

The Business Empowerment Course

Course 1: Business Behaviours

Handout 1



The MBA Academy

Empowering People by Making Business Accessible

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Introduction

This course has been designed to empower and inspire you through an understanding of the essential principles of business. The concepts covered are the same as those normally taught by the world's leading business schools on Masters in Business Administration courses (MBAs).

As well as providing you with an understanding of the core business concepts, you will develop a new and creative way of looking at business problems using the same approaches that are used by the most successful entrepreneurs and business visionaries.

Therefore, as well as learning the essential business concepts, you will develop a new business mindset.

You are going to learn how you can carry these ideas into other areas of your life, helping you to spot opportunities and overcome challenges in a way that will propel you forward.

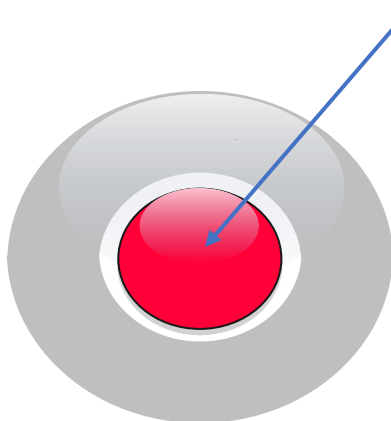
To a large extent this series of handouts is about developing business behaviours. Therefore, Course 1 in this series of MBA Empowerment resources is called Business Behaviours. This will consist of several handouts. You will receive one handout a week for the next few weeks.



Chapter 1 – Internal Resources and External Market

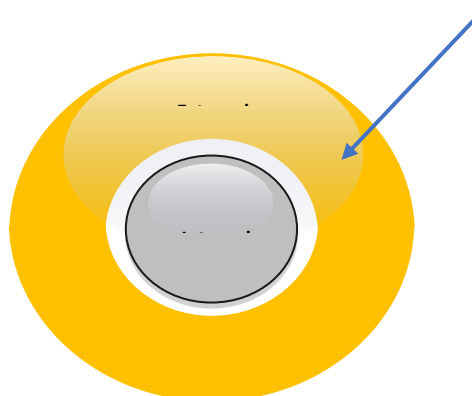
Every business has certain resources that it can use. These can include the money it has in the bank, its premises such as its offices, stores, warehouses and manufacturing plants, its vehicles and equipment, its brand and the energies, skills and talents of its employees. Most businesses will have access to some or all of these sorts of resources. Even a start-up business with no money and no business premises or equipment will have resources in the form of the energies, skills and talents of its founders.

The resources that a business can use are referred to as its **Internal Resources**.



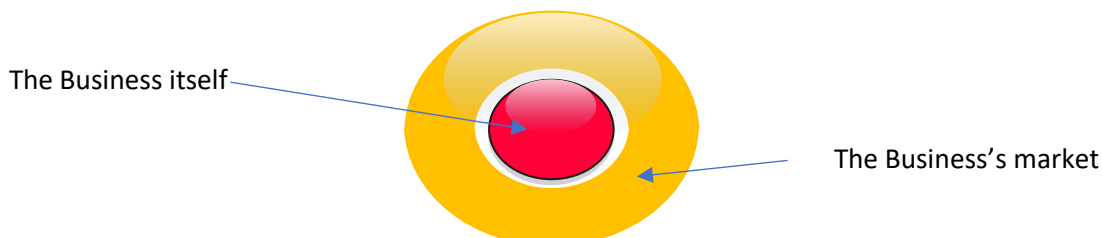
However, no business exists in a vacuum. In addition, to considering the resources available to a business, we must consider the market in which it operates. There are a huge range of external factors that will have an impact on the business's market. The factors which exist within a business's **external market** include the business's customers, suppliers, competitors, laws and regulations, technologies, economic conditions, fashions, tastes and trends.

