
 3. Brand recall/awareness
 4. Brand preference
 5. Brand loyalty



Brand Insistence

5
Drivers

Creating Brand Insistence : The 5 Drivers

The leading edge indicator of future market share and profitability.

Is your brand unique or different in customer-relevant, customer-compelling ways?



Relevant Differentiation

- proof points
- reasons to believe

Emotional Connection



Does your brand connect with people on an emotional level?

Value



Does your brand deliver a good value for the price?

Awareness



The cornerstone of strong brands.

Are your target customers and key stakeholders aware of your brand?
Is it the first one that comes to their minds?

Accessibility



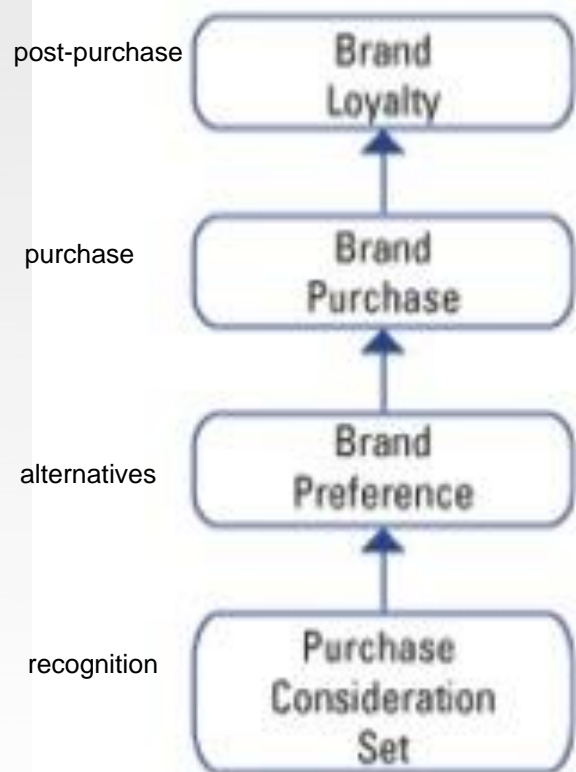
Do customers and potential customers perceive your brand to be convenient?



4

Brand Insistence Stages

w/ 5 Drivers



set price accordingly (to the target/aim/objective)

Pricing Objectives could include:

- Profit maximization: producing a product as long as revenue from selling exceeds cost of producing it.
- Target return on investment (ROI): A price is set to give the company a desired level of profitability in terms of return on its money.
- Value Pricing: offering a target market a fair price in relevance to the quality of the good/service.

Price

3 (C) vs 2 C

Approaches (*Triple C*)

VS Double C for positioning ways

- Cost Based
 - Price is based on markup on cost of product
 - Competitive based
 - Pricing is based on gaining or defending market share
 - Consumer based
 - Pricing is based on product value to consumer
- ** Pricing must support the VP ****
- All parts must tie into one plan to communicate one message to the target market



STUDENTS
OFFERING SUPPORT

Pricing Strategies

$$3 + 3 = 6$$

- Price Skimming: introduce with a high initial price and lower the price over time as it moves across the PLC
- Penetration Pricing: selling new products at low prices in the hope of achieving a large sales volume
- Leader Pricing (aka loss leader): pricing products below the normal markup or even below cost to attract customers to store



Pricing Strategies

- **Bundling**: grouping two or more related products together and pricing them as a single purchase
- **Odd-Even Pricing**: setting a price at an odd number to connote a bargain or at an even number to suggest quality
- **Prestige Pricing**: increasing price of a product so that consumers will perceive it as being of higher quality, status or value



Promotion

5

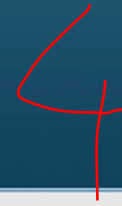
The **objectives of promotion** can be:

- **Creating Awareness,** Providing information - especially needed more common in the early stages of the PLC.
- **Getting Consumers to Try** Products - free samples
- **Keeping Loyal** Customers - reminding customers of the quality of the product or telling customers when a product is improved
- **Increasing the Amount and Frequency** of Use - loyalty cards or frequent-flyer programs
- **Identifying Target Customers** - helps find customers



STUDENTS
OFFERING SUPPORT

Promotion Tools



- Advertising
- Personal Selling
- Sales Promotion / Discounts
- Publicity / Public Relations

All of these together are known as Integrated Marketing Communication tools (IMC)



Advertising

- Any form of **non-personal** sales presentation of a **long-term** nature that is **paid** for by an identified **sponsor**
- Breaking down the definition...
 - **Non-personal**: Done through a general medium, by the organization AS A WHOLE.
 - **Long term**: Advertisements are made to last over a period of time, and have long term impacts on sales.
 - **Paid**: Advertisements are never free!



AIDA

- **Advertising follows the “AIDA” model**
 - **Attention/Awareness**: getting recognition from potential customers. What are you talking about?
 - **Interest**: get the potential customer intrigued in your offering. Why should I care?
 - **Desire**: transform the interest into desire for the product. Why do I need it?
 - **Action**: convert the desire into action, by inviting purchase of the product. How can I get it?

A - I - D - A



STUDENTS
OFFERING SUPPORT

Going viral

- Viral = spreading
- Shares are more important than views
 - **Views:** same people might by interacting over and over
 - **Shares:** people spread the message
- Virality = shares/views



Personal Selling

- Involves sales representatives approaching individual customers face-to-face to pitch their product/service
- More **effective** but more **expensive**
 - Because of salaries, commissions, travel expenses



Personal Selling

- **Combine** personal selling with advertising to increase effectiveness:
 - Generate leads with advertising (Leads are potential clients' contact details)
 - decrease cost/length of sales process (the consumer already knows about the product offered from the advertising)
 - reach 'inaccessibles' (people who cannot be contacted through personal selling or reached by advertising)
 - Advertising will maintain image in buyer's mind (even after pitch is made, constant reminders are present)
- Factors to consider in **budgeting** decisions for personal selling [see lecture slides]



Sales Promotion

- short term incentives to induce purchase
 - free samples, trial period
 - cents off coupons, cash rebates
 - extra volume for same price, bonuses
 - giveaways, contests
 - premiums
 - point-of-purchase displays
- support personal selling and advertising



Public Relations & Publicity

- The linking of **organizational goals** with aspects of the **public interest**
- The development of programs designed to earn public understanding and acceptance.
 - Can have a strong impact due to **perceived objectivity**
 - The news comes from a neutral source - **mass media, journals, personal blogs**, etc.
 - Objectivity improves the chances of customer belief and desire, if it is positive news
 - Must be ‘newsworthy’
 - (Publicity can be negative!)



