
MBA ESSENTIALS

Your Pocket Guide to Business Success
and
a little about 1:90 Align

Philip Martin MBA

First Edition

MBA Essentials

Your Pocket Guide to Business Success

First Edition

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*For everyone who was told
they're not good enough or smart enough.*

You Are!

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M B A E S S E N T I A L S

I N T R O D U C T I O N

Why Business Skills Matter

“An investment in knowledge pays the best interest.”

— Benjamin Franklin

Introduction: Why Business Skills Matter

I wrote this book because I was frustrated.

I'd spent over fifteen years building businesses, managing teams, launching products, and figuring out how things actually work in the real world. Then I did my MBA. And the thing that struck me most wasn't how much I learned. It was how straightforward most of it was. These weren't secrets. They were sensible, practical ideas that anyone could grasp if someone just explained them properly.

So why does business education feel so exclusive? Why is this stuff locked behind programmes that cost tens of thousands of pounds and take two years to complete? The knowledge inside an MBA programme, the stuff about marketing, finance, strategy, operations, all of it, is genuinely useful for anyone trying to do well in their career or build something of their own. It shouldn't be reserved for people who can afford the price tag.

That frustration became this book.

Demystifying the MBA

Here's the thing about MBA programmes. They're brilliant at organising knowledge. They take ten or so business disciplines and connect them together so you can see how everything relates. The marketing feeds into the sales, the operations deliver what you've promised, the finance tells you whether you're making money, and so on. That structure is genuinely valuable.

But the actual concepts? Most of them aren't complicated. A SWOT analysis isn't rocket science. Understanding a P&L statement doesn't require a maths degree. The basics of project management are logical once someone walks you through them. The problem has never been that business knowledge is too difficult for ordinary people. The problem is that it's been wrapped up in jargon and academic language that makes it feel harder than it is.

I completed my own MBA at Wrexham University after fifteen years in the thick of it, running companies, and scaling operations from scratch. I'd already learned most of these lessons the hard way, through trial and error and plenty of mistakes. What the MBA gave me was the language and the frameworks to organise what I already knew. And it made me think: why did I have to wait so long? Why isn't this taught to everyone early on?

This book is my attempt to fix that. Everything in here is explained in plain English, with real examples, and without the academic padding. If something can't be explained simply, I haven't done my job.

THE PROMISE OF THIS BOOK

Every concept in these pages is explained as if we're sat across a table having a conversation. I'm not trying to impress you with

complicated words. I'm trying to help you understand things that will genuinely make a difference to your work and your career. If a framework doesn't make sense, that's on me, not you.

Knowledge Creates Opportunity

I've seen firsthand what happens when people understand how business works. They stop being passengers and start being drivers. They get invited into rooms they weren't in before. They start businesses, get promotions, make smarter decisions, and help the people around them do the same.

That's not fluffy motivation. It's practical reality. When you understand how a marketing funnel works, you can have a proper conversation with your marketing team instead of nodding along. When you understand cash flow, you can spot problems before they become crises. When you know how to read a competitive landscape, you can see opportunities that other people walk straight past.

- **You start speaking the language.** You know those meetings where half the room is using acronyms and frameworks you've never heard of? That stops. You understand what they're talking about, and you can contribute.
- **You make better calls.** Every business decision is a trade off. More money here means less there. Faster delivery might mean lower quality. These frameworks help you weigh those trade offs properly instead of going with your gut every time.
- **You see what others don't.** Once you understand things like market segmentation or competitive strategy, you start noticing

gaps and possibilities that were always there but invisible to you before.

- **You lead more effectively.** Whether you've got one direct report or a hundred, knowing the fundamentals of HR, project management, and change management makes you a better boss. Full stop.
- **You create opportunities for others.** This is the bit that matters most to me. When you understand business, you don't just advance your own career. You help the people around you grow too. You become the person who explains things clearly, mentors others, and builds teams that actually work.

ON OPPORTUNITY

You don't need to come from the right background or know the right people. Plenty of successful business leaders started with nothing but curiosity and a willingness to learn. This book gives you the knowledge. What you do with it is up to you.

Who This Book Is For

Honestly? Anyone. I've deliberately written this so you don't need any prior business knowledge to pick it up and get value from it. You don't need to know what EBITDA stands for (we'll get to that). You don't need a degree. You just need to be curious about how businesses actually work.

WHO THIS BOOK IS FOR

ASPIRING LEADERS

You're ready to step up and want the business foundations to do it with confidence.

ENTREPRENEURS

You're building something and need to understand every part of the machine. Fast.

CAREER CHANGERS You're moving into management or a business role and want practical knowledge, not theory.	CURIOS MINDS You want to understand how businesses actually work without spending two years and £30k on an MBA.
<i>If you want to understand business without the jargon, you're in the right place.</i>	

How This Book Works

This isn't a textbook and I'm not going to pretend it is. It's a practical toolkit. Ten chapters, each covering one area of business, each giving you the key concepts and the tools to actually use them. I've grouped the chapters into four parts that follow a natural logic:

YOUR LEARNING JOURNEY			
PART I Growing Your Business Ch 1: Marketing Ch 2: Sales	PART II Running Your Business Ch 3: Operations Ch 4: Finance Ch 5: Project Mgmt	PART III Leading Your Business Ch 6: HR Ch 7: Strategy	PART IV Future-Proofing Ch 8: Sustainability Ch 9: Innovation Ch 10: Change Mgmt
<i>10 chapters • 4 parts • 1 complete business toolkit</i>			

THREE WAYS TO USE THIS BOOK		
COVER TO COVER Read it front to back for the full picture. Each chapter adds context for the ones that follow.	DIP IN & OUT Got a specific problem? Jump straight to that chapter. They all stand on their own.	USE AS REFERENCE Keep it on your desk. Come back to the frameworks and checklists whenever you need a refresher.
<i>However you use it, the goal is the same: build your confidence and capability.</i>		

WHAT YOU'LL FIND IN EVERY CHAPTER

✓ Core Concepts	<i>The essential theory, explained simply</i>
✓ Practical Frameworks	<i>Tools you can apply immediately</i>
✓ Real-World Examples	<i>How leading companies do it</i>
✓ Visual Diagrams	<i>Complex ideas made visual</i>
✓ Case Studies	<i>Detailed analyses of real businesses</i>
✓ Three Things to Remember	<i>Key takeaways to anchor your learning</i>

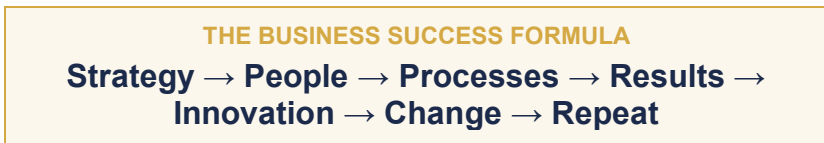
How Everything Connects

One of the biggest things I learned during my MBA, and honestly during my career, is that none of this stuff exists on its own. Marketing brings the customers in. Sales converts them. Operations delivers what you've promised. Finance keeps score. HR builds the team that does all of it. Strategy decides which direction everyone is heading. And when things need to change, you need innovation and change management to make it stick.

The best people I've worked with over the years weren't specialists who only understood their own patch. They were people who could see across the whole picture. They understood that a great marketing campaign is pointless if operations can't deliver, or that the perfect financial model means nothing if you can't find and keep good people. That cross functional thinking is what this book is designed to build.



◆ Sales	◆ Finance ◆ Project Mgmt
LEAD <i>Build & direct teams</i> ◆ HR ◆ Strategy	EVOLVE <i>Stay ahead</i> ◆ Sustainability ◆ Innovation ◆ Change Mgmt
<i>Every discipline connects. The best leaders think across all of them.</i>	



Making It Practical

Every chapter in this book includes real examples from real companies. I've included case studies, practical frameworks, and scenarios that you'll probably recognise from your own experience. The test I've applied to every concept is simple: could someone read this on Sunday evening and use it at work on Monday morning? If not, I've rewritten it.

My suggestion is this: don't try to absorb everything in one go. Read a chapter, pick the one idea that feels most relevant to you right now, and try it. Apply it at work, in your business, wherever it fits. Then come back and read the next one. That's how knowledge turns into something useful, by actually doing something with it.

A PERSONAL NOTE

I left school and the advice was to get an apprenticeship and ended up working for Kwik-Fit (vehicle repair) and did this for four years. I struggled with an active mind that wanted to be challenged. I was lucky that I managed to get in contact with the owner of a small software company (QuikPlan) and started my as first line in 2006. This business grew over the years and I worked my way up to running operations and running it for a year. When the business was sold, I founded care office ltd and worked through covid providing PPE and other business solutions like websites and telecoms whilst doing my MBA. I sold this business, made plenty of mistakes, and learned from all of them. After this I went to work for ActiveOps PLC which gave me insight into owning a global product used by banks, insurance and healthcare enterprises that needed workforce analytics to manage their employees. The MBA gave me the structure to make sense of everything I'd picked up along the way. But I genuinely believe you shouldn't need to take that same long road. The practical knowledge in this book can give you a head start that I wish I'd had.

About the Author

ABOUT THE AUTHOR

Philip Martin MBA

Philip Martin has spent over 18 years working in B2B technology businesses, starting in first line support and working his way through customer success, product management, and operations leadership. He holds an MBA from Wrexham University and has spent his career figuring out how to turn complicated business problems into practical, workable solutions.

He's founded and sold his own company, led global product across three continents, and designed operational frameworks that delivered results. He wrote this book because he believes the knowledge inside an MBA programme is too useful to keep behind a paywall. If it helped him, it can help anyone.

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Let's Begin

Right, enough scene setting. You're about to work through the same core business concepts that get taught in MBA programmes around the world, from marketing and finance through to strategy and change management. The difference is, you're going to learn them in a way that's practical, accessible, and you can use straight away.

Let's get into it.

PART 1: BUILDING YOUR BUSINESS

MBA ESSENTIALS

CHAPTER 1

Marketing

Finding and Keeping Customers

“The aim of marketing is to know and understand the customer so well the product or service fits him and sells itself.”

— Peter Drucker

Marketing – Finding and Keeping Customers

Marketing isn't just advertising. It's understanding what people need, creating something valuable, and letting them know it exists. Get this right, and everything else becomes easier.

KEY INSIGHT

Marketing is the engine that drives every business. Without customers, nothing else matters. Great marketing starts with listening, not talking.

Understanding Your Market and Customers

Before you can sell anything, you need to know who your customers are, what problems they have, why they would choose you, where they look for solutions, and how much they're willing to pay.

This is market research, and you don't need expensive consultants to do it. Talk to potential customers. Watch what they do. Ask questions. Listen more than you talk.

PRACTICAL TIP: Quick Market Research Methods

1. Survey 20 potential customers using free tools like Google Forms or Typeform
1. Spend a day observing customers at a competitor's location
2. Read online reviews of similar products (Amazon, Trustpilot, G2)
3. Join industry forums and social media groups to hear unfiltered opinions
4. Analyse Google Trends data for search volume in your niche

Market Segmentation

Market segmentation means dividing your potential customers into groups based on common characteristics. This allows you to tailor your message and product to each group's specific needs.¹

FOUR TYPES OF MARKET SEGMENTATION

Demographic

Age, gender, income
Education, occupation
Family size and status

Geographic

Country, region, city
Climate and density
Urban vs rural

Psychographic

Values and beliefs
Lifestyle and interests
Personality traits

Behavioural

Purchase habits
Brand loyalty level
Benefits sought

Example: A coffee shop might segment customers into morning commuters (speed and convenience), remote workers (space and WiFi), social meetups (ambiance and seating), and coffee enthusiasts (quality and variety). Each segment needs different messaging and offerings.

REAL-WORLD APPLICATION

When Starbucks expanded internationally, they didn't simply copy their US model. In China, they emphasised spacious seating for group socialising. In Italy, they focused on the Roastery experience to respect local coffee culture. Segmentation in action.