The External Market



Chapter 2 - The Modern Theory of Business Strategy

The Modern Theory of Business Strategy states that in order for any business to be successful in the long term it has to find the best way in which it can use its own **internal resources** (including the energies, skills and talents of its people) in a way that makes the most out of the opportunities presented to it by its **external market**.



In fact, finding out the best way in which a business can use its **internal resources** to make the most out of the opportunities that are presented to it by its **external market** is the essence of strategy.

The first point to note is that the internal resources of a business and its external market are **interrelated**. This means that if someone was to study the internal resources of a business without also considering its external market, they would be wasting their time. This is not only true for businesses but also for many other areas. For example:

- Before you could list the key physical qualities (the internal resources) of a sports person, you would need to know something about the sport that they play (the external market). A heavy weight boxer will require different physical attributes to a long-distance runner. Imagine Mo Farah in a heavy weight boxing contest!
- Before you could determine how well equipped a country's defence systems were (the internal resources), you would need to understand the nature of the threats that the country faced (the external market). Tanks and missiles are not much help in dealing with cyber-attacks or home-grown terrorists.
- Before a student decides which courses to study and which qualification to aim for, as well as considering their own personal strengths (the internal resources), they should consider the employment prospects for that subject area (the external market). There would be little point in becoming an expert in a subject area for which there are no jobs.

Question: The examples above highlight the importance of understanding the internal resources in relation to the external market. Can you think of any additional examples? If so, please make a note of these in your answer to Question 2 on the last page of this handout.

Chapter 3 - Business Vision

As explained above, the internal resources of a business and its external market are interrelated.

Therefore, we will see that before we can work out the best way for a business to use its internal resources, we need to understand its external market.

The handouts provided by this course will help you to understand how you can get to grips with a business's external market.

The handouts will then consider the importance of describing what the business hopes to achieve within that external market. This is sometimes referred to as its **vision**.

We will see that having clearly defined vision is essential. Of course, a business is not unusual in this respect. Extensive research on peak performers in sport shows that almost all of the world-class athletes have a clear vision of what they want to achieve. They are visualisers. They see their visions or goals, they feel them and they experience them before they actually go out and perform. A real sense of vision helps an athlete to direct all of their energies. All of their short term goals and ways of thinking are directed around this. We will see that this is exactly the same for a business.

Later on in this course, having understood what the business wants to achieve within its market (its vision) we will consider how the business can best use its internal resources to make that vision a reality. We will see that every successful business once started life with a very limited set of resources but found a way of enhancing, developing and growing its resources to achieve its vision.

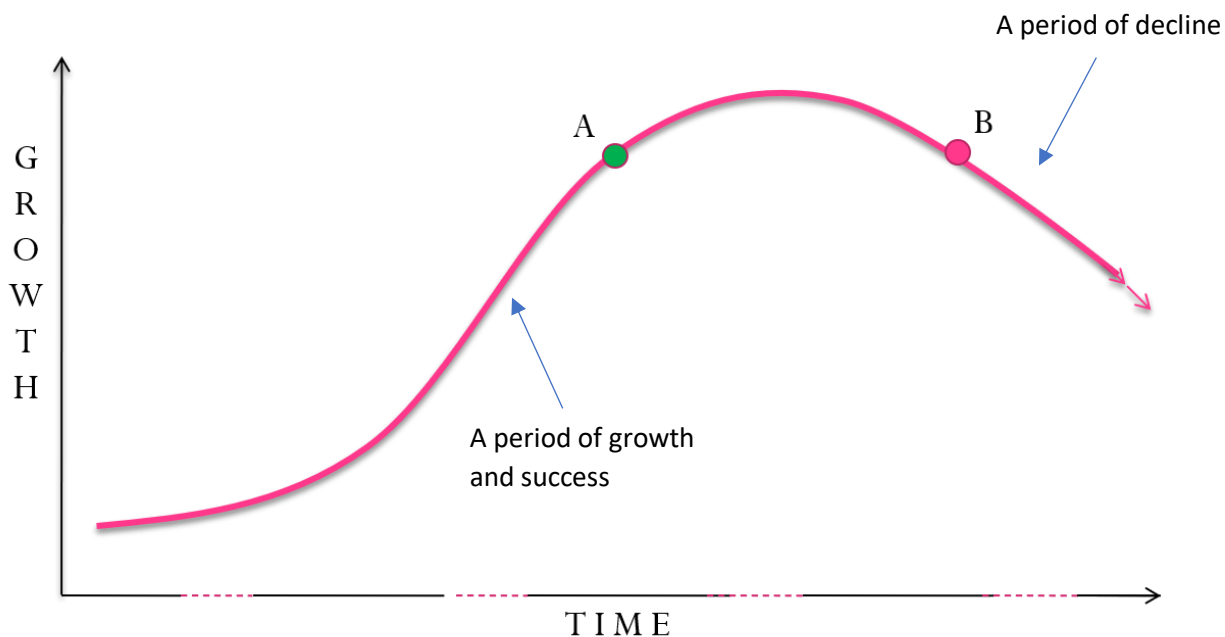
We will also see that a business should not be defined by what it has achieved, how much money it has or by what it owns. Instead a business should be defined by what it wants to achieve and how it uses its resources (including the energies, skills and talents of its people) to make that goal a reality. We will explore how this concept can be applied to the individual.