Factors affecting Promotions 4

- **Nature** of product being sold
- Market characteristics
 - **Scattered** or highly informed customers/brand loyal consumers
 - **Detailing:** when salespeople stock merchandise rather than allow retail employees to do it, to get best display areas
- Available funds, **budgeting**
- Push vs Pull
 - **Push:** promotional strategy in which a manufacturer uses aggressive personal selling and trade advertising to convince a wholesaler or retailer to carry and sell its merchandise
 - **Pull:** promotional strategy in which a manufacturer focuses on stimulating consumer demand for its product, rather than on trying to persuade wholesalers or retailers to carry the product



Place

- These distribution/logistical decisions **costly, time consuming** and not easily changed
- choice of location must fit with VP (of course)
- use of marketing intermediaries / channel of distribution is called **indirect distribution**

opposed to distributed directly to consumer



Example of a distribution chain



STUDENTS
OFFERING SUPPORT

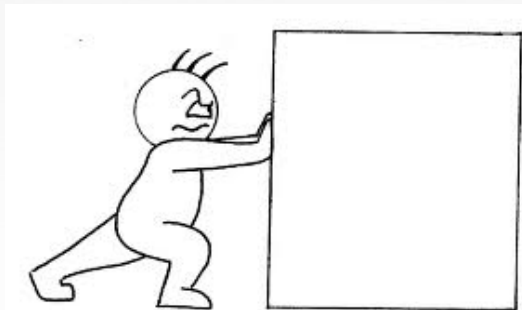
Indirect sales channels

- Implications

- Demand Backward Pricing:

- What are customers willing to pay? Work out costs *backwards* from this number to ensure profitability
 - Ex: Customers are willing to pay \$5
 - \$5 minus \$1.50 COGS = \$3.50 margin

- Push vs. pull strategy comes up again here



Our tools: The Marketing Mix (4 Ps)

- Product
 - Classifications
 - Life cycle
 - Total product concept
 - Branding
- Price
 - Objectives
 - Strategies
- Promotion
 - Advertising
 - Sales Promotion
 - Personal Selling
 - Public Relations
- Place
 - Direct vs. Indirect

We are now ready to convince customers of our unique benefit!



STUDENTS
OFFERING SUPPORT



STUDENTS
OFFERING SUPPORT

Raising Marks. Raising Money. Raising Roofs.

Finance: Let's eat the frog!

Demi

NATIONAL SPONSORS:



Study guide says...

- Lecture Material and Lab Manual Exercises pages 88-93 and 110-112
- 7 principles of entrepreneurial finance
- Cash vs. Profit
- Survival/Cash Flow Breakeven - EBDAT, calculation of breakeven volume and \$ sales, breakeven drivers, leverage
- Contribution Analysis

Red = testable with problems



STUDENTS
OFFERING SUPPORT

Finance Agenda

7 Principles of Entrepreneurial Finance

Cash vs. Profit

Survival/Cash Flow Breakeven

Contribution Analysis

7 Principles of **Entrepreneurial** Finance

1. Real human, and financial capital must be ‘rented’ from owners.
2. Risk and expected reward go hand in hand.
3. While accounting is the language of business, cash is the currency.
4. New venture financing involves search, negotiation, and privacy.
5. A venture’s financial objective is to increase value.
6. It is dangerous to assume that people act against their own self-interests.
7. Venture character and reputation can be assets or liabilities



Cash Vs. Profit: The Drizzy Principle

What's the difference between cash and profit?
Here's a little story to show you the difference.

Drake and an Accountant both borrow some money from a drug lord today. 4 months later the drug lord wants his money back... now.

Drizzy being the baller that he is always keeps some guap (cash) on hand so he pays the drug lord back.

The accountant starts trying to explain that he "has the money" it's just in accounts receivable so it exists but he can't get it right now. The accountant gets his kneecaps broken.

If you're reading this it's too late... for the accountant



STUDENTS
OFFERING SUPPORT

Cash Vs. Profit: The Drizzy Principle

What's the difference between cash and profit?

Drug lords don't care about accounts receivable... they care about getting their money back. End of story.

#Principle 3: Accounting is the Language of Business, Cash is the Currency.

Accounting tells a pretty story, Cash stops your kneecaps from being broken.



STUDENTS
OFFERING SUPPORT

Cash (Stacks) vs Profit

- Can a company that is profitable go bankrupt? (Can an accountant that “has the money” get his kneecaps smashed.... Hell yeah)
 - Sales Revenue - Accounts Receivable
 - If you don’t collect the cash from your sales, your income statement will **show profit**, but you will **not be able to pay off any of your debts (no cash)**
 - Expenses - Accounts Payable
 - Reverse of above - **You have cash on hand** but you actually **owe it to the bank, the mob, your parents** etc.
 - Amortization
 - Not actually cash but valuation. Your house doesn’t rain money when it goes up in value (unless you live in oakville?)
 - Owners’ Equity - cash to use for business?
- Remember... Principle 3



Breaking Hearts & Breaking Even

- Two types of cost
 - **Fixed cost (FC)**
 - Costs that are “*fairly pre-determined*”
 - Expected to remain fixed over a range of revenues for a **set period of time**
 - EX: Rent
 - **Variable cost (VC)**
 - Costs that “*move with you*”
 - Cost resulting from providing a product or delivering a service therefore **dependent on volume of sales**
 - EX: Cost of goods sold



Breaking Hearts & Breaking Even

- Two types of cost FC & VC

“Students in Dorm Style Residences like Willison can purchase a savagely over priced ‘Freedom Plan’ from the Dining Hall where they pay a sum of money and then can eat at the DH whenever they want”

“Students can also buy food from places on campus like Wilfs using their flex dollars whenever they are hungry. They just have to be willing to wait 30-40 minutes... to order”

Which of these represents VC/FC and why?



STUDENTS
OFFERING SUPPORT

Breaking Hearts & Breaking Even

Contribution Margin

When you see **Contribution Margin** I want you to think of the idea of **Value**.

How do we define **value**?

Value = **What you get** - **What you give**

For example if I asked you what your degree is **worth** (how you value it) you might tell me some of the things you get like **Coop, Job Prospects, Knowledge** and you might tell me some of the things you had to give up like **your ability to smile, full nights of sleep, college/work**



STUDENTS
OFFERING SUPPORT

Breaking Hearts & Breaking Even

- **Contribution Margin**
 - Revenues are not profit! They must be used to cover VC and FC
- **Contribution margin** = selling price **per unit** - VC **per unit**
 - Therefore it is the amount left over **PER UNIT** to be put **towards covering FC** after covering the cost of producing the goods



Breaking Hearts & Breaking Even

- EG. Sell puppies for \$10 per pup but because of PETA regulations you have to feed each puppy \$5 of food before you can turn it over for a profit.
 - $\$10 - \$5 = \$5$
 - Therefore the contribution margin = \$5
 - Meaning \$5 per unit can go towards paying off your DogHouse (Fixed Cost)



Breaking Hearts & Breaking Even

- Contribution ^(rate)

- the % of sales price per unit that is dedicated towards covering fixed cost

$$\frac{\text{Selling Price Per Unit} - VC}{\text{Selling Price Per Unit}}$$

OR

$$\frac{\text{Contribution Margin}}{\text{Selling Price Per Unit}}$$

- Eg. Sell Kittens for **\$10** per unit and the cost **\$7** per unit to produce

- Contribution = $(10-7)/10 = .30$



Breaking Hearts & Breaking Even

- Variable cost revenue ratio (**VCRR**)

- % of sales \$ per unit placed towards covering VC

the remaining % (leftover after VC) = Contribution profit

$$\frac{VC}{\text{Selling Price Per Unit}}$$

- Therefore contribution = **1-VCRR** (Contribution rate)
- EG. Selling Racoons for **\$10** per unit and the cost **\$7** per unit to produce

$$VCRR = \$7 / \$10 = .70$$

$$\text{Contribution} = 1 - 0.7 = 0.3$$

Contribution margin and VCRR are Inverses!



Identifying Breakeven

You know how when you think of someone just starting up a business you'd expect there to be a lot of up front costs and sacrifices and living out of a cardboard box for a while as you try to make that small business owner dream a reality?