The Marketing Mix: The 4 Ps

Every marketing strategy comes down to getting four things right. These four elements work together as an integrated system. Change one, and the others need to adjust.²

THE MARKETING MIX: 4 Ps	
Product Features and quality Packaging and design Brand and story Service and support	Price Cost-plus or value-based Competitive positioning Psychological pricing Discounts and terms
Place Direct or retail Online marketplaces Omnichannel approach Distribution logistics	Promotion Advertising and PR Content marketing Social media Email and referrals

1. Product: What Are You Offering?

Your product (or service) is the core of your marketing mix. It includes everything the customer receives:

- Physical features, quality, and reliability
- Packaging and design that communicates value
- Brand name, reputation, and the story behind it

- Customer service and after-sales support
- Warranty, guarantees, and return policies

Product Life Cycle: Every product moves through stages: Introduction (high costs, low sales), Growth (increasing adoption, competitors enter), Maturity (market saturated, focus on differentiation), and Decline (sales fall, decide whether to reinvent or retire).

2. Price: How Much Do You Charge?

Pricing is both an art and a science. It signals your position in the market and directly impacts profitability:

- **Cost-plus pricing:** Calculate your costs, add a markup. Simple but ignores what customers will pay.
- **Value-based pricing:** Price based on perceived value to the customer. Often the most profitable.
- **Competitive pricing:** Match or undercut rivals. Works in commoditised markets but can trigger price wars.
- **Penetration pricing:** Start low to gain market share quickly, then raise prices once established.
- **Premium pricing:** Set prices high to signal exclusivity and quality. Requires a strong brand.

PRICING PSYCHOLOGY

Customers don't evaluate price in isolation. They evaluate it relative to perceived value. A £100 product that saves someone 10 hours of work is cheap. A £5 product that doesn't work is expensive. Always anchor your price to the value you deliver.

3. Place (Distribution): How Do Customers Get Your Product?

The best product at the best price means nothing if customers can't easily buy it:

- **Direct sales:** Your own website, physical store, or sales team. Maximum control, highest margins.
- **Retailers and wholesalers:** Broader reach but less control over the customer experience.
- **Online marketplaces:** Amazon, eBay, Etsy. Instant access to millions of buyers, but high competition.
- **Hybrid models:** Combining multiple channels (omnichannel) to reach customers wherever they prefer.

The DTC Revolution: Brands like Warby Parker (eyeglasses), Casper (mattresses), and Glossier (cosmetics) bypassed traditional retail entirely, selling directly through their websites. This gave them higher margins, direct customer relationships, and complete control over the brand experience.

4. Promotion: How Do People Learn About You?

Promotion encompasses everything you do to communicate with potential customers:

- **Advertising:** Paid media. TV, radio, online ads, billboards. Broad reach but expensive.
- **Content marketing:** Blogs, videos, podcasts, e-books. Builds trust and authority over time.³
- **Social media:** Engage communities on platforms where your audience already spends time.
- **Email marketing:** The highest ROI channel (£36 return per £1 spent on average). Build your list.⁷
- **Public relations:** Earned media. Press coverage, reviews, and mentions. Highly credible.
- **Word of mouth:** The most trusted form. Deliver a great experience and people talk.

Building a Strong Brand

Your brand isn't your logo. It's what people think and feel when they encounter your business. It's the promise you make and the reputation you earn.

Brand Elements

- **Brand Identity:** Name, logo, colours, typography, design language.
- **Brand Promise:** What you consistently deliver every time a customer interacts with you.
- **Brand Personality:** Human traits. Innovative, trustworthy, fun, professional.
- **Brand Positioning:** Your unique space in customers' minds relative to competitors.⁴

The One-Word Test: The strongest brands own a single word in customers' minds. Volvo = Safety. Apple = Innovation. Disney = Magic. FedEx = Overnight. What's your one word?

Building Brand Equity

Brand equity is built in stages. Each stage builds on the previous one:⁵

BRAND EQUITY PYRAMID
1. AWARENESS People know your brand exists
2. RECOGNITION People identify your brand among competitors
3. TRIAL People try your product or service
4. PREFERENCE

<i>People choose you over alternatives</i>
5. LOYALTY <i>People buy repeatedly and resist switching</i>
6. ADVOCACY <i>People actively recommend you to others</i>

This progression takes time and consistency. There are no shortcuts. Each stage must be earned through sustained effort and genuine customer value.¹⁰

Digital Marketing Essentials

Today’s customers are online, and so should you be. Digital marketing isn’t optional. It’s the primary battlefield for attention in most industries.

DIGITAL MARKETING TOOLKIT
SEO (Search Engine Optimisation) Optimise your website to rank higher in Google. Long-term, compounding results.
PPC (Pay-Per-Click) Google Ads, social ads. Immediate visibility but costs per click. Great for testing.
Social Media Marketing Build community and engagement on platforms where your audience lives.
Email Marketing Nurture leads and retain customers. Highest ROI of any digital channel.
Content Marketing Create valuable content that attracts and educates your target audience.
Analytics & Data

Track everything. Use data to optimise spend and improve conversion rates.

THE CONTENT MARKETING FLYWHEEL

Content marketing works like a flywheel. Hard to start but builds unstoppable momentum:

5. Create valuable content that solves real problems
6. Search engines index it and drive organic traffic
7. Visitors share it, building backlinks and authority
8. Higher authority = better rankings = more traffic
9. Repeat. Each piece of content compounds the effect

HubSpot built a \$30 billion company primarily through content marketing. Their blog generates over 7 million monthly visitors, all without paying for ads.⁹

Measuring Marketing Success

What gets measured gets managed. Without tracking key metrics, you're flying blind. Here are the metrics that matter most:

KEY MARKETING METRICS
Customer Acquisition Cost (CAC) Total marketing spend divided by number of new customers acquired.
Customer Lifetime Value (CLV) Total revenue a customer generates over their entire relationship with you.
Conversion Rate Percentage of visitors who take the desired action (buy, sign up, enquire).
Return on Marketing Investment Revenue generated minus marketing cost, divided by marketing cost.
Net Promoter Score (NPS) How likely customers are to recommend you. Measures satisfaction and loyalty.

Customer Lifetime Value (CLV)

CLV tells you the total revenue a single customer generates over their entire relationship with your business. This is arguably the most important metric because it determines how much you can afford to spend acquiring each customer.

CUSTOMER LIFETIME VALUE
CLV = Average Purchase Value × Purchase Frequency × Customer Lifespan
<i>Example: £50 avg. purchase × 4 times/year × 5 years = £1,000 CLV</i>

Why CLV matters: If your CLV is £1,000 and it costs £100 to acquire a customer, you have a healthy 10:1 ratio. If your CLV is £150 and acquisition costs £100, you're barely breaking even. Many businesses fail because they don't understand this relationship.

Return on Marketing Investment (ROMI)

ROMI shows you the financial return from your marketing spend. It's how you justify your marketing budget and allocate resources to the most effective channels.

RETURN ON MARKETING INVESTMENT

$$\text{ROMI} = (\text{Revenue from Marketing} - \text{Marketing Cost}) \div \text{Marketing Cost}$$

Example: (£50,000 revenue – £10,000 cost) ÷ £10,000 = 4.0x ROMI

The Marketing Funnel

The marketing funnel visualises the customer journey from first awareness to loyal advocate. At each stage, some prospects drop off. Your job is to move as many people down the funnel as possible while keeping costs manageable.

THE MARKETING FUNNEL

AWARENESS

Prospect learns you exist (ads, content, referrals)

INTEREST

They engage and want to learn more (website, social)

CONSIDERATION

They evaluate you against alternatives (reviews, demos)

CONVERSION

They make a purchase decision (checkout, sign-up)

LOYALTY

They buy again and again (retention, upsell)

ADVOCACY

They recommend you to others (referrals, reviews)

FUNNEL OPTIMISATION

The biggest gains usually come from fixing the widest part of the funnel. If 1,000 people visit your website but only 10 enquire, improving your landing page conversion from 1% to 3% triples your leads. Far more impactful than tweaking your close rate.

Quick Tool: Customer Persona Template

A customer persona is a semi-fictional representation of your ideal customer based on research and data. Creating detailed personas helps your entire team understand who you're serving.

CUSTOMER PERSONA: SARAH THE STARTUP FOUNDER	
Age: 32	Role: Founder / CEO
Company: Tech startup, 5-15 employees	Revenue: £200K-£500K
Goals: Scale quickly, find product-market fit	Challenges: Limited budget, wearing many hats
Channels: LinkedIn, podcasts, Twitter/X	Decision style: Data-driven, peer-influenced

HOW TO USE PERSONAS

Print your persona profiles and pin them to the wall. Before making any marketing decision, ask: "Would Sarah find this valuable? Would this reach her? Would this convince her?" If the answer is no, reconsider.

Case Study: How Dollar Shave Club Won with Marketing

In 2011, Dollar Shave Club launched with a simple insight: men hate overpaying for razors. Their strategy demonstrates all the principles in this chapter working together.⁸

DOLLAR SHAVE CLUB: MARKETING STRATEGY
The Insight

Men were overpaying for razors. A \$4,500 YouTube video went viral with 27 million views.

The Brand

Irreverent, honest, relatable. A stark contrast to Gillette's sleek, serious messaging.

The Model

Subscription created predictable recurring revenue and reduced acquisition costs.

The Result

Acquired by Unilever for \$1 billion in 2016. Just five years after launch.

The viral YouTube video cost just \$4,500 to produce but generated 27 million views. It was funny, honest, and directly addressed customer pain points. The subscription model created predictable recurring revenue and provided valuable data about purchasing patterns.

KEY LESSONS FROM DOLLAR SHAVE CLUB

10. Know your customer's pain point deeply (overpaying for razors)
11. Differentiate on business model, not just product (subscription vs retail)
12. Be authentic and memorable in your communication (humour, honesty)
13. Cut out the middleman for better margins and customer relationships (DTC)

More Examples: Marketing in Action

Airbnb: From Air Mattresses to \$100 Billion

Airbnb's marketing genius wasn't advertising. It was product design. By making the platform beautiful, trustworthy (reviews, verified photos), and easy to use, they turned every host and guest into a brand ambassador. Their "Belong Anywhere" campaign shifted them from a cheap hotel alternative to an aspirational travel experience.

Gymshark: Building a Brand Through Community

Gymshark grew from a garage operation to a £1 billion+ brand without traditional advertising. Their strategy: partner with fitness influencers who genuinely loved the product, build an engaged community on social media, and create limited-edition drops that generated urgency and FOMO. Every marketing pound was trackable and accountable.

Oatly: Making Oat Milk Cool

Oatly transformed a commodity product (oat milk) into a cultural movement. Their quirky packaging, self-deprecating advertising, and bold sustainability messaging attracted a loyal following. They didn't just sell a product. They sold an identity. Their marketing lesson: don't be afraid to polarise. Being loved by some is better than being ignored by all.

Three Things to Remember

THREE THINGS TO REMEMBER

1 Know Your Customer Research, segment, and create personas. Everything starts with understanding.	2 Deliver Real Value Get the 4 Ps right. Price reflects value. Place meets convenience. Promotion builds trust.	3 Measure Everything Track CLV, ROMI, and funnel metrics. What gets measured gets improved.
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These three principles form the foundation of effective marketing. Apply them consistently, and you'll build a marketing engine that drives sustainable growth.

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PART 1: GROWING YOUR BUSINESS

MBA ESSENTIALS

CHAPTER 2

Sales

Closing the Deal

“Every sale has five basic obstacles: no need, no money, no hurry, no desire, no trust.”

— Zig Ziglar

Sales – Closing the Deal

Marketing brings people to your door. Sales gets them to walk through it and hand you money. It’s where conversations become customers and interest becomes revenue.

KEY INSIGHT

The best salespeople aren’t pushy – they’re genuinely curious problem-solvers. They listen more than they talk, understand before they prescribe, and focus on creating value rather than extracting it.

The Sales Journey at a Glance



The Sales Process: From Lead to Customer

Sales isn't magic – it's a systematic process. Every customer takes a journey and understanding that journey allows you to guide them effectively. Let's break down each step.