Chapter 4 - The Sigmoid Curve

Finally, we will see that even where a business has developed a great set of internal resources that enables it to achieve its vision in its external market, it cannot afford to stand still. This is because the external market will change over time.

If a business does not adapt to changes within its external market it will inevitably go into decline. In fact, if it is not careful, every business will follow a certain path known as the Sigmoid Curve.

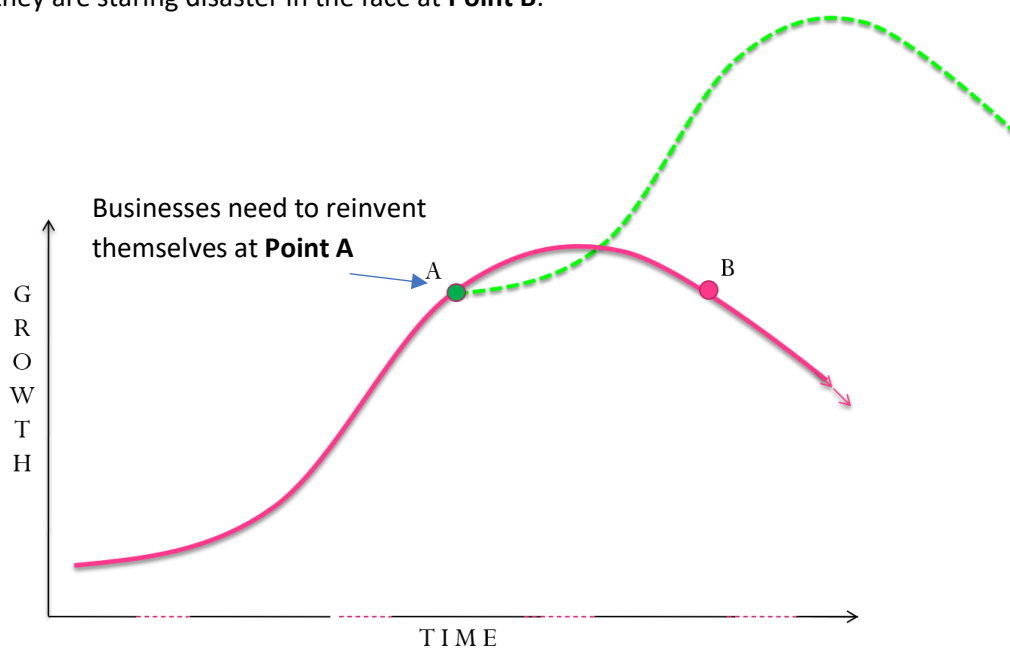


The **Sigmoid Curve** is used to represent that even the most successful businesses will go into decline if they do not reinvent themselves for the future.