Yet, when you think about established companies and organizations they're raking in more and more money by the second and only take breaks to count their stacks and rub money against their faces?

How do losers turn into winners?



STUDENTS
OFFERING SUPPORT

Survival Stage/Cash Flow Breakeven

Survival Stage

- Like Survivor- Lots of challenges and more common for a new venture to have losses. (Almost everyone loses survivor and all those challenges)
- Some new ventures show profitability during the startup stage but this is rare (Immunity Idol)

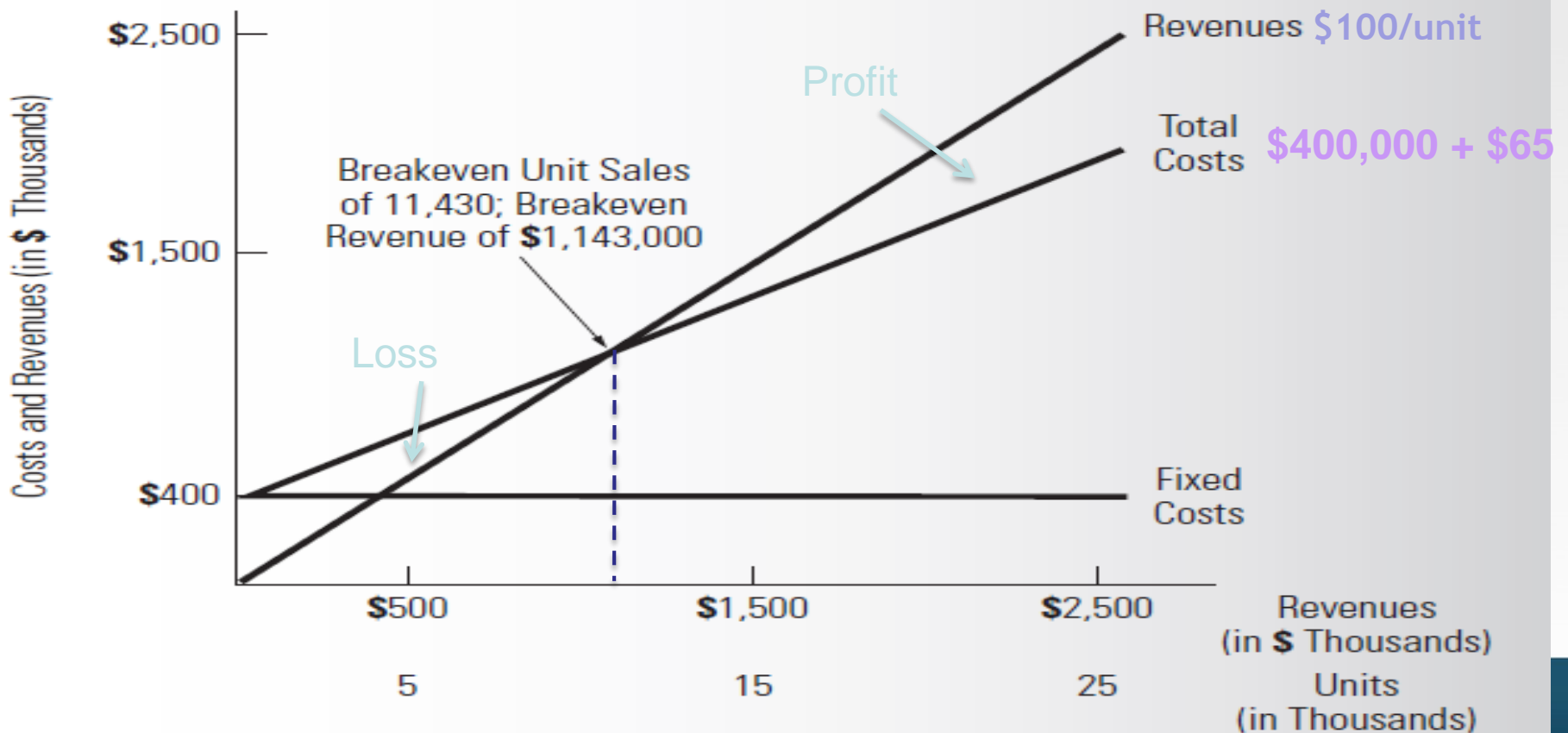
Breakeven

- The level of sales (aka Survival Revenue) necessary to cover costs.
- Can be calculated in units, dollars, time etc....



Identifying breakeven visually

- When revenue and cost line intersect
 - The point where revenues = total cost



Identifying Breakeven Mathematically

- Volume of sales where
 - Total revenue= total cost
 - Revenue= VC + Cash fixed costs(CFC)
 - Price(Units)= Variable costs(Units) + CFC
 - Units (Price - Variable Costs)= CFC
- Cash Breakeven Volume (Units)=

B/E (Value \$) :-

CFC/ contribution rate

Cash Fixed Costs

Price – Variable Cost

Therefore (Since **what you get** - **what you give** = **value**)

Cash Fixed Cost

Contribution Margin



STUDENTS
OFFERING SUPPORT

A Breakeven example

- CFC = \$400,000
- VC = \$65/unit
- Rev=\$100/unit
- Contribution margin= 35 (100-65)
- Contribution rate= .35 (35/100)
- Breakeven volume = \$400,000 / (100-65)= 11,430 units
- Survival revenue= \$400,000 / .35 = \$1,143,000
 - Could also be calculated by multiplying The unit number by the price!



Think fast!

- Fixed costs increase -> Breakeven Volume?
- Contribution Margin increase -> BEV?
- VC Increase -> BEV?
- VCRR Increase -> BEV?
- Price Per Unit Increase -> BEV?



What Drives Breakeven?

- Altering contribution margins
 - Higher the **contribution margin**, the higher the **value of each unit** the **lower the level of sales needed to breakeven** as more \$\$ per unit sold goes towards covering the CFC *Good thing*
- Consider the previous example
 - Breakeven volume=11,430 units
 - If VC decrease to \$50 per unit
 - $\$400,000 / (100 - 50) = 8,000$ units
- At a higher CM margin you need to produce less units to breakeven



Breakeven drivers

- Changing variable costs changes the VCRR
- Consider the previous example
 - $VCRR = 65/100 = .65$
- If VC decrease to 50 per unit
 - $VCRR = 50/100 = .5$
- Survival revenue
 - $\$400,000 / (1 - .5) = \$800,000$
 - Prior to the change survival revenue = \$1,143,000
- By decreasing the VCRR you decrease the survival revenue



Survival Cash Flows

- Survival Cash flow breakeven is when $EBDAT=0$
- If your current $EBDAT > 0$, you are achieving high enough sales volumes to survive
- **EBDAT**
 - **E**arnings **B**efore **D**epreciation **A**mortization **T**axes
 - Simply taking EBITDA and subtract **I**nterest
 - **OR** taking EBIT, add back **D**epreciation and subtract **I**nterest

Honestly just make sure you end with EBDAT subtract and add whatever letters you need to so that you're back at EBDAT. If they give you EB-(YMCMB) DT(ROFL)(LMAO)- then subtract YMCMB, ROFL and LMAO and add back **A**mortization



Leverage: The SPC Card

The basic idea behind leverage is that you pay a **higher fixed cost** but in return you enjoy a **lower VCCR**.