1. Prospecting

Finding potential customers (leads) who might need what you offer. This is where the pipeline begins.

- **Marketing campaigns:** Inbound leads generated by content, ads, and brand awareness.
- **Referrals:** The highest-quality leads. Existing customers recommending you to others.
- **Cold outreach:** Email, phone, LinkedIn – reaching out to people who haven't heard of you yet.
- **Networking events:** Industry conferences, meetups, trade shows.
- **Inbound enquiries:** Website contact forms, social media messages, live chat.

PROSPECTING BEST PRACTICE

The best prospectors research before they reach out. Spend 5 minutes on a prospect's LinkedIn profile, company website, or recent news before picking up the phone. Personalised outreach gets 3x higher response rates than generic messages.

2. Qualification: The BANT Framework

Not everyone who shows interest is a good fit. Qualifying early saves time and focuses your energy on deals that can actually close.

THE BANT FRAMEWORK

BUDGET • Can they afford it? • Is budget allocated? • What's the spending range? • Who controls the purse?	AUTHORITY • Can they decide? • Who else is involved? • What's the approval process? • Who signs contracts?
NEED • Do they have the problem? • How severe is the pain? • What's the current impact? • Is it a priority now?	TIMELINE • When do they need it? • What's driving urgency? • Any deadlines? • Implementation constraints?

Pro tip: BANT doesn't mean interrogating prospects. Weave these questions naturally into conversation. "Just so I can tailor the right solution, how are decisions like this typically made in your organisation?" is better than "Are you the decision-maker?"

3. Discovery

Understanding the prospect's situation deeply. This is where great salespeople separate themselves from average ones.

KEY DISCOVERY QUESTIONS

1. What's your current process for handling this?
1. What's working well? What isn't?
2. What happens if this problem isn't solved in the next 6 months?
3. What would success look like for you?
4. Who else is involved in the decision?
5. What have you tried before? Why didn't it work?

6. What's your ideal implementation timeline?

THE 80/20 RULE OF DISCOVERY

Listen 80% of the time. Talk 20%. The prospect tells you exactly how to sell to them if you pay attention. Take notes, ask follow-up questions, and resist the urge to jump into your pitch.

4. Presentation and Demonstration

Show how your solution solves their specific problem. The key word is “specific” – tailor every presentation to what you learned in discovery.

PRESENTATION DOS AND DON'TS	
DON'T DO THIS	DO THIS INSTEAD
“Our software has 47 features including...”	“You mentioned spending 3 hours daily on reports. Our dashboard cuts that to 15 minutes.”
“We’re the market leader with 10,000 clients”	“Companies like yours typically see a 40% efficiency gain in the first quarter.”
Feature-dump for 45 minutes	15 minutes focused on their top 3 pain points
Generic slides for every prospect	Customised demo using their data or scenario

5. Handling Objections

Objections aren’t rejections – they’re requests for more information. Welcome them. An objection means the prospect is engaged and thinking seriously about your offer.

OBJECTION	RESPONSE STRATEGY
"It's too expensive"	Show ROI and total value. Offer payment plans or phased implementation. Compare cost of inaction.
"We need to think about it"	Identify the real concern underneath. Ask: “What specifically would you need to feel confident?”
"We're happy with our current solution"	Ask about pain points and unmet needs. Share how others in similar situations benefited from switching.

"Now's not the right time"	Explore what would make it the right time. Offer a pilot programme or small-scale start.
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The Feel–Felt–Found method: “I understand how you feel. Other clients felt the same way initially. What they found was that the implementation was smoother than expected and ROI came within 90 days.” This acknowledges concerns without being dismissive.

6. Closing

Asking for the sale. Many salespeople do everything right but stumble here because they're afraid of rejection. Remember: if you've done the work properly, closing is simply the natural next step.

- **Direct close:** “Shall we move forward?” – Simple, confident, effective.
- **Assumptive close:** “I'll get the contract sent over today” – Works when buying signals are strong.
- **Alternative close:** “Would you prefer the monthly or annual plan?” – Gives choice, not a yes/no.
- **Trial close:** “If we could solve X, would you be ready to proceed?” – Tests readiness.

7. Follow-Up

The sale doesn't end at “yes.” Post-sale follow-up is where customer relationships are built – and where referrals come from.

- **Send contracts promptly:** Momentum matters. Delays kill deals.
- **Stay in touch during implementation:** Be their champion internally.
- **Check in after they're using your product:** Catch problems early.

- **Ask for referrals when they're happy:** "Who else in your network could benefit from this?"

THE FOLLOW-UP STATISTIC

80% of sales require 5 or more follow-ups, but 44% of salespeople give up after just one. Persistence (done respectfully) is one of the biggest differentiators in sales.⁶

The Sales Funnel

The funnel visualises how prospects move through your sales process. At each stage, some drop off – your job is to maximise conversion at every level.

THE SALES FUNNEL

LEADS – 100 prospects enter
QUALIFIED – 50 meet criteria
DISCOVERY – 30 take meetings
PROPOSAL – 15 receive proposals
NEGOTIATION – 8 enter talks
CLOSED WON – 5 become customers

Understanding conversion rates: If you close 5 out of 100 leads (5% conversion), you need 100 leads to make 5 sales. Want 20 sales? You need 400 leads. Or improve your conversion rate. Usually, doing both is the fastest path to growth.

FUNNEL OPTIMISATION TIPS

7. Measure conversion rates between each stage – find where prospects drop off
8. Improve qualification to put better leads into the funnel (quality over quantity)
9. Speed up response times – leads contacted within 5 minutes are 9x more likely to convert⁵
10. Create stage-specific content: case studies for consideration, ROI calculators for decision

11. Review lost deals quarterly – patterns reveal systemic issues you can fix

B2B vs B2C Sales: Key Differences

The sales approach differs dramatically depending on whether you're selling to businesses or consumers. Understanding these differences is critical for choosing the right strategy.

B2C vs B2B SALES	
B2C (TO CONSUMERS)	B2B (TO BUSINESSES)
Shorter cycle (minutes to days)	Longer cycle (weeks to months)
Emotional decision-making	Rational, data-driven decisions
Individual buyer	Multiple stakeholders
Lower price points (£10–£500)	Higher price points (£5K–£500K+)
High volume, many transactions	Lower volume, fewer but larger deals
Transaction-focused	Relationship-focused
Marketing-driven acquisition	Sales-driven acquisition
Quick evaluation	Detailed evaluation and procurement

B2B Strategy Tip: In B2B sales, you're rarely selling to one person. Map the entire buying committee: the economic buyer (controls budget), the technical buyer (evaluates capabilities), the end user (will use the product daily), and the champion (your internal advocate). Build relationships with all of them.

Building Customer Relationships with CRM

CRM (Customer Relationship Management) systems are the backbone of modern sales operations. They help you track every interaction with prospects and customers, ensuring nothing falls through the cracks.

CRM PLATFORM COMPARISON		
SALESFORCE Enterprise-grade Highly customisable Extensive ecosystem Premium pricing	HUBSPOT User-friendly Strong free tier Marketing integration Great for SMBs	PIPEDRIVE Visual pipeline Simple interface Sales-focused Affordable
ZOHO CRM Feature-rich Budget-friendly Good automation Part of Zoho suite	MONDAY.COM Flexible layouts Project management Team collaboration Visual dashboards	FRESHSALES AI-powered Built-in phone Lead scoring Intuitive UI

CRM BEST PRACTICES

- 12.Keep it updated – garbage in, garbage out. Make data entry a daily habit.
- 13.Customise fields to track what matters to your specific business and sales process.
- 14.Set reminders and automate follow-ups – never let a hot lead go cold.
- 15.Review dashboards and reports weekly – spot trends and problems before they escalate.
- 16.Integrate with your email and calendar – automatic logging saves hours per week.

Key Sales Techniques That Work

Beyond the process, these proven techniques will make you more effective at every stage of the sale.

1. Consultative Selling

Act as a trusted advisor, not a pusher. Understand their business deeply, diagnose problems thoroughly, and prescribe solutions confidently. This approach builds trust and justifies premium pricing.⁴

2. SPIN Selling

Developed by Neil Rackham from research on 35,000 sales calls, SPIN Selling uses four types of questions:¹

- **Situation:** Understand their current state. “How do you currently handle inventory management?”
- **Problem:** Uncover difficulties. “What challenges does that create for your team?”
- **Implication:** Explore consequences. “How does that affect your ability to fulfil orders on time?”
- **Need-payoff:** Get them to articulate the value. “If you could reduce order errors by 80%, what would that mean for your business?”

WHY SPIN WORKS

SPIN Selling is powerful because it makes the prospect sell themselves on the solution. By the time you present your product, they've already articulated why they need it.

3. Social Selling

Build relationships through social media, especially LinkedIn for B2B:

- **Share valuable content:** Position yourself as a thought leader in your space.

- **Engage with prospects' posts:** Comment thoughtfully, don't just "like".
- **Provide insights:** Give value without asking for anything in return first.
- **Establish expertise:** Publish articles, share data, offer perspectives.

4. Storytelling

People remember stories, not features. Transform your pitch from technical specifications to compelling narratives.

STORYTELLING IN SALES	
WEAK (FEATURE-LED)	STRONG (STORY-LED)
"Our platform has 99.9% uptime"	"Last quarter, a competitor's client lost £2M when their system went down for 6 hours. Our 99.9% uptime means you never have that worry."
"We have 24/7 support"	"When our client's system flagged an issue at 2am, our team had it resolved before their staff arrived at 8am."
"We save you 30% on costs"	"A company just like yours saved £180K in their first year – enough to hire three new team members."

5. Social Proof and Scarcity

People trust what others say about you more than what you say about yourself. Use customer testimonials, case studies, reviews, industry awards, and client logos to build credibility. Combine with ethical scarcity (limited-time offers, seasonal promotions, early-bird pricing) to create urgency.³

Measuring Sales Performance

What gets measured gets managed. Track the right metrics to understand performance, identify bottlenecks, and forecast accurately.

ACTIVITY	PIPELINE	RESULTS
• Calls made • Emails sent • Meetings booked • Proposals sent • Demos given	• Number of leads • Leads by stage • Pipeline value • Average deal size • Pipeline velocity	• Revenue (total sales) • Quota attainment • Win rate • Sales cycle length • Customer acquisition cost

Win Rate

Your win rate tells you what percentage of opportunities you convert to closed deals. This is the single most important efficiency metric in sales.

WIN RATE

Win Rate = (Deals Won ÷ Total Opportunities) × 100%

Example: 12 deals won ÷ 40 opportunities

= 30% Win Rate

Benchmarks: Average win rates vary by industry. B2B SaaS typically sees 20–30%. If yours is below 15%, focus on qualification. If it’s above 40%, you might not be pursuing enough stretch opportunities.

Average Sales Cycle Length

How long it takes from first contact to closed deal. Shorter cycles mean faster revenue and lower cost of sale.

SALES CYCLE LENGTH

Avg Cycle = Total Days for All Closed Deals ÷ Number of Deals

Example: (30 + 45 + 60 days) ÷ 3 deals

= 45 Days Average

SHORTENING YOUR SALES CYCLE

Three proven ways to reduce cycle length: (1) Qualify harder upfront – remove tyre-kickers early. (2) Create urgency with time-limited incentives. (3) Provide all decision-making materials proactively – ROI calculators, case studies, implementation plans.

Quick Tool: Sales Pipeline Tracker

Use this template to track each deal through your pipeline. Review it daily and update it religiously – your pipeline is the best predictor of future revenue.

SALES PIPELINE TRACKER	
Sample Deal Card	
Prospect	ABC Company
Contact	John Smith, VP Operations
Deal Value	£50,000
Stage	Presentation
Probability	40%
Expected Close	Next month
Next Action	Send proposal by Friday
Notes	Interested in premium package, concerned about implementation time
YOUR PIPELINE AT A GLANCE	
Total Opportunities: 20	
Total Pipeline Value: £800,000	
Weighted Pipeline: £320,000 (accounting for win probability)	
Forecast This Quarter: £150,000	
Quota: £200,000	
Gap to Close: £50,000	

Negotiation Fundamentals

Every sale involves some negotiation. Master these principles to protect your margins while keeping customers happy.