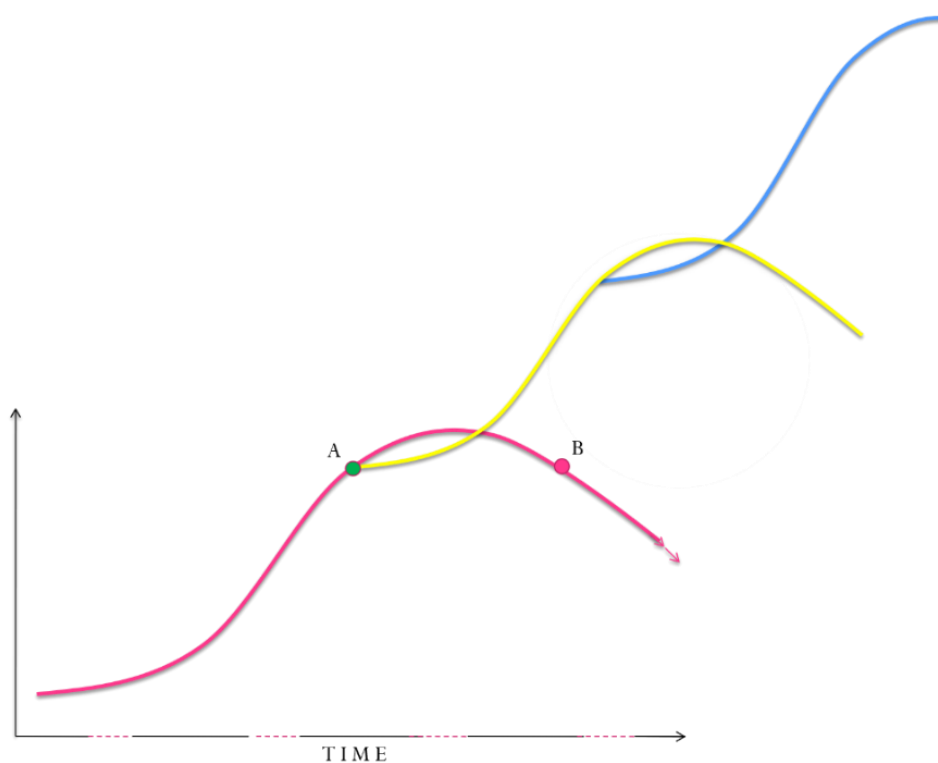
Some of the more famous examples of where this has happened include Nokia, Blockbusters, HMV, Game, BHS, Toys R US, Woolworths, Borders and Thomas Cook.

Question: Can you think of any other famous businesses that have gone into decline a result of changes within the external market (such as a changing customer need, a new technology or a new competitor)? If so, please make a note of these in your answer to Question 3 on the last page of this handout.

Businesses need to start to **reinvent** themselves at **Point A** on the Sigmoid Curve rather than when they are staring disaster in the face at **Point B**.



In fact, it is likely that every business will need to start a series of Sigmoid Curves over its lifetime.



Later on in the course, we will consider how **businesses** and **individuals** can respond to change and reinvent themselves for the future.

Worksheet 1

Question 1.

What does The Modern Theory of Business Strategy state? The answer is on Page 4 but try to answer this in your own words without looking at the notes:

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Question 2.

Can you think of any examples (additional to those set out on Page 5) which highlight the importance of understanding the internal resources in relation to the external market? If so, please make a note of these in the space provided below:

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Question 3.

Can you think of any famous businesses that have gone in to decline as a result of changes within the external market (such as a changing customer need, a new technology or a new competitor)? If so, please list them in the space provided below:

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Question 4: Choose a few well-known business (e.g. MacDonald's, Nokia, Kodak, Facebook, Apple, Volkswagen, Tesla). Where do you think these different businesses are on the sigmoid curve? They will all be in slightly different positions. Please mark your answers on the Sigmoid Curve below.