Basically, imagine a world where people actually used their SPC cards... You pay a **higher price initially** to get the card but then **every time** you go out to eat you get a **lower price** on your meal.

But with SPC Cards it's more like every time you order 3 McDoubles, 5 triple thick milkshakes and a Junior Chicken you get the salt from the bottom of a small fries and unlimited refills of ice cubes... (just the ice cubes)



STUDENTS
OFFERING SUPPORT

Leverage cont

Seriously has anyone ever used an SPC card before...?

- A highly leveraged venture can turn a small increase in revenues into a major increase in EBDAT
- A student might leverage an SPC a company could buy better machinery
 - Costs more up front, helps more long term
 - Develop economies of scale
- Each additional unit of revenue will result in a higher EBDAT once FC are covered because VC per unit is lower
 - Therefore higher contribution



STUDENTS
OFFERING SUPPORT

Leverage Helps us Illustrate Principle 2

Principle 2: Risk and Reward go hand in hand
“You’ve gotta **risk it** to get the **biscuit**” -Fired Up.

Levering up your company increases your **risk**.

- With higher fixed costs it’s harder to break even...

But it also increases your **reward**

- If you do manage to break even you earn more for every unit



Contribution Analysis

Contribution Analysis can help answer many questions.

- **Cost** - how does changing my degree of leverage impact my **breakeven**
- **Volume** - does a change to volume produce a lower **breakeven** (i.e. after a marketing campaign)
- **Profit** - can changing my price produce a lower **breakeven** amount



Contribution Analysis

Contribution Analysis can help answer many questions.

- A business might be presented with two options one that has a higher degree of leverage than the other.
- More leverage means higher fixed costs but higher contribution margin.
- How should they evaluate if and when to lever up their business?



Contribution Analysis Example

The Hot Dog guy on King and University (you know the one) is thinking about buying a portable grill for his hot dog stand. He's got two options:

- The "*First things first I'm the Grillest*" brand costs more but he knows it'll be cheaper in the long run because it's more fuel efficient.
- On the other hand the "*Ouuuu Grill em*" brand has a lower up front cost but costs more on gas per hot dog.



Contribution Analysis Example

- Obviously if he plans to sell a lot of hot dogs he should go with the “First things First”
 - It’s cheaper on gas per hot dog and will (with a lot of sales) eventually cover the more expensive initial price
- However, if he’s not selling a lot he’d be much better off with the “Ouuu Grill em”
 - The higher variable costs per dog aren’t going to be a huge deal since we’re not selling many hot dogs. What matters is the low grill price



Contribution Analysis Example

So how do we know **when** the Grillest becomes a better option than the Grill em?

Also, what qualitative factors would affect his decision? Eg. If students cared about the carbon footprint of the stand.



Two Methods for Contribution Analysis

Thinking Incrementally

Decision Point is where **incremental fixed costs** are covered by **incremental contribution**

Accumulative

Decision Point is where fixed cost of old + variable cost of old = fixed cost of new + variable cost of new

Equating the **total costs**

These two “methods” do exactly the same thing!



STUDENTS
OFFERING SUPPORT

Think Incrementally

- Decision Point = where *incremental* fixed costs are covered by the *incremental* contribution
- Step 1: What is the incremental total contribution?
- Step 2: Compare to incremental fixed costs
- Step 3: Are the qualitative factors that impact the decision?



CVP Example

2. MacLaren's wants to increase its advertising by \$5,000. Its average price per product sold is \$3 with total sales of \$132,600 and COGS of \$79,560. It is considering lowering its prices by 5% on average and giving his employees a 1 cent commission on each product sold to increase sales and customer service. It thinks this will increase the number of products it sells on average by 10%. Would this be a good decision? Why or why not?



CVP Example

2. Alex and Demi want to increase SOS advertising by \$500. Its average price per SOS person for a session is \$20 with total sales of \$50,000 and COGS of \$30,000. They are considering lowering SOS prices by 5% on average and giving themselves a 2 dollar commission on each product sold to increase sales and customer service. They think this will increase the number of sessions they sell on average by 35%. Would this be a good decision? Why or why not?



CVP Example

2. Alex and Demi want to **increase SOS advertising by \$500.**



CVP Example

2. Alex and Demi want to **increase SOS advertising by \$500**. Its average price per SOS person for a session is \$20 with **total sales of \$50,000**



CVP Example

2. Alex and Demi want to **increase SOS advertising by \$500**. Its average price per SOS person for a session is \$20 with **total sales of \$50,000** and **COGS of \$30,000**.



CVP Example

2. Alex and Demi want to **increase SOS advertising by \$500**. Its average price per SOS person for a session is \$20 with **total sales of \$50,000** and **COGS of \$30,000**. They are considering **lowering SOS prices by 5%**



CVP Example

2. Alex and Demi want to **increase SOS advertising by \$500**. Its average price per SOS person for a session is \$20 with **total sales of \$50,000** and **COGS of \$30,000**. They are considering **lowering SOS prices by 5%** on average and **giving themselves a 2 dollar commission**



CVP Example

2. Alex and Demi want to **increase SOS advertising by \$500**. Its average price per SOS person for a session is \$20 with **total sales of \$50,000** and **COGS of \$30,000**. They are considering **lowering SOS prices by 5%** on average and **giving themselves a 2 dollar commission** on each product sold to increase sales and customer service. They think this will increase the **number of sessions they sell on average by 35%**. Would this be a good decision? Why or why not?



Solution - Step 1

Items per Year: $\$50,000/\$20/\text{unit} = \mathbf{2,500 \text{ Sessions}}$

Avg. VC/unit: $\$30,000/2,500\text{units} = \mathbf{\$12/\text{unit}}$

Normal Contribution: $\$20 - \$12 = \$8$

At volume of 2,500 $\rightarrow \mathbf{\$20,000 \text{ Total Contribution}}$

Considering...

Lower Price: $\$20 \times 0.95 = \mathbf{\$19.00}$

Variable Cost = $12 + 2 = \mathbf{\$14.00}$

New Contribution: $\$19 - 14 = \mathbf{\$5.00}$

Higher Volume (65%) = $2,500(1.65) = \mathbf{4,125 \text{ Sessions}}$

New contribution = $4,125 \times 5 = 20,625$

INCREMENTAL CONTRIBUTION: $20,625 - 20,000 = \$625$



Solution - Step 2

- They are increasing fixed costs by \$500
- Total impact on profit is \$125
- **SOS is better off quantitatively**



Solution - Step 3

- Are there any qualitative factors that would provide long-term ramifications to effect the immediate gain?

Like if word got out that Alex and Demi were embezzling money from a registered charity...



**STUDENTS
OFFERING SUPPORT**

Raising Marks. Raising Money. Raising Roofs.

BREAK!

Still to come:

- Business Planning
- Business Models
- Business Communication
- DISC/EQi

Come up to the front with any questions, or just sit back and absorb all that glorious knowledge.



STUDENTS
OFFERING SUPPORT

Raising Marks. Raising Money. Raising Roofs.

Business Planning Demi

NATIONAL SPONSORS:



Study guide says...

Chapter 2: Writing an Effective Business Plan

- benefits of writing a business plan, model of business planning
- components of a business plan - key questions answered, characteristics of a well-prepared plan,
- critical risks, milestones, seven deadly sins

Lecture Material

- ‘Art of the Start’ - 5 things an entrepreneur must accomplish, why write a business plan



Why plan at all?