PREPARATION

- Know your walk-away point
- Understand their pressures
- Prepare multiple variables
- Research alternatives (BATNA)

COMMON TACTICS

- Anchoring (start high)
- Bracketing (split the difference)
- Bundling (add value)
- Time pressure (use ethically)

DURING THE TALK

- Listen actively
- Ask “Why?” often
- Seek win-win solutions
- Be willing to walk away

BEYOND PRICE

- Payment terms
- Delivery schedule
- Support level
- Contract length

BATNA: YOUR SECRET WEAPON

BATNA stands for Best Alternative To a Negotiated Agreement. It's what you'll do if this deal falls through.²

The stronger your BATNA, the more confident you can be in negotiations. If you have 10 other interested prospects, you can hold firm on price. If this is your only deal in the pipeline, you're in a weak position.

Always work to improve your BATNA before entering negotiations. A full pipeline is the best negotiation tool you have.

Case Study: How Slack Grew Through Product-Led Sales

Slack didn't have a traditional sales force initially. Instead, they pioneered a product-led growth strategy that turned users into salespeople. Their story demonstrates how modern sales has evolved.⁷

CASE STUDY: Slack		
PRODUCT-LED	GROWTH ENGINE	ENTERPRISE PLAY
Freemium model Teams start free Instant value delivered Natural viral loop	Invite teammates Usage drives upgrades Self-serve purchasing Data identifies leads	Sales team for large deals Focus on expansion £0 marketing in year 1 Product was the pitch
Result		
Acquired by Salesforce for \$27.7 Billion		

KEY LESSONS FROM SLACK

- 17. Make your product so good that people tell others – word of mouth is the most powerful sales channel.
- 18. Remove friction from trying your product – free trials and freemium models lower the barrier to entry.
- 19. Let usage data identify your hottest leads – teams using the product heavily are natural upgrade candidates.
- 20. Focus your sales team on high-value enterprise expansions, not cold outreach.

THE MODERN SALES LESSON

In the modern era, your product is your best salesperson. Make it easy to try, easy to love, and easy to share. Then let your sales team focus on the deals that really need a human touch.

More Examples: Sales in Action

HubSpot: Inbound Sales Revolution

HubSpot didn't just sell CRM software – they invented the concept of “inbound sales.” By creating an enormous library of free educational content (blog posts, courses, certifications), they attracted prospects who already understood the value. By the time a prospect spoke to sales, they were educated, qualified, and ready to buy. Their sales team became consultants, not cold callers.⁸

Salesforce: The Enterprise Sales Machine

Salesforce transformed enterprise software sales with their “land and expand” strategy. Start small with one team, prove value, then expand across the entire organisation. They combined a free trial with a consultative sales approach, and their annual Dreamforce conference became the biggest tech event in the world – turning customers into community members and advocates.¹⁰

Shopify: Enabling Others to Sell

Shopify's genius was making it incredibly easy for anyone to start selling online. Their sales approach was the product itself – a 14-day free trial that let merchants build their entire store before paying a penny. By removing risk and friction, they grew to over 2 million merchants and a £150 billion+ valuation.⁹

Three Things to Remember

THREE THINGS TO REMEMBER	
1	Sales is a numbers game, but relationships close deals. Track your metrics but never forget you're dealing with people who have real problems to solve.
2	Listen more than you talk. The prospect tells you exactly how to sell to them if you pay attention. Discovery is the most important stage of the sales process.
3	Follow up relentlessly but respectfully. Most sales happen after the 5th touchpoint, but most salespeople give up after the 2nd. Persistence wins.

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End of Chapter 2

PART 2: RUNNING YOUR BUSINESS

MBA ESSENTIALS

CHAPTER 3

Operations

Making It Work

“Efficiency is doing things right; effectiveness is doing the right things.”

— Peter Drucker

Operations – Getting Things Done

Operations is how you deliver what you promise. It’s the engine room of your business – where strategies become products, services, and satisfied customers. Get operations right, and you can scale. Get it wrong, and you’ll drown in inefficiency.

KEY INSIGHT

Operations might not be glamorous, but it’s where competitive advantages are built. Amazon doesn’t win because of marketing – they win because their operations are faster, cheaper, and more reliable than anyone else’s.

The Operations Equation



Every business transforms inputs (materials, labour, information) into outputs (products or services) efficiently and effectively. The key word is “efficiently” – anyone can produce outputs, but doing it without waste is what separates successful operations from struggling ones.

OPERATIONS IN EVERY BUSINESS

Restaurant: Raw ingredients → meals served to customers

Hospital: Patients + medical expertise → health outcomes

Software company: Code + servers → working application

Consulting firm: Knowledge + time → client solutions

E-commerce: Inventory + logistics → delivered products

Process Design: Mapping How Work Gets Done

Before you can improve operations, you need to understand your current process. Process mapping makes the invisible visible – it reveals waste, duplication, and bottlenecks hiding in plain sight.

PROCESS MAPPING: 6 STEPS

1. Identify the process – What exactly are you mapping? (e.g., “Customer order to delivery”)
1. Define start and end points – Where does the process begin and end?
2. List all steps – Every single action, no matter how small
3. Identify decision points – Where are choices made that change the path?
4. Note who’s responsible – Which person or department owns each step?
5. Measure time and cost – How long and how expensive is each step?

THE PROCESS MAPPING REVELATION

When teams first map their processes, they’re almost always shocked. Steps they assumed took minutes actually take days.

Handoffs between departments create invisible delays. And everyone discovers that nobody has the same understanding of how things actually work.

Example – Coffee Shop Order: Customer enters → Queue → Order taken → Payment processed → Drink made → Customer called → Drink collected. Each step can be measured, optimised, and improved. Starbucks famously redesigned their store layouts to shave seconds off each order, saving millions in aggregate.

Capacity Planning: Can You Handle the Demand?

Capacity is the maximum output you can produce in a given time period. Getting capacity right is a balancing act – too much and you waste money, too little and you lose customers.¹⁰

CAPACITY STRATEGIES	
LEAD STRATEGY • Build capacity BEFORE demand • Never miss a sale • Risk: unused capacity • Best for: growing markets	LAG STRATEGY • Add AFTER demand proven • Lower financial risk • Risk: lost customers • Best for: uncertain markets
MATCH STRATEGY • Small increments as needed • Balanced risk/opportunity • Requires good forecasting • Best for: steady growth	ADJUSTMENT STRATEGY • Flex with seasonal demand • Overtime, temps, outsource • Lower fixed costs • Best for: variable demand

Real-world example: Amazon uses a Lead Strategy for their fulfilment centres – building warehouses before demand peaks. They’d rather have spare capacity than miss sales during Black Friday. Smaller businesses typically use a Match Strategy, adding resources incrementally as they grow.

Bottleneck Analysis: Finding What Slows You Down

A bottleneck is the step in your process with the lowest capacity – it limits your entire system’s output. Eli Goldratt’s Theory of Constraints provides a systematic approach to finding and fixing bottlenecks.²

Theory of Constraints: 5 Steps

Identify ►	Exploit ►	Subordinate ►	Elevate ►	Repeat
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- **Identify:** Find the constraint (the slowest step in your process).
- **Exploit:** Maximise the use of the bottleneck – make sure it’s never idle.
- **Subordinate:** Adjust everything else to support the bottleneck.
- **Elevate:** Add capacity to the bottleneck (hire, invest, automate).
- **Repeat:** Once fixed, find the next bottleneck and start again.

Example: Pizza Restaurant Bottleneck

PROCESS STEP	CAPACITY	STATUS
Take orders	60/hour	
Make pizza	30/hour	← BOTTLENECK
Bake pizza	50/hour	
Box and serve	45/hour	

The restaurant can only serve 30 orders per hour, regardless of how fast the other steps are. Improving order-taking from 60 to 100 per hour achieves nothing – only improving the bottleneck increases total output.

KEY INSIGHT

Improving non-bottleneck steps doesn't increase capacity. Only improving the bottleneck matters. This is counterintuitive but critical – don't optimise where it's easiest, optimise where it matters most.

Supply Chain Management

Your supply chain is the entire network that delivers value to customers. Managing it well means lower costs, faster delivery, and happier customers.⁹

The Supply Chain Flow



KEY SUPPLY CHAIN DECISIONS

MAKE OR BUY?

- In-house: more control
- Higher fixed costs
- Buy: faster scaling
- Lower investment needed

HOW MANY SUPPLIERS?

- Single: better prices
- Higher risk if they fail
- Multiple: more resilient
- Higher procurement costs

WHERE TO LOCATE?

- Near customers: fast delivery
- Near suppliers: lower freight
- Low-cost regions: cheaper
- Consider lead times

INVENTORY LEVELS?

- More: never run out
- Higher holding costs
- Less: lower costs
- Risk of stockouts

SUPPLY CHAIN RESILIENCE

COVID-19 taught businesses a painful lesson about supply chain resilience. Companies with single-source suppliers in one country were devastated. The best approach is “dual sourcing” – at least two suppliers in different regions for critical components.

Inventory Management: Balancing Cost and Availability

Inventory costs money in three ways: holding costs (storage, insurance, tied-up capital), ordering costs (paperwork, shipping, quality checks), and shortage costs (lost sales, rushed orders, unhappy customers). The goal is to find the sweet spot.

Economic Order Quantity (EOQ)

EOQ calculates the optimal order size that minimises total inventory costs.⁸

ECONOMIC ORDER QUANTITY (EOQ)

$$\text{EOQ} = \sqrt{2 \times \text{Annual Demand} \times \text{Order Cost} \div \text{Holding Cost}}$$

$$\text{Example: } \sqrt{2 \times 10,000 \text{ units} \times \text{£}100 \div \text{£}5}$$

$$= 632 \text{ Units Per Order}$$

Reorder Point

The reorder point tells you when to place a new order, accounting for lead time and safety stock.

REORDER POINT

$$\text{Reorder Point} = (\text{Daily Demand} \times \text{Lead Time}) + \text{Safety Stock}$$

$$\text{Example: } (50 \text{ units/day} \times 10 \text{ days}) + 100 \text{ units buffer}$$

$$= 600 \text{ Units (trigger for new order)}$$

Practical application: When your inventory hits 600 units, place an order for 632 units (your EOQ). The safety stock of 100 units provides

a buffer for unexpected demand spikes or supplier delays. Review and adjust these numbers quarterly.

Lean and Six Sigma: Cutting Waste, Improving Quality

Lean Manufacturing (pioneered by Toyota) focuses on eliminating waste. Six Sigma focuses on reducing variation and defects. Together, they form the most powerful operational improvement framework in business.

The 7 Wastes (TIMWOOD)

Lean identifies seven types of waste that add cost without adding value for the customer:¹

THE 7 WASTES – TIMWOOD		
T	Transportation	Unnecessary movement of materials
I	Inventory	Excess stock sitting around
M	Motion	Unnecessary movement of people
W	Waiting	Idle time between process steps
O	Overproduction	Making more than customers need
O	Overprocessing	Doing more than customer requires
D	Defects	Errors requiring rework or scrap

SPOT THE WASTE

Walk through any process and ask at each step: “Does the customer care about this? Would they pay for it?” If the answer is no, it’s waste. You’ll be amazed how much of your day is spent on activities that add zero customer value.