- Why draw up a Business plan?
 - Due-diligence stage of courting an investor *CONVINCE / ATTRACT*
 - Forces the founding team to work together
 - Makes the team consider issues it glossed over in the euphoria
 - Uncovers holes in the founding team
 - Provides entrepreneurs with a clearer understanding of the best way to proceed.
- The process is more important than the destination
- Write deliberate, act emergent
 - Put emphasis on the future and forecasts, speak about the growth opportunities
 - Write like you know exactly what you're going to do. You're probably wrong but take your best shot. As you then execute the plan you act emergent- flexible and fast moving, changing as you learn.



Key Questions Answered in a Plan



- **What is the basic idea of the new product or service?**
- **Why is this new product useful or appealing - and to whom?**
- **How will the idea for the new venture be realized - what is the overall plan for producing the product? (Marketing, dealing with competitors)**
- **Who are the entrepreneurs? Do they have required knowledge, experience, and skills to develop idea and run the company?**
- **How much funding is needed? What type of financing? How till it be used?**



Key Questions Answered in a Plan

- **Do?** - What does your product or service do? What's your basic idea.
- **Who?** - Who is going to want your product and why?
- **Through?** - Through what methods will you produce the product? Through what methods will you market? Handle competitors?
- **You?** - Who are you? Who are the entrepreneurs behind the idea?
- **Accrue?** - How will you make (accrue) money?



Characteristics of a Well Prepared Plan

3

- Plan should be arranged and prepared in proper business form → format!
 - *Serious business document - not seek to wow readers with illustrations*
- Plan should be succinct *Precise*
 - *Short and clear without the need for detail or redundancy*
- Plan should be persuasive



STUDENTS
OFFERING SUPPORT

Critical Risks for New Businesses

5

- Price cutting by competitors
- Unforeseen industry trends (ex: Blackberry)
- Sales projections that are not achieved → affects overall cash flow
- Underestimating costs
- Lack of management experience
- Difficulties in raising financing



Milestones for New Businesses

- Incorporation of the new venture
- Completion of product/design
- Completing prototypes
- Hiring initial persons
- Product display
- Reach agreements with distributors and suppliers
- Launch
- Receipt of orders
- First sales and deliveries
- Profitability



Model of Business Planning

3

- The Model

- Develop a simple, basic business plan
- Start the business
- Take the information that is gained from starting and running the new business and use it to refine the plan and obtain funding as this become necessary

Purifying



STUDENTS
OFFERING SUPPORT



Art of the Start - From that Guy named Kawasaki or something

1) Make **meaning**

- Overall, what drives you to pursue this (where's the passion coming from?)
- What's your gift to the world?
- “If this organization never existed the world would be worse off because...?”

group of words possessing power

2) Make **mantra** – What do you do at the core? You should be able to chant this.

- For example, SOS' mantra would be “raising marks, raising money, raising roofs”.
- My personal mantra would be “First things first I'm the realest”
Batman's would be “I'm Batman.”
- “Akin to a motto... concise, repeatable and core to company's existence”



Art of the Start - From that Guy named Kawasaki or something

- 3) Get **going** - Don't wait to perfect your idea!
- New businesses will always want to fix one more thing or tweak that last bit. Good is good enough!
 - “Its not about how great you start its about how great you end up” - make tweaks as you go
- 4) Define a business **model**
- How will you make money - what it all boils down to
 - “Who has *your* money in their pockets? How are you going to get it into your pocket”
 - No, mugging is not a business model.



Art of the Start - From that Guy named Kawasaki or something

form

5. Weave a **MAT**

- Milestones (Trademark)
- Assumptions
- Tasks
- Understand the scope of what you're undertaking
(How big of a mat do you need)
- Test assumptions
(Stretch out your mat)
- Develop a method to find and fix flaws
(Patch up your mat)
repair, quick fix



STUDENTS
OFFERING SUPPORT

Art of the Start - From that Guy named Kawasaki or something

Case Study - Wilf's

- 1) **Meaning** - Wilf's set out to be the best place on campus to grab a sit down meal. If Wilf's didn't exist Laurier wouldn't really have that.
- 2) **Mantra** - "Laurier Lives Here"
- 3) **Get Going** - Wilf's didn't wait until had absolutely everything figured out. It didn't even wait to fully train it's staff... it just started churning out Seagram Wraps & Spin Dip.
- 4) **Define A Business Model** - Wilf's makes money off of providing solid food, decent service and a super convenient location. They don't deliver but they have takeout.



Art of the Start - From that Guy named Kawasaki or something

Case Study - Wilf's

5) Weave A MAT:

- Milestones
 - First servers hired
 - First Wing Night
 - 1000th Sale
- Assumptions
 - If people try Spin Dip once they will have a Spin Dip habit for life
 - The increased convenience of delivery won't be worth the costs
- Tasks
 - Get a food supplier contract
 - Post serving jobs



7 Deadly Sins for Business Plans

1. The plan is poorly prepared and has an unprofessional look.
 2. The plan is far too slick.
 3. The executive summary is too long and rambling - it doesn't get right to the point.
 4. It's not clear where the product is in terms of development.
 5. No clear answer is provided to the question: "Why would anyone ever want to buy one?"
 6. There is no clear statement of the qualifications of the management team.
 7. Financial projections are largely an exercise in wishful thinking.
- If you watch an episode of Dragon's Den you will see literally all of these in action.





STUDENTS
OFFERING SUPPORT

Raising Marks. Raising Money. Raising Roofs.

Business Models

Alex

NATIONAL SPONSORS:



Study guide says...

Lecture Material

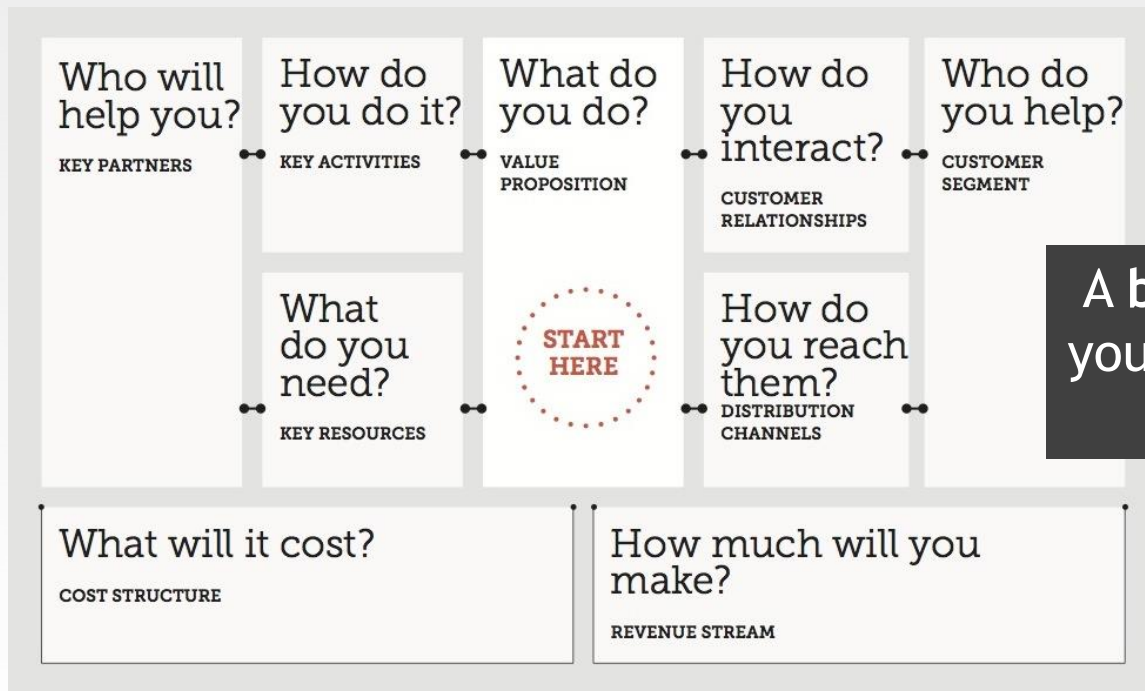
- how companies can have the same product and different business models
- implications of business model on operations
- business model “patterns” and examples

Note: This section was *mostly* assessed by your BMC assignment. Only the above concepts will be appearing on the exam.



What is a business model?

- The rationale of how an organization creates, delivers, and captures value.
- How you intend to make money with your idea, turning an idea into a profitable business / sustainable not-for-profit.



A business model involves your answers to all of these key questions.



STUDENTS
OFFERING SUPPORT

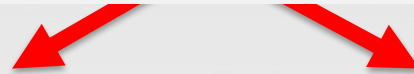
Same product, different models

- How is that possible? What changes?
- **Elements of the BMC change**
- One change that's usually easy to identify is the **revenue stream** (rent, sell, subscribe, commission, license...)



Same product, different models

I need a Macbook! Where can I get one?



sell

PRISM RESOURCES

subscription/ rent



I've got my Macbook! Yay!



STUDENTS
OFFERING SUPPORT

Same product, different models

I need a Macbook! Where can I get one?

 
FUTURE SHOP

- Mass market
- Retail model
- Spends money on stores and displays
- Asset sale
- Pay full price, then you own the computer

PRISM RESOURCES

- Niche market (only available to SBE students)
- Funded by PRISM fees; Rental model
- No expenses for displays: keep laptops in storage
- Free if you pay the \$60 PRISM fee
- Get the laptop temporarily

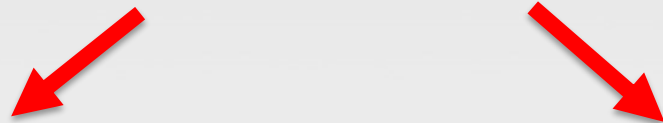
 
I've got my Macbook! Yay!



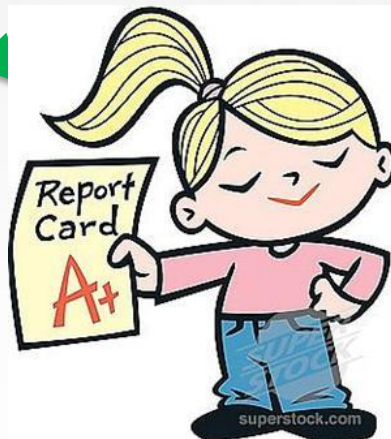
STUDENTS
OFFERING SUPPORT

Same service, different models

I need help preparing for the BU121 midterm!
What can I do?



I've got my BU121
exam prep help!
Yay!



Same service, different models

I need help preparing for the BU121 midterm! What can I do?



- Larger group
- Comprehensive review with questions as needed
- Volunteer, not-for-profit
- Fund outreach projects
- Consistent rate: \$20/3 hours for all sessions
- Multiple courses under SOS brand: relationship builds!

Individual tutor

- One-on-one; personal relationship
- Work only on the areas you're struggling with
- For profit
- Varied rates: \$20,40,60/hour depending on the tutor
- Probably need different tutors for every course

I've got my BU121 exam prep help! Yay!



STUDENTS
OFFERING SUPPORT

Implications for operations

association, involvement

Example: Different magazine business models

- Consumer Reports makes its money on subscriptions
 - Therefore Consumer Reports must make sure it had excellent content that consumers would be willing to pay for.
- Vogue makes its money primarily off advertising
 - That implies that Vogue must make sure it has content that appealed to the markets that its *advertisers* wanted to reach.

Example: Movie theatres

- Theatres primarily make their money off the concessions
 - So they need to make sure they have well trained staff that can keep the line moving and up-sell with added products.



STUDENTS
OFFERING SUPPORT

"Patterns" and examples

Relatively new types of powerful business models include:

- Multi-sided Platform
- Long tail
- "Free"



"Patterns" and examples

- Multi-sided Platform

- Facilitating some interaction/exchange between two or more groups
- Groups are interdependent: platform is useless unless both groups are present
- Ex: eBay requires buyers and sellers



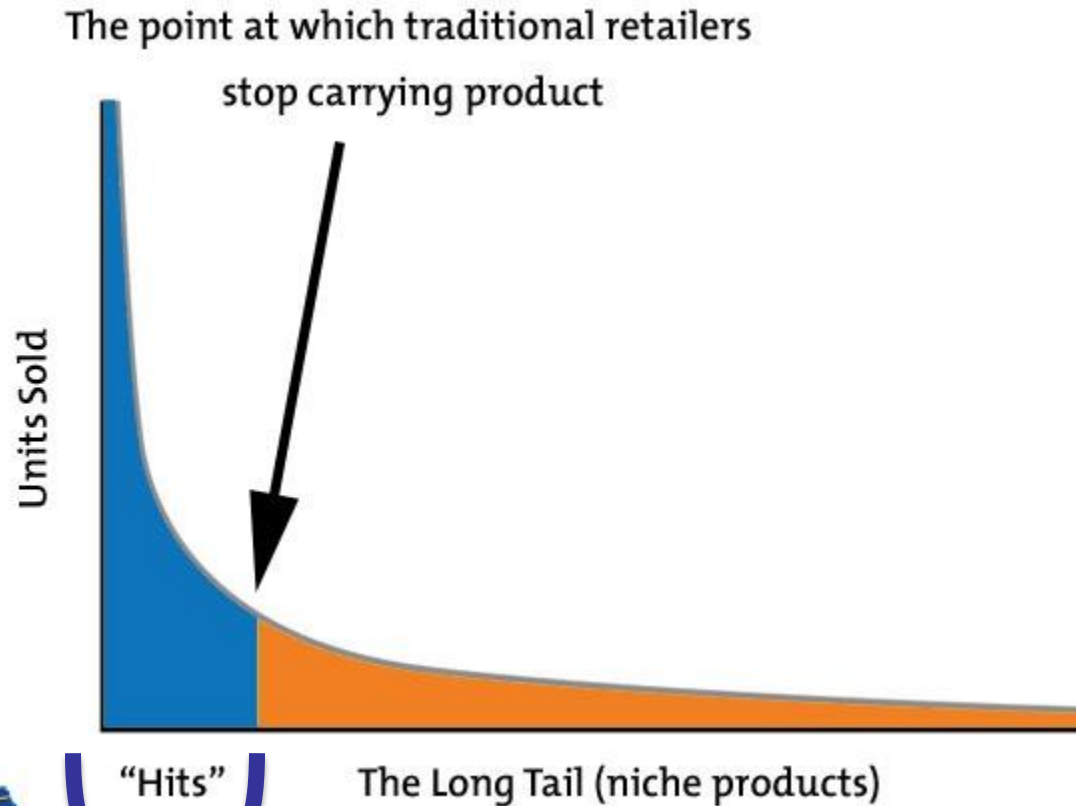
"Patterns" and examples

- Multi-sided Platform: eBay
- Long tail
 - Virtually endless selection
 - Can carry less popular items
 - Ex: Blockbuster vs. Netflix, HMV vs. iTunes
 - Can be made possible by digital storage



"Patterns" and examples

Long tail



NETFLIX



STUDENTS
OFFERING SUPPORT

"Patterns" and examples

- Multi-sided Platform: eBay
- Long tail: Netflix
- "Free"
 - One segment benefits from a free service, which is financed by another part of the business model



"Patterns" and examples

Multi-sided Platform: eBay
for buyers and sellers



Long tail: Netflix, iTunes
offering (virtually) endless
selection



"Free": Google; search is
free, advertising is paid





STUDENTS
OFFERING SUPPORT

Raising Marks. Raising Money. Raising Roofs.