Lean Principles

- **Identify value:** Define what customers pay for – everything else is potential waste.³
- **Map the value stream:** Document all steps to deliver your product or service.
- **Create flow:** Eliminate delays, handoffs, and waiting between steps.
- **Establish pull:** Produce based on actual demand, not forecasts (Just-In-Time).
- **Pursue perfection:** Continuous improvement (kaizen) – never stop getting better.⁴

Six Sigma: The DMAIC Process

Six Sigma aims for 99.99966% defect-free output – just 3.4 defects per million opportunities. The DMAIC framework provides a structured approach:⁵



DMAIC IN ACTION: REDUCING RESPONSE TIMES

Define: Customer service response averaging 48 hours; target is 24 hours

Measure: Track all responses for a month, create distribution analysis

Analyse: 60% of delays caused by unnecessary escalation to supervisors

Improve: Empower agents to resolve more issues; create decision tree for common queries

Control: Dashboard showing daily response times; weekly reviews to sustain gains

Result: *Response time reduced from 48 hours to 18 hours average*

Quality Management: Getting It Right

Total Quality Management (TQM) means everyone in the organisation is responsible for quality – not just a dedicated quality department.⁶

KEY TQM PRINCIPLES

- 6. Customer focus – Quality means meeting (and exceeding) customer needs
- 7. Continuous improvement (kaizen) – Small, daily improvements compound over time
- 8. Employee involvement – Those doing the work know it best; empower them
- 9. Process approach – Optimise the system, don't blame people for system failures
- 10. Data-driven decisions – Measure, don't guess; let evidence guide improvement

Essential Quality Control Tools

Three powerful tools for diagnosing and solving quality problems:

QUALITY CONTROL TOOLKIT	
PARETO CHART • 80/20 Rule • 80% of problems from • 20% of causes • Focus on the vital few	FISHBONE DIAGRAM • Cause and Effect • Categories: People, • Process, Equipment, • Materials, Environment
CONTROL CHART • Monitor stability • Upper/lower limits	5 WHYS • Ask "Why?" five times • Drill to root cause

- Spot trends early
- Prevent defects
- Simple but powerful
- Prevents surface fixes

The 5 Whys in action: Problem: Website crashed. Why? Server overloaded. Why? Traffic spike. Why? Marketing sent email to full list. Why? No coordination with IT. Why? No launch checklist exists. Root cause: missing process, not a technical failure. Fix: create cross-department launch checklist.

Technology in Operations

Modern operations leverage technology to achieve levels of speed, accuracy, and efficiency that were impossible a decade ago.

OPERATIONS TECHNOLOGY STACK		
ERP SYSTEMS SAP, Oracle, NetSuite Integrated processes Finance to supply chain Single source of truth	AUTOMATION Manufacturing robots Warehouse automation RPA for admin tasks Reduces human error	IoT SENSORS Real-time monitoring Predictive maintenance GPS tracking Smart inventory
AI & ANALYTICS Demand forecasting Quality inspection Route optimisation Anomaly detection	CLOUD COMPUTING Scalable infrastructure Real-time collaboration Lower IT costs Access anywhere	DIGITAL TWINS Virtual process models Simulate changes safely Optimise before building Reduce costly mistakes

TECHNOLOGY ADOPTION TIP

Don't automate a broken process – you'll just break things faster. Fix the process first (using Lean principles), then automate the improved version. Technology amplifies what you already do – make sure what you do is worth amplifying.

Quick Tool: Process Improvement Canvas

Use this template to plan any process improvement initiative. Document the current state, envision the future state, and create an actionable implementation plan.

PROCESS IMPROVEMENT CANVAS	
Customer Onboarding	
CURRENT STATE • Steps: 15 • Time: 12 days • Cost: £500 per customer • Error rate: 8% • Customer satisfaction: 6/10 PAIN POINTS • Manual data entry (errors) • Waiting for approvals (delays) • Unclear requirements (rework) IMPROVEMENT IDEAS • Automate data entry → Save 2 days • Self-service portal → Empower customers • Clear checklist → Reduce confusion	FUTURE STATE • Steps: 8 (−47%) • Time: 5 days (−58%) • Cost: £250 per customer (−50%) • Error rate: 2% (−75%) • Customer satisfaction: 9/10 (+50%) IMPLEMENTATION PLAN • Week 1–2: Build self-service portal • Week 3: Test with 10 pilot customers • Week 4: Train staff on new process • Week 5: Full rollout EXPECTED ROI • £250 saved per customer × 500/yr = £125K

Case Study: How Domino’s Engineered Speed

Domino’s built their entire brand on an operations promise: fresh, hot pizza in 30 minutes or it’s free. Their story demonstrates how operations excellence can become your greatest competitive advantage.

CASE STUDY: Domino's Pizza

PROCESS	LOCATION	TECHNOLOGY
Standardised recipes Assembly line layout Pre-prepped ingredients Oven timers for QC	Small residential stores Dense delivery network Short delivery radius Optimised for speed	Pizza Tracker app GPS driver tracking Predictive ordering AI Custom delivery vehicles

Result

**Avg Make Time: 5 min | Delivery: 15 min |
Accuracy: 98%+**

KEY LESSONS FROM DOMINO'S

11. Operations excellence can be your competitive advantage – Domino's doesn't have the "best" pizza, but they have the best delivery operations.
12. Standardise processes for consistency – every store, every order, every time.
13. Use technology to enhance, not replace, good processes – the Pizza Tracker built transparency and trust.
14. Measure relentlessly – they track make time, delivery time, and accuracy for every single order.

More Examples: Operations in Action

Toyota: The Lean Pioneer

Toyota's Production System (TPS) revolutionised manufacturing worldwide. Their approach – empower every worker to stop the production line if they spot a defect, eliminate waste obsessively, and

improve continuously – turned a small Japanese automaker into the world’s largest car manufacturer. Every modern operations framework owes a debt to Toyota.

Amazon: Operations as Competitive Moat

Amazon’s fulfilment centres are marvels of operational engineering. Robots move shelves to human packers. AI predicts what you’ll order before you do, pre-positioning stock near you. Their two-day (now same-day) delivery promise is an operations achievement that competitors struggle to match, creating a competitive moat built on logistics excellence.

Zara: Fast Fashion Operations

Zara revolutionised fashion retail by compressing the design-to-store cycle from 6 months to just 2 weeks. They manufacture close to their markets (Spain, not Asia), accept higher production costs for speed, and use real-time sales data to decide what to make next. Their operations strategy – speed over cost – made them one of the world’s most valuable fashion brands.

Three Things to Remember

THREE THINGS TO REMEMBER

1

The bottleneck determines your capacity. Optimise where it matters most, not where it’s easiest. Use the Theory of Constraints to

systematically find and fix what's slowing you down.

2

Waste is everywhere once you look for it. Continually question: "Is this step adding value for the customer?" If not, eliminate it, reduce it, or automate it.

3

Measure what matters. You can't improve what you don't measure. Pick 3–5 key operational metrics, track them religiously, and review them weekly.

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End of Chapter 3

PART 2: RUNNING YOUR BUSINESS

MBA ESSENTIALS

CHAPTER 4

Finance

The Numbers Game

“Do not save what is left after spending, but spend what is left after saving.”

— Warren Buffett

Finance – Understanding the Numbers

Money is the lifeblood of business. You can have a brilliant product, passionate team, and loyal customers – but if you don’t understand your finances, you won’t survive. The good news? You don’t need to be an accountant to grasp the essentials.

KEY INSIGHT

Finance isn’t about complicated maths – it’s about telling the story of your business in numbers. Learn to read that story, and you’ll make better decisions about everything from hiring to pricing to growth.

Finance Answers Three Critical Questions

Where are we now? ►

How did we get here? ►

Where can we go?

Two sides of finance: Financial Accounting reports what happened (historical, for external stakeholders like investors and regulators). Managerial Accounting plans what’s next (forward-looking, for internal decisions). Both are essential.

The Three Essential Financial Statements

Think of these as your business’s vital signs. Together they tell the complete financial story. Miss one, and you’re flying blind.

1. The Balance Sheet: What You Own and Owe

A snapshot at a specific point in time showing what you own (assets), what you owe (liabilities), and what’s left for owners (equity). The fundamental equation always holds true:¹

THE ACCOUNTING EQUATION

Assets = Liabilities + Equity

Everything you own is funded by either debt or owner investment

This equation must ALWAYS balance

BALANCE SHEET – EXAMPLE	
CURRENT ASSETS (cash within 1 year)	
Cash and equivalents	£80,000
Accounts receivable	£50,000
Inventory	£70,000
Total Current Assets	£200,000
FIXED ASSETS (long-term)	
Property and equipment	£300,000
Less: Accumulated depreciation	(£50,000)
Total Assets	£450,000
LIABILITIES	
Accounts payable	£30,000
Short-term loans	£20,000

Long-term mortgage	£100,000
Total Liabilities	£150,000
EQUITY	
Invested capital	£200,000
Retained earnings	£100,000
Total Equity	£300,000

2. The Income Statement (P&L): Did You Make Money?

Shows performance over a period (month, quarter, year). It tells you whether your business operations are generating profit.¹

INCOME STATEMENT (P&L) – EXAMPLE	
REVENUE	
Sales revenue	£1,000,000
Other income	£10,000
Total Revenue	£1,010,000
COST OF GOODS SOLD	
Materials	£300,000
Direct labour	£200,000
Manufacturing overhead	£100,000
Gross Profit	£410,000
OPERATING EXPENSES	
Salaries and wages	£120,000
Rent and utilities	£40,000
Marketing	£30,000
Depreciation	£20,000
Operating Income	£200,000
BELOW THE LINE	
Interest expense	(£15,000)
Tax (20%)	(£37,000)
Net Income (Bottom Line)	£148,000

KEY MARGIN METRICS

Gross Margin: $(\text{Gross Profit} \div \text{Revenue}) \times 100\% = 40.6\%$ – Industry dependent: Software 70–90%, Retail 20–40%

Operating Margin: $(\text{Operating Income} \div \text{Revenue}) \times 100\% = 19.8\%$ – Shows core business profitability

Net Margin: $(\text{Net Income} \div \text{Revenue}) \times 100\% = 14.7\%$ – Overall profitability; 10%+ is generally healthy

3. The Cash Flow Statement: Where's the Cash?

Critical insight: profit does not equal cash. You can be profitable on paper but run out of cash and fail. This statement tracks actual cash movement.

CASH FLOW STATEMENT	
OPERATING • Cash from core business • Customer payments in • Supplier payments out • Salaries and expenses	INVESTING • Buying/selling assets • Equipment purchases • Property transactions • Long-term investments
FINANCING • Loans taken/repaid • Equity raised • Dividends paid • Share buybacks	NET CHANGE • Sum of all three • Positive = cash growing • Negative = cash shrinking • Watch the trend!

CASH IS KING

You make a £100,000 sale in January, but the customer pays in March. The income statement shows £100,000 revenue in January. The cash flow shows £0 in January and £100,000 in March. You still need to pay salaries in February. Many profitable businesses fail because they run out of cash.

Financial Ratios: The Health Check-up

Ratios help you understand relationships between numbers and compare performance. They're how investors, bankers, and managers assess business health at a glance.

LIQUIDITY RATIOS – Can You Pay Short-Term Bills?		
RATIO	FORMULA & EXAMPLE	INTERPRETATION
Current Ratio	Current Assets ÷ Current Liabilities <i>£200K ÷ £50K = 4.0</i>	<1.0 = Danger; 1.0–2.0 = Healthy; >2.0 = Very safe
Quick Ratio	(Current Assets – Inventory) ÷ Current Liabilities <i>(£200K – £70K) ÷ £50K = 2.6</i>	More conservative; >1.0 = Good (excludes slow inventory)

PROFITABILITY RATIOS – Are You Making Money Efficiently?		
RATIO	FORMULA & EXAMPLE	INTERPRETATION
Return on Assets (ROA)	Net Income ÷ Total Assets × 100% <i>£148K ÷ £450K = 32.9%</i>	How efficiently you use assets to generate profit
Return on Equity (ROE)	Net Income ÷ Total Equity × 100% <i>£148K ÷ £300K = 49.3%</i>	Return to owners; 15–20% = Good, 30%+ = Excellent
Return on Investment	(Gain – Cost) ÷ Cost × 100% <i>(£30K – £10K) ÷ £10K = 200%</i>	Universal measure for any investment decision

EFFICIENCY & LEVERAGE RATIOS		
RATIO	FORMULA & EXAMPLE	INTERPRETATION
Inventory Turnover	COGS ÷ Average Inventory <i>£600K ÷ £70K = 8.6x/year</i>	Higher = better; less cash tied up

Days Sales Outstanding	(Receivables ÷ Revenue) × 365 <i>(£50K ÷ £1M) × 365 = 18 days</i>	Lower = faster cash collection
Debt-to-Equity	Total Liabilities ÷ Total Equity <i>£150K ÷ £300K = 0.5</i>	<1.0 = Conservative; 1–2 = Moderate; >2 = Aggressive
Interest Coverage	Operating Income ÷ Interest Expense <i>£200K ÷ £15K = 13.3x</i>	>2.5 = Safe; <1.5 = Risky

Budgeting: Planning Your Financial Future

A budget is your financial roadmap. It forces you to think ahead and make conscious choices about how to allocate resources.

Forecast Revenue ▶	Estimate Expenses ▶	Calculate Profit ▶	Plan Cash Flow ▶	Set Reserves
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BUDGETING ESSENTIALS

Revenue Forecast: Base on historical trends, market conditions, new initiatives, and seasonality

Fixed Costs: Same every month – rent, salaries, insurance, loan payments

Variable Costs: Change with revenue – materials, commissions, shipping, transaction fees

Cash Reserves: Target 3–6 months of operating expenses as a safety buffer

Break-Even Analysis: When Do You Become Profitable?

The break-even point is where total revenue equals total costs – profit equals zero. Every unit sold after break-even is pure profit. This is one of the most important calculations in business planning.³

BREAK-EVEN POINT
Break-Even Units = Fixed Costs ÷ (Price – Variable Cost per Unit)
Example: £50,000 ÷ (£100 – £60) = £50,000 ÷ £40
= 1,250 Units to Break Even

What this means: You need to sell 1,250 units just to cover your costs. Unit 1,251 onwards generates £40 profit each. If your maximum capacity is 2,000 units, you'd generate $£40 \times 750 = £30,000$ profit. If you can only sell 1,000 units, you'll lose $£40 \times 250 = £10,000$.

BREAK-EVEN SENSITIVITY

Small changes in price or variable costs have a big impact. Raising your price from £100 to £110 drops break-even from 1,250 to 1,000 units. Reducing variable costs from £60 to £50 drops it to 1,000 units too. Always model multiple scenarios.

Investment Decisions: Should You Spend the Money?

Capital budgeting is how you decide on major investments – equipment, facilities, projects, acquisitions. Three key tools help you make these decisions.

Net Present Value (NPV)

NPV accounts for the time value of money: £100 today is worth more than £100 in a year because you could invest it. NPV calculates whether future cash flows are worth more than the upfront cost.²

NET PRESENT VALUE (NPV)

$$\text{NPV} = \text{Sum of } (\text{Cash Flow} \div (1 + \text{Rate})^{\text{Year}}) - \text{Initial Investment}$$

£50K machine: Year 1: £20K, Year 2: £25K, Year 3: £30K at 10%

NPV = £11,382 → Positive = Accept Investment

- **NPV > 0:** Accept the investment – it creates value.
- **NPV < 0:** Reject the investment – it destroys value.
- **NPV = 0:** Breakeven – consider other factors.

Internal Rate of Return (IRR)

The IRR is the discount rate that makes NPV equal zero – essentially, the percentage return the investment generates. If IRR exceeds your required return (cost of capital), it's a good investment.

Payback Period

The simplest measure: how long until you recoup your investment?

PAYBACK PERIOD

$$\text{Payback} = \text{Initial Investment} \div \text{Annual Cash Flow}$$

Example: £50,000 investment $\div$ £20,000/year

= 2.5 Years to Recoup Investment

INVESTMENT DECISION RULE

Use all three tools together. NPV tells you the total value created. IRR tells you the percentage return. Payback tells you the risk (shorter = less risky). Never rely on just one metric.

Managing Cash Flow: Don't Run Dry

Cash flow problems kill businesses. Profitable companies go bankrupt every day because they run out of cash. Here's how to stay healthy.

CASH FLOW MANAGEMENT

SPEED UP INFLOWS

- Require deposits upfront
- Discounts for early payment
- Invoice immediately
- Accept multiple methods
- Chase late payments

SLOW DOWN OUTFLOWS

- Negotiate longer terms
- Use credit card float
- Lease vs buy
- Delay non-essentials
- Batch payments monthly

BUILD BUFFER

- Target 3–6 months reserve
- Line of credit for emergencies
- Build in profitable months
- Separate reserve account

FORECAST WEEKLY

- Know what's coming in
- Know what's going out
- Spot problems early
- Adjust proactively
- 13-week rolling forecast

- Review quarterly

Quick Tool: Financial Health Checklist

Review these metrics monthly to keep your finger on the financial pulse of your business.

FINANCIAL HEALTH CHECKLIST		
£ PROFITABILITY ✓ Review P&L monthly ✓ Compare actual to budget ✓ Check gross and net margins ✓ Watch for margin erosion	≈ LIQUIDITY ✓ Current ratio > 1.5 ✓ Positive operating cash flow ✓ 3+ months cash reserves ✓ No overdue payables	↻ EFFICIENCY ✓ Collect receivables < 30 days ✓ Inventory turns 6+/year ✓ Control expense growth ✓ Monitor overhead ratio
↑ GROWTH ✓ Revenue trending up ✓ Margins stable or improving ✓ Customer count increasing ✓ Market share growing	⚖️ LEVERAGE ✓ Debt-to-equity < 1.0 ✓ Interest coverage > 3.0 ✓ All payments comfortable ✓ Credit facilities available	⚠️ RED FLAGS ✗ Cash declining 3+ months ✗ Margins shrinking ✗ Can't pay bills on time ✗ Revenue flat or falling

Case Study: How Apple Manages £200 Billion in Cash

Apple’s financial management is a masterclass in turning operational efficiency into competitive advantage. Their story shows that financial excellence isn’t just about making money – it’s about managing it wisely.⁵

CASE STUDY: Apple Inc.		
CASH GENERATION 40%+ gross margin	CASH ALLOCATION R&D investment	KEY METRICS ROE: 150%+ Current ratio: 1.1

Low inventory (9 days!) Fast customer payments Slow supplier payments	Stock buybacks Dividends to investors Strategic acquisitions	Strategic debt use Industry-best efficiency
<i>Result</i> Financial Excellence as Competitive Advantage		

KEY LESSONS FROM APPLE

1. High margins create financial flexibility – Apple charges premium prices and delivers premium value.
1. Inventory efficiency frees cash – 9 days of inventory vs 30–60 for competitors means billions in freed capital.
2. Cash reserves provide strategic options – they can acquire companies, weather downturns, and invest in future products.
3. Even cash-rich companies use debt strategically – Apple borrows at low rates rather than repatriating overseas cash.

More Examples: Finance in Action

Netflix: Burning Cash to Build a Moat

Netflix spent years with negative free cash flow, borrowing billions to fund original content. Wall Street worried, but Netflix understood that spending now to build an irreplaceable content library would create long-term value. By 2023, they turned cash flow positive with 260+ million subscribers. The lesson: sometimes the financially “reckless” decision is strategically brilliant – if you understand the numbers well enough to know the difference.⁶

Berkshire Hathaway: The Power of Float

Warren Buffett built his empire on “float” – insurance premiums collected now but paid out later. This free capital funds investments that compound over decades. Buffett’s financial genius isn’t about complex formulas – it’s about deeply understanding cash flow timing and using it to create enormous advantage.⁷

WeWork: A Cautionary Tale

WeWork’s spectacular implosion is a masterclass in what happens when you ignore financial fundamentals. They burned through £12 billion in cash, confused revenue growth with profitability, and their financial statements revealed massive losses that their marketing narrative obscured. The lesson: never let storytelling substitute for sound financial management.⁸

Three Things to Remember

THREE THINGS TO REMEMBER

1

Profit doesn’t equal cash. Watch cash flow more closely than the P&L. You can be profitable on paper and still go bankrupt if you run out of cash to pay your bills.

2

Ratios tell stories, not just numbers. Compare to your past performance, your budget, and your industry benchmarks. A number in isolation means nothing – context is everything.

3

Budgets aren't predictions, they're plans. Review monthly, adjust quarterly, and don't beat yourself up over variances – learn from them and refine your forecasting.

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End of Chapter 4

PART 2: RUNNING YOUR BUSINESS

MBA ESSENTIALS

CHAPTER 5

Project Management

Getting Things Done

“Plans are nothing; planning is everything.”

— Dwight D. Eisenhower

Project Management – Delivering on Time

Projects are how businesses make change happen. Whether you’re launching a product, implementing software, or renovating an office, success depends on managing scope, time, and budget while keeping stakeholders happy. Master project management, and you become the person who gets things done.

KEY INSIGHT

70% of projects fail to meet their original objectives. The difference between success and failure almost always comes down to the basics: clear goals, good planning, disciplined execution, and constant communication. No magic required.

The Five Phases of Every Project

Initiate ▶

Plan ▶

Execute ▶

Monitor ▶

Close

1

WHY PROJECTS FAIL

1. Unclear goals and scope (43%) – Nobody agrees on what “done” looks like
1. Poor communication (29%) – The right hand doesn’t know what the left is doing
2. Inadequate resources (24%) – Not enough people, money, or time
3. Unrealistic timelines (22%) – Wishful thinking replaces honest estimation
4. Scope creep (20%) – “While you’re at it, could you also...”

7

The Project Management Triangle

Every project balances three constraints: scope (what you deliver), time (when you deliver), and cost (what you spend). Change one, and the others must adjust. You can have it good, fast, or cheap – pick two.

THE TRIPLE CONSTRAINT			
SCOPE • What will be delivered • Features and functions • Quality standards • Acceptance criteria		TIME • Deadlines and milestones • Task dependencies • Critical path • Schedule buffer	
COST • Budget allocation • Resource costs • Materials and tools • Contingency reserves		QUALITY • The fourth constraint • Often overlooked • Meets requirements • Fit for purpose	

Phase 1: Initiation – Getting Started Right

Before any work begins, you need to define what the project is, why it matters, and who’s involved. The project charter is the birth certificate of your project – it authorises the work and sets boundaries.

PROJECT CHARTER	
New Website Launch	
Business Case	Current site outdated, mobile-unfriendly, losing customers. New site targets 25% conversion increase.
Objectives	✓ Launch responsive site by June 1 ✓ Page load < 2 secs ✓ +30% mobile conversions
Scope (In)	✓ Homepage redesign ✓ 50 product pages ✓ Cart upgrade ✓ Mobile optimisation
Scope (Out)	✗ Backend inventory ✗ CRM integration ✗ Blog migration
Sponsor	Jane Smith, CMO
Team	2 developers, 1 designer, 1 copywriter
Budget	£75,000
Timeline	3 months (March–June)

CHARTER BEST PRACTICE

The most important section is “Scope (Out)”. Explicitly listing what’s NOT included prevents 80% of scope creep arguments later. If it’s not in the charter, it’s not in the project.

Stakeholder Analysis: Power vs Interest

Not all stakeholders are equal. Map them by their power to influence your project and their interest in the outcome. Then tailor your communication accordingly.⁵

STAKEHOLDER MATRIX	
HIGH POWER / HIGH INTEREST • Manage closely • Regular updates • Involve in decisions • E.g., Project sponsor	HIGH POWER / LOW INTEREST • Keep satisfied • Meet their needs • Don't overwhelm • E.g., Senior executives
LOW POWER / HIGH INTEREST • Keep informed • Regular comms • Listen to feedback • E.g., End users, team	LOW POWER / LOW INTEREST • Monitor only • Minimal effort • Awareness updates • E.g., Peripheral teams

Phase 2: Planning – How We'll Win

“Failing to plan is planning to fail.” The planning phase is where you think through everything: what needs to be done, who'll do it, how long it'll take, and what could go wrong.