Business Communication Demi

NATIONAL SPONSORS:



Study guide says...

Lecture Material - 'Made to Stick'

- What is a sticky message?
- Implication of the 'curse of knowledge'
- 6 principles of stickiness - what they are and how to achieve them (Subway example)



4 principles of Business Writing

- **Purposeful** - have a definitive purpose, solve problems and convey information.
- **Persuasive** - make audience believe and accept your message.
- **Economical** - present ideas clearly and concisely (length is not rewarded).
- **Audience Oriented** - concentrate on looking at a problem from the perspective of the audience.

Memory Trick: 4P's Purpose, Persuasive, Pithy/Petite, Perspective.



3x3 Process

- **Step 1: Prewriting (AAA)** *First Step, First Letter*
 - Analyze - decide on your purpose
 - Anticipate - profile your audience
 - Adapt - what techniques can make message fit the audience
- **Step 2: Writing (ROC)** *Step two, ready to ROC it.*
 - Research - gather data to provide facts
 - Organize - group similar facts together
 - Compose - prepare a quick first draft
- **Step 3: Revising (REP)** *REvise means REPeat #StepThreeppeat*
 - Revise - edit to be sure message is clear
 - Evaluate - will the message achieve your purpose?
 - Proofread - take time to read over every message carefully



Sticky Communication

- What “Sticks”?

- Understandable, memorable, and effective in changing thought or behaviour
- Are concepts created interesting or made so?
 - Communication bridges the gap between concept and interest.
 - Not just the WHAT of the communication, but the HOW

You know that friend that takes the most interesting story and completely ruins it when they tell it? Chip and Dan Heath hate that friend. They want to live in a world where no one has that friend.



Sticky Communication

- The Curse of Knowledge
 - When we know something, hard to imagine not knowing it (cannot communicate ideas clearly)
 - Your vast knowledge and experience makes it hard to fathom how little someone else knows
- The “listeners and the tappers” Exercise
- Sometimes if you’re stuck on a math problem it’s better to have your pal in second year help you out than Dr. Howe. He has forgotten proofs you will never even begin to understand.



Success Model

Simplicity

- Find and communicate the core of the message
 - This makes the message easy to remember
 - No “plan” survives contact with the enemy
-
- Eg. Southwest Airlines- THE Low fare Airline
or
Disney’s “Cast Members” vs Subway’s
Sandwich Artists



sUccess Model

- Unexpectedness
 - Surprise the audience, create an interest.
 - Opens gaps in knowledge then fills them

Eg- A car commercial that starts off with a happy smiling family pulling out of the driveway and they immediately get plowed over by a 16 wheeler and JK it was never a car commercial it was a traumatizing PSA about seatbelts.

If you want another relatively unexpected example check out what my sister sent me once.

https://www.youtube.com/watch?v=j91nOym5_yE



STUDENTS
OFFERING SUPPORT

suCcess Model

Concrete

- Keep ideas succinct and fixed - more clear
- Imagery the audience can visualize!

Eg. Movie Popcorn contains 20g of fat or
Movie Popcorn contains more fat than a Bacon
and Egg breakfast, a Big Mac and Fries and a
Steak Dinner with all the trimmings... combined.



sucCess Model

Credibility

- Use internal (Statistics, Vivid Details, Testable Credentials) as well as external (Experts, Celebrities and Anti-Authorities) credibility to make the audience believe in your statements
- Testable Credentials: Get them to try it out for themselves.
Malcolm Gladwell: In the next 15 seconds write down as many things as you can think of that are white.
- Anti Authorities: A dying smoker telling you not to smoke.
Or, a non-profit that claimed to turn homeless people into useful workers would send a car around to pick up prospective donors and employers of their clients. The trick: Their driver, unbeknown to the donors until later, was a former homeless person.



succEss Model

Emotions

- Use emotions to your advantage by appealing to the receiver's self interest, emotions or identity
- Get people to care about your message and **feel!**

Eg. Two charity campaigns one filled with stats and the other focused on a single child. The latter wins every time.

Eg. Don't mess with Texas

succeSs Model

Stories

- Use anecdotes, or real life examples to make your message into a simulation
 - Contain wisdom and make people take action
1. The Challenge Plot (Rags to Riches, Willpower over Adversity) **Cinderella**
 2. The Connection Plot (Bridging a gap, could be racial, gender, age, species) **Beauty and the Beast**
 3. The Creativity Plot (something that makes it different/better than the rest) **Frozen**





STUDENTS
OFFERING SUPPORT

Raising Marks. Raising Money. Raising Roofs.

DISC/EQi
Alex

NATIONAL SPONSORS:



Study guide says...

- Lab Manual Readings (pages 60-75) - major concepts only

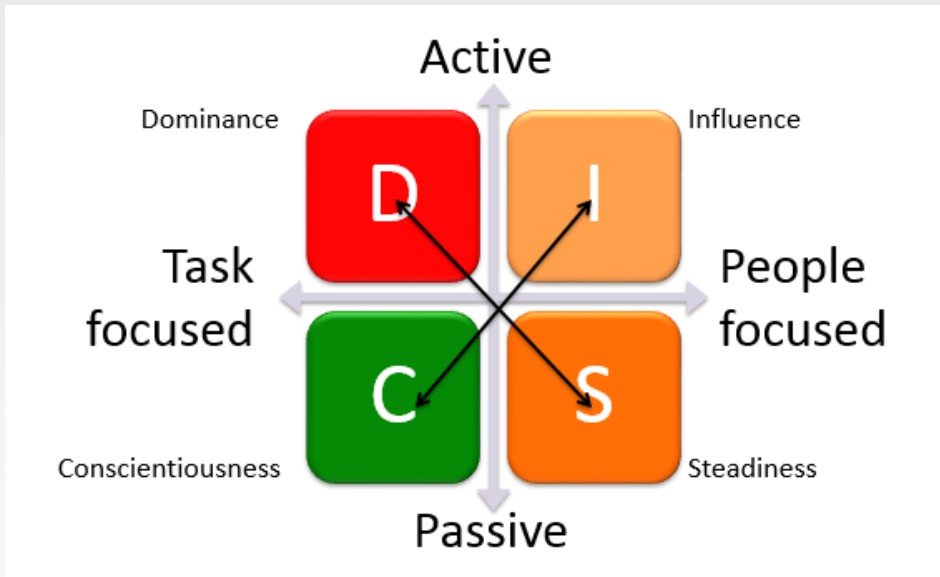
Lecture Material

- differences and overlap between EI, IQ & Personality
- application of EI in business and leadership
- understanding DISC profiles - greatest fear, antagonized response, emotion measured and how to communicate with each



DISC and EQi

Our old friends!



Let's start with emotional intelligence.

Copyright © 2011 Multi-Health Systems Inc. All rights reserved.
Based on the original BarOn EQ-i authored by Reuven Bar-On, copyright 1997.



STUDENTS
OFFERING SUPPORT

Differences and Overlap

- EI vs. IQ vs. Personality
- EI can **always be improved upon**
→ non-static/dynamic trait
- IQ and personality plateau; they develop then stay constant
- EI **multiplies** the effect of high IQ and/or technical skills
- Overlap: all can be used to benefit a company
 - Recruitment
 - Assessing job performance



EI and Employment

- 71% of US employers value EI over IQ
- Because strong EI means that person can:
 - Deal well with pressure
 - Resolve conflicts effectively
- Examples of employers valuing EI
 - OPP
 - CIBC and American Express of sales reps positions
 - US Air force



Impact on Bottom Line

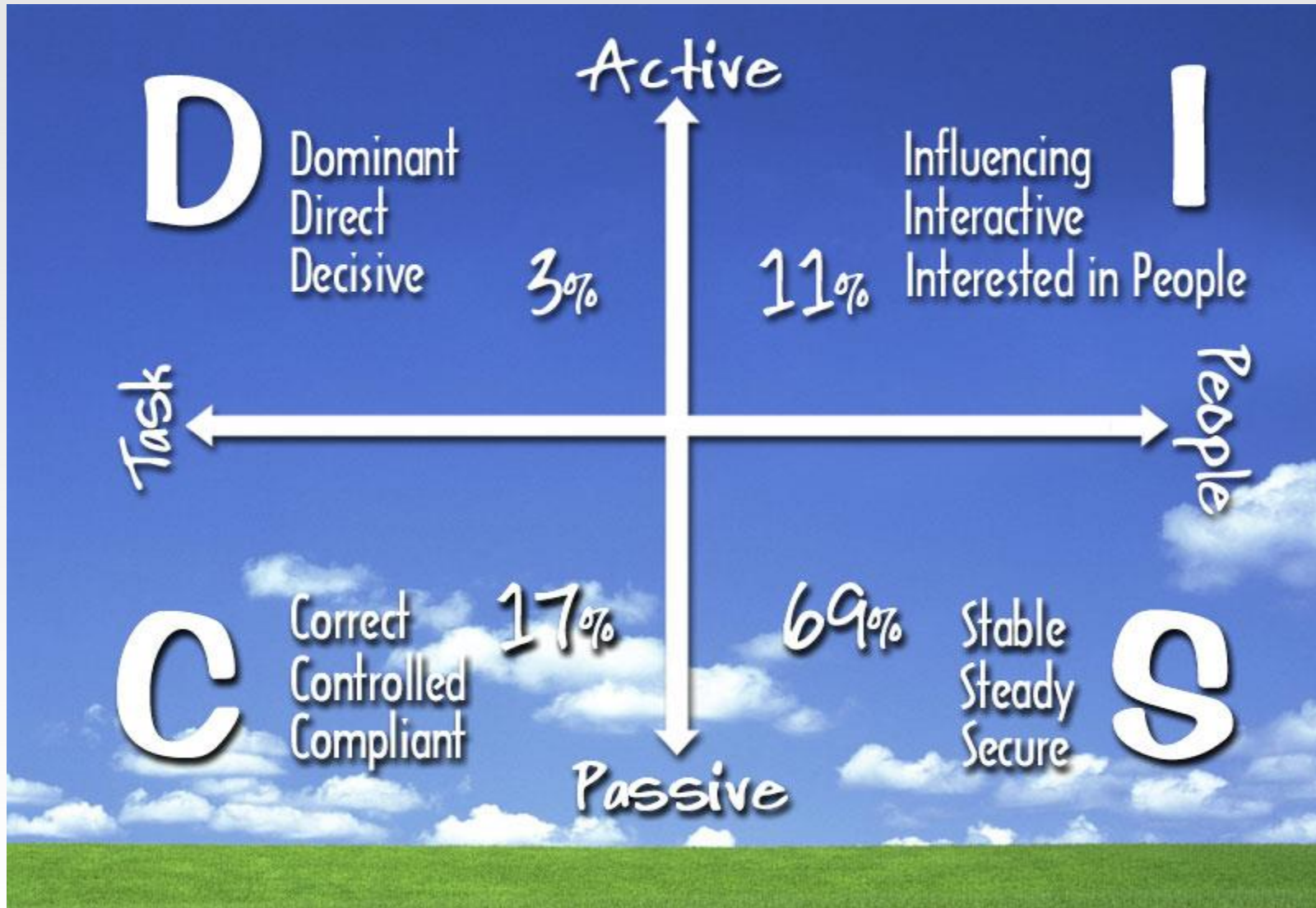
5

- Reduced training costs
- Higher levels of productivity
- Reduced turnover rates
- More successful hiring (less failures)



STUDENTS
OFFERING SUPPORT

DISC



DISC Styles

High D style

A large, bold, red letter 'D' is positioned on the left side of the slide, serving as a visual anchor for the 'High D style' section.

- **Characteristics**
 - Active, positive movement in an antagonistic environment
 - High ego strength, desire change, do many things at once
- **Fear:** Being taken advantage of
- **Antagonized response:** Aggressive
- **Emotion Measured:** Anger
- **Enhanced Communications:**
 - Brief and to the point
 - Ask what, not how questions
 - Focus on results, agree with facts; not people



DISC Styles

High I Style

- **Characteristics**
 - Active, positive movement in a friendly environment
 - Emotional, people oriented, disorganized, optimistic and encouraging
- **Fear: Rejection**
- **Antagonized Response: Negotiate**
- **Emotion Measured: Optimism**
- **Enhanced Communications:**
 - Let them talk about ideas
 - Allow for social time
 - Build a comfortable environment



DISC Styles

A large, bold, green letter 'S' is positioned on the left side of the slide, serving as a visual anchor for the 'High S style' content.

High S style

- **Characteristics**
 - Passive aggressive in a favorable environment
 - Loyal, gentle team player
 - Trusting, possessive and resists change
- **Fear:** Loss of security
- **Antagonized Response:** Passive
- **Emotion Measured:** Emotional expression
- **Enhanced Communications:**
 - Show genuine interest in them
 - Define goals and their role in the plan
 - Give them time to adjust to changes



DISC Styles

High C Style



- **Characteristics**
 - Cautious, tentative response designed to reduce antagonistic factors in an unfavourable environment
 - Perfectionist, sensitive, accurate, ask many questions and requires details
- **Fear: Criticism**
- **Antagonized Response: Passive**
- **Emotion Measured: Fear**
- **Enhanced communications:**
 - Prepare in advance, assure them there will be no surprises
 - Be specific and use precise explanations



QUESTIONS?

- Finance
- Marketing
- Business planning
- Business models
- Business communication
- DISC/EQi





STUDENTS
OFFERING SUPPORT

Raising Marks. Raising Money. Raising Roofs.

THANK YOU!

Good luck on your midterm!

**Visit lauriersos.com for more sessions and
volunteer opportunities!**

Please leave us feedback when prompted!