Work Breakdown Structure (WBS)

Break the project into manageable chunks. Start with the big deliverables, then decompose each into smaller work packages until each is 1–10 days of work, assignable to one person, and clearly measurable.¹

Three-Point Estimation

The most accurate way to estimate task duration. Get three estimates and weight the most likely outcome:

THREE-POINT ESTIMATE

Estimate = (Optimistic + 4 × Most Likely + Pessimistic) ÷ 6

Design wireframes: $(20 + 4 \times 30 + 50) \div 6$

= 32 Hours (with 10–20% buffer = ~38 hours)

ESTIMATION GOLDEN RULE

Projects rarely go faster than expected. Always add 10–20% buffer for unknowns. If your stakeholder demands an “aggressive” timeline, make sure they understand the risk trade-off: cutting time means cutting scope or adding resources.

Critical Path Method

The critical path is the longest sequence of dependent tasks through your project. Any delay on this path delays the entire project. Non-critical tasks have “float” – they can slip without affecting the end date. Focus your attention ruthlessly on critical path tasks.

Phase 3: Execution – Doing the Work

Planning is done. Now execute. This phase is about coordinating people, managing communication, and handling the inevitable surprises.

Daily Standups: Keep Everyone Aligned

A 15-minute daily meeting where each person answers three questions: What did you complete? What are you working on today? Any blockers? Keep it crisp, keep it standing, and keep it focused on unblocking the team.²

Communication Plan

Who needs what information, when, and how? Define this upfront and stick to it.

COMMUNICATION PLAN			
STAKEHOLDER	WHAT	HOW	FREQUENCY
Sponsor	Status Report	Email	Weekly
Team	Task Updates	Standup	Daily
Users	Progress Demo	Meeting	Bi-weekly
Executives	High-Level Summary	Dashboard	Monthly

Team Leadership Essentials

EFFECTIVE PROJECT LEADERSHIP	
CLEAR EXPECTATIONS • Everyone knows their role • Deadlines are explicit	EMPOWERMENT • Trust people to deliver • Remove obstacles fast

• Success criteria defined • No ambiguity	• Provide resources • Grant authority
RECOGNITION • Celebrate wins (even small) • Acknowledge effort • Give credit publicly • Build team morale	CONFLICT RESOLUTION • Address issues early • Focus on problems, not people • Find win-win solutions • Keep relationships intact

Phase 4: Monitoring & Control

Project management is 80% communication. Track progress, identify problems, and adjust course before small issues become big crises.

Earned Value Management (EVM)

EVM integrates scope, schedule, and cost into a single framework that shows true project health. Here’s an example for a £100,000 project at week 5 of 10:⁶

EARNED VALUE MANAGEMENT (EVM)		
METRIC	VALUE	MEANING
Planned Value (PV)	£50,000	What we planned to spend by now
Earned Value (EV)	£40,000	Value of work actually completed
Actual Cost (AC)	£55,000	What we actually spent
Schedule Variance (SV)	−£10,000	Behind schedule (negative = bad)
Cost Variance (CV)	−£15,000	Over budget (negative = bad)
Schedule Performance (SPI)	0.80	80% of planned work done

Cost Performance (CPI)	0.73	73p value per £1 spent
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Reading the results: This project is behind schedule (SPI = 0.80, meaning only 80% of planned work is done) and over budget (CPI = 0.73, getting just 73p of value per £1 spent). Without corrective action, the project will finish late and over budget.

Managing Scope Creep

Scope creep – the uncontrolled expansion of project scope – is the silent killer of projects. Combat it with a formal change control process.¹

CHANGE CONTROL: THE “YES, AND” APPROACH

Don't just say no to change requests. Instead, show the impact:
“Yes, we can add a blog section. That will require 3 more weeks and £15,000, OR we can defer it to Phase 2 and launch the core site on time. Which would you prefer?”

Key rules:

5. Every change request must be documented in writing
6. Analyse the impact on scope, time, and cost before deciding
7. Get formal approval from the sponsor before implementing
8. Update the project plan and baseline after approval

Risk Management: Preparing for Problems

A risk is something that might go wrong. Good project managers don't wait for problems – they anticipate them.¹

RISK RESPONSE STRATEGIES

AVOID

- Change plan to eliminate
- “Use proven technology instead of new framework”
- Removes risk entirely

MITIGATE

- Reduce probability/impact
- “Cross-train team so we're not dependent on one person”

TRANSFER

- Shift to another party

ACCEPT

- Do nothing, plan reserve

- | | |
|---|--|
| <ul style="list-style-type: none">• “Buy insurance or use contractors instead of permanent hires” | <ul style="list-style-type: none">• “Budget has 10% buffer for unexpected costs”• Monitor and respond |
|---|--|

Phase 5: Closure – Finishing Strong

Don’t just abandon the project when it’s “done enough.” Proper closure captures value and builds organisational knowledge.

PROJECT CLOSURE CHECKLIST

9. Deliver all deliverables – Get formal acceptance from sponsor
10. Close contracts – Pay final invoices, release vendors
11. Conduct lessons learned – What went well? What would we change?
12. Celebrate success – Recognise the team, share the win
13. Document everything – Final report, archive files, update knowledge base
14. Release resources – Reassign team members, return equipment, close budget

THE MOST IMPORTANT MEETING

Lessons learned sessions are gold for your next project. Ask five questions: What was our plan? What actually happened? What went well? What didn’t? What surprised us? Document everything and share it widely.

Agile vs Waterfall: Two Approaches

The two dominant project management philosophies each have their place. Understanding when to use which is a key skill.^{3 4}

WATERFALL vs AGILE	
WATERFALL	AGILE
Sequential, plan everything upfront	Iterative, adapt as you learn
Fixed scope, flexible time/cost	Fixed time/cost, flexible scope
Heavy documentation	Working software over documents
Change is expensive	Change is expected and welcomed
Big bang delivery at the end	Incremental delivery every sprint
Best for: stable requirements	Best for: evolving requirements
Construction, manufacturing	Software, product development
Regulated industries, compliance	Startups, innovation projects

Hybrid approach: Many organisations use Waterfall for overall project structure (phases, governance, budgets) and Agile for execution within those phases (sprints, daily standups, iterative delivery). This gives you the best of both worlds: strategic control with tactical flexibility.

Case Study: How Spotify Ships Fast Without Breaking Things

Spotify releases updates constantly – sometimes multiple times per day – while maintaining quality. Their approach revolutionised how technology companies think about project delivery.⁸

CASE STUDY: Spotify

SMALL TEAMS

6–12 person “Squads”
Full stack capability
End-to-end ownership
Autonomous decisions

CONTINUOUS DEPLOY

Automated testing
Feature flags
Gradual rollouts
Quick rollback

DATA-DRIVEN

A/B test everything
Real-time metrics
Kill what doesn't work
Fail fast, learn faster

Result

100+ Deploys Per Day | Features Reach Users in Days, Not Months

KEY LESSONS FROM SPOTIFY

15. Break big projects into small releases – reduces risk and speeds feedback.
16. Give teams autonomy within clear boundaries – ownership drives quality.
17. Automate everything you can – testing, deployment, monitoring.
18. Celebrate learning from failure – their “fail wall” celebrates lessons, not mistakes.

More Examples: Project Management in Action

The Sydney Opera House: Scope Creep Masterclass

Originally estimated at A\$7 million and 4 years, the Sydney Opera House took 16 years and cost A\$102 million – a 1,357% budget overrun. The cause? Constant design changes, unclear requirements, and no change control process. It's now a UNESCO World Heritage

Site, but it's also the world's most famous example of what happens when scope creep goes unchecked.⁹

NASA's Mars Rovers: Planning for the Unknown

NASA's Mars rover projects demonstrate exceptional risk management. They plan for every contingency, build redundancy into every system, and extensively test in simulated environments. The Opportunity rover, designed for a 90-day mission, lasted 15 years – because NASA's project management left nothing to chance.¹⁰

The Channel Tunnel: Complexity at Scale

The Channel Tunnel project involved two countries, three languages, thousands of workers, and unprecedented engineering challenges. It came in 80% over budget but was delivered through extraordinary coordination, clear milestone tracking, and a relentless focus on the critical path. Lesson: even imperfect project management is better than none at all.

Three Things to Remember

THREE THINGS TO REMEMBER

1

Plans are worthless, but planning is everything. The process of thinking through the project is more valuable than the document you create. Plans will change – the thinking behind them won't.

2

The critical path is critical. Focus your energy on tasks that can delay the entire project. Everything else has float. Know which is which and manage accordingly.

3

Communication prevents most problems. When in doubt, over-communicate. Silent projects are troubled projects. A brief daily update prevents painful weekly surprises.

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End of Chapter 5

PART 3: LEADING YOUR BUSINESS

MBA ESSENTIALS

CHAPTER 6

Human Resources

Your Greatest Asset

“The growth and development of people is the highest calling of leadership.”

— Harvey S. Firestone

HR – Building Your Team

Your strategy is only as good as the people executing it. Products come and go, markets shift, but the right team can adapt to anything. Human Resources isn't just about hiring and paperwork – it's about building the organisation's most valuable asset: its people.

KEY INSIGHT

Companies with strong HR practices are 3x more likely to outperform competitors, achieve 2x higher revenue per employee, 50% lower turnover, and 40% higher customer satisfaction. HR isn't just administration – it's strategic.

What HR Really Does



These five functions – getting the right people, keeping them, developing their skills, aligning them with strategy, and building a thriving culture – form the foundation of effective HR management.¹

Strategic Workforce Planning

Before you hire anyone, understand what you need. Workforce planning is the bridge between business strategy and people strategy.

WORKFORCE PLANNING IN FOUR STEPS

1. Analyse Current State – How many people do we have? What skills exist? Where are the gaps?
1. Forecast Future Needs – What’s our business strategy? What roles will we need and when?
2. Identify Gaps – Map the difference between current state and future requirements
3. Develop Action Plan – Hire externally? Develop internally? Outsource? Automate?

WORKFORCE GAP ANALYSIS			
ROLE	CURRENT	FUTURE NEED	GAP
Developers	5	8	+3
Salespeople	2	6	+4
Data Analysts	1	3	+2
Product Managers	0	2	+2
Total Gap: +11 Positions			

Build, Buy, or Borrow?

Three approaches to filling talent gaps, each with distinct trade-offs. Smart organisations use all three strategically.

BUILD, BUY, OR BORROW?		
BUILD	BUY	BORROW
✓ Pros:	✓ Pros:	✓ Pros:

• Cultural fit • Loyalty • Cheaper long-term ✗ Cons: • Takes time • May lack skills ★ Best for: Core capabilities, junior roles	• Immediate expertise • Fresh perspective ✗ Cons: • Higher cost • Cultural risk ★ Best for: Specialised skills, senior roles	• Flexible • No commitment ✗ Cons: • Less loyalty • Knowledge loss ★ Best for: Project work, seasonal needs
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Talent Acquisition: Finding Great People

Recruitment is both an art and a science. The best hiring processes combine structured methods with human judgment to identify candidates who will excel in the role and thrive in your culture.

Job Analysis: Know What You Really Need

Don't hire based on gut feeling. Define the role precisely with a proper job description and person specification. This eliminates ambiguity and helps candidates self-select.

1

JOB DESCRIPTION <i>Senior Marketing Manager</i>	
Purpose	Drive customer acquisition and brand awareness through integrated marketing campaigns
Key Duties	• Develop & execute marketing strategy • Manage £500K budget • Lead team of 3 • Analyse campaign ROI
Reports To	VP Marketing
Direct Reports	3 Marketing Specialists
Required	5+ years marketing, digital marketing track record, budget management, analytics proficiency
Preferred	MBA, B2B SaaS experience, team leadership
Competencies	Strategic thinking, analytical skills, communication, leadership, creativity

Sourcing: Where to Find Talent

TALENT SOURCING CHANNELS

INTERNAL

- Current employees (promotions)
- Employee referrals (best!)
- Former employees (boomerangs)
- Internal job postings

REFERRALS WORK BEST

- 45% retention after 2 years
- Faster: 29 days vs 39 days
- Better cultural fit
- Lower cost per hire

EXTERNAL

- Job boards (Indeed, LinkedIn)
- Social media recruiting
- University recruiting
- Recruitment agencies

REFERRAL PROGRAMME

- £1,000 bonus for hire
- Paid after 90 days
- +£500 for hard-to-fill roles
- Public recognition

The Selection Process

A multi-stage funnel reduces hiring risk. Each stage filters candidates more precisely, saving time and improving quality.



SIX-STAGE SELECTION FUNNEL

- **Stage 1: Resume Screening** – Filter for minimum qualifications, look for red flags (gaps, job hopping). Time: 2–3 minutes per resume.
- **Stage 2: Phone Screen** – Verify qualifications, assess communication, check salary expectations. Time: 15–20 minutes.
- **Stage 3: Assessment** – Skills test, personality assessment, work sample from a real project. Time: 1–2 hours.
- **Stage 4: In-Person Interview** – Cultural fit, deep experience dive, behavioural questions, team interaction. Time: 2–3 hours.
- **Stage 5: Reference Checks** – Verify employment, understand work style, identify development needs. Time: 30 minutes.
- **Stage 6: Offer** – Negotiate terms, get acceptance, begin onboarding.

Interviewing: The STAR Method

The best interview questions are behavioural – they ask candidates to describe specific past situations. Use the STAR framework: Situation, Task, Action, Result.¹

INTERVIEW QUESTIONS	
BAD (Avoid)	GOOD (Use STAR)
"Tell me about yourself"	"Tell me about a significant challenge..."
"What's your greatest weakness?"	"Describe motivating a struggling team member"
"Where do you see yourself in 5 years?"	"Give an example of learning something new quickly"
"Are you a team player?"	"Tell me about disagreeing with your manager"

INTERVIEW SIGNALS	
RED FLAGS • Badmouths former employers • No specific examples • Takes no ownership of failures • Inconsistent stories SCORING TIPS • Use structured scorecards • Rate each criteria 1–5 • Multiple interviewers • Compare objectively	GREEN FLAGS • Specific, detailed examples • Shows self-awareness • Asks thoughtful questions • Enthusiasm for the role BIAS REDUCERS • Same questions for all • Score before discussing • Diverse interview panel • Focus on evidence

INTERVIEW SCORECARD			
CRITERIA	RATING	SCORE	NOTES
Technical Skills	★★★★☆	4/5	Strong coding, needs DB work
Communication	★★★★★	5/5	Excellent, clear & concise

Problem Solving	★★★★☆	4/5	Good STAR examples given
Cultural Fit	★★★★★	5/5	Values aligned perfectly
Leadership	★★★★☆	3/5	Developing, shows potential
Overall: 4.2/5 Recommendation: HIRE – pair with technical mentor			

Onboarding: Setting Up for Success

First impressions matter. Good onboarding improves retention by 82%. The 30-60-90 day plan gives new hires a clear roadmap from “learner” to “owner”.

THE 30-60-90 DAY PLAN		
FIRST 30 DAYS LEARN • Complete orientation • Meet key stakeholders • Understand culture • Shadow team members • Ask lots of questions Goals: ✓ Complete compliance training ✓ Set up workspace & tools ✓ Learn product/service basics	NEXT 30 DAYS CONTRIBUTE • Take on small projects • Start delivering value • Build cross-team relationships • Identify improvements Goals: ✓ Complete first project ✓ Attend key meetings solo ✓ Begin contributing to goals	NEXT 30 DAYS OWN • Own significant responsibilities • Hit performance targets • Provide onboarding feedback • Plan long-term development Goals: ✓ Achieve first milestones ✓ Fully integrated into team ✓ Clear on 6-month objectives

ONBOARDING BEST PRACTICE

Assign every new hire a buddy – someone who’s not their manager – to help them navigate the culture, find resources, and feel welcome. It’s the single most effective onboarding tactic, yet most companies skip it.

Performance Management

Old way: Annual review, once a year, often a surprise. **New way:** Continuous feedback, regular check-ins, no surprises.

Setting Goals with SMART

Every team member needs clear, measurable goals aligned with business objectives.²

SMART GOALS IN ACTION

- **Specific:** Exactly what needs to be done
- **Measurable:** Can track progress with numbers
- **Achievable:** Challenging but realistic
- **Relevant:** Aligned with business objectives
- **Time-bound:** Has a clear deadline

Bad goal: "Improve customer satisfaction"

SMART goal: "Increase NPS from 45 to 55 by Q4 through implementing new customer feedback system and reducing response time to under 24 hours"

The Performance Cycle



Regular check-ins (weekly or bi-weekly) cover progress on goals, obstacles, feedback in both directions, and course corrections. This replaces the dreaded once-a-year surprise review with continuous improvement.

PERFORMANCE RATING SCALE			
RATING	LEVEL	DESCRIPTION	DISTRIBUTION
5	Exceptional	Consistently exceeds all expectations	~10%
4	Exceeds	Regularly exceeds expectations	~20%
3	Meets	Consistently meets expectations	~50%
2	Needs Improvement	Sometimes falls short	~15%
1	Unsatisfactory	Consistently fails to meet	~5%
Forced distribution ensures ratings aren't inflated. Not everyone can be "exceptional."			

The SBI Feedback Model

When giving feedback, be specific. The Situation-Behaviour-Impact model removes emotion and focuses on facts:³

SBI IN PRACTICE

- **Situation:** "In last week's team meeting..."
- **Behaviour:** "You interrupted the designer twice and dismissed their concerns..."
- **Impact:** "This made them reluctant to share ideas and we may have missed valuable input."

Then ask: "What's your view on this?" and agree on a development plan together. Make it collaborative, not dictated.

Compensation & Benefits

Total compensation includes base salary, variable pay (bonuses, commissions), benefits (health, retirement), perks (flexibility, gym), and equity (stock options). Getting compensation right is critical for attracting and retaining talent.

Pay Mix: Fixed vs Variable

The ratio of guaranteed pay to performance-based pay varies by role. Getting the mix right aligns incentives with business objectives.

PAY MIX: FIXED vs VARIABLE			
ROLE	BASE/VAR	VISUAL (Base  / Var 	STYLE
Sales Role	50/50		High risk/reward
Engineer	90/10		Stability-focused
Executive	40/60		Performance-driven
More variable = more performance-driven, but higher risk for employees			

Pay Structure Design

Job evaluation determines the relative worth of roles based on skill required, responsibility level, decision-making authority, impact on business, and market demand.

PAY GRADE STRUCTURE				
GRADE	TITLE RANGE	MID-POINT	MIN	MAX
1	Entry Level	£40K	£35K	£45K
2	Individual Contributor	£55K	£48K	£62K
3	Senior Contributor	£75K	£65K	£85K
4	Manager	£95K	£82K	£108K

5	Senior Manager	£125K	£110K	£140K
6	Director	£160K	£140K	£180K
7	Senior Director	£200K	£175K	£225K

COMPA-RATIO

Compa-ratio = Employee’s Salary ÷ Midpoint of Range

Employee makes £70K, midpoint is £75K: £70K ÷ £75K

= 0.93 (Below midpoint – room for growth)

BONUS PAYOUT STRUCTURE		
Base: £100,000 Target Bonus: 20%		
PERFORMANCE LEVEL	PAYOUT %	AMOUNT
Exceptional (5)	200%	£40,000
Exceeds (4)	150%	£30,000
Meets (3)	100%	£20,000
Needs Improvement (2)	50%	£10,000
Unsatisfactory (1)	0%	£0

Benefits: Beyond Salary

EMPLOYEE BENEFITS LANDSCAPE	
REQUIRED - Health insurance - Unemployment insurance - Workers’ compensation - Social security/pension	COMMON VOLUNTARY - Dental & vision - Retirement savings (401k) - Paid time off - Parental leave
EMERGING	MOST VALUED (SURVEY)

- Remote work flexibility
- Mental health support
- Student loan assistance
- Unlimited PTO

- Health insurance (92%)
- Retirement benefits (81%)
- Flexible work (73%)
- PTO (71%)

Employee Engagement

Engaged employees are 21% more productive, 59% less likely to leave, deliver 10% higher customer ratings, and have 41% less absenteeism. Understanding what drives engagement is essential for every manager.

SIX DRIVERS OF ENGAGEMENT

- 4. Meaningful Work – People want to contribute to something bigger than themselves
- 5. Growth Opportunities – Career development, learning, and advancement paths
- 6. Recognition – Feeling valued, appreciated, and noticed for contributions
- 7. Good Management – Your boss matters more than your company (the #1 factor)
- 8. Work-Life Balance – Flexibility and a reasonable, sustainable workload
- 9. Fair Compensation – Paid appropriately for contribution and market value

The Power of Recognition

Recognition works when it’s timely (soon after the behaviour), specific (“Great job on X” not just “good work”), sincere (genuine, not robotic), and public when appropriate.

RECOGNITION APPROACHES	
INFORMAL	FORMAL
Thank-you email (CC manager)	Spot bonus (£100–500)
Shout-out in team meeting	Extra PTO day
Handwritten note	Award programme (monthly/quarterly)

Slack kudos channel	Promotion or special project
Coffee chat with executive	Professional conference

PEER RECOGNITION

Let employees nominate each other for recognition. It's more authentic than top-down appreciation and creates a positive, self-reinforcing culture of gratitude.

Handling Performance Issues

Not everyone works out. The key is to address problems early, fairly, and with proper documentation. Progressive discipline gives employees clear opportunities to improve before escalation.

PROGRESSIVE DISCIPLINE		
1	Informal Coaching	"I noticed you've been late three times. Is everything okay?" Document the conversation.
2	Verbal Warning	Formal verbal warning documented and placed in file. Behaviour continues despite coaching.
3	Written Warning	Formal letter: the problem, previous discussions, expected improvement, timeline, consequences.
4	Final Warning	"Last opportunity to improve. If no change by [date], termination will result."
5	Termination	Done professionally, with full documentation. Offer support for transition.

PIP BEST PRACTICE

Performance Improvement Plans should be genuine attempts to help, not just documentation before firing. Set clear, achievable goals with specific timelines. Provide resources and support. If it's a genuine effort, about 50% of employees on PIPs successfully improve.

Building Culture: The Invisible Foundation

Culture = “How we do things around here.” It’s not ping pong tables and free snacks. It’s shared values, norms, and behaviours that shape every decision and interaction.

STRONG CULTURES HAVE

- 10. Clear, lived values (not just posters on the wall)
- 11. Consistent behaviours from leadership (walk the talk)
- 12. Stories that reinforce what matters (shared narrative)
- 13. Rituals that bring people together (team traditions)
- 14. Aligned systems (who gets promoted, rewarded, and celebrated)

CULTURE IN ACTION: REAL EXAMPLES		
AMAZON • Customer obsession • Bias for action • Frugality • High standards	NETFLIX • Freedom & responsibility • Context, not control • High talent density • Candor	ZAPPOS • Deliver WOW • Embrace change • Be humble • Be passionate
<i>Your culture will form whether you design it or not. Better to be intentional.</i>		

Case Study: Netflix's Culture of Excellence

Netflix is famous for its high-performance culture, built on radical transparency, freedom with responsibility, and an uncompromising focus on talent density. Their approach revolutionised how companies think about HR.⁴

CASE STUDY: Netflix Culture		
RADICAL TRANSPARENCY	FREEDOM & RESPONSIBILITY	THE KEEPER TEST
Share financials with all Encourage questions & debate Context-rich environment No information hoarding	No vacation policy No expense policy High autonomy for decisions Act in Netflix's best interest	Would I fight to keep them? If no: generous severance No "adequate" performers Top 10% market pay
Result		
Minimal Top-Performer Turnover Fast Decisions Industry-Leading Innovation		

KEY LESSONS FROM NETFLIX

- 15.Design your culture deliberately – don't let it form by accident.
- 16.Pay top of market – one excellent person outperforms two adequate people.
- 17.Embrace candid feedback – 360-degree feedback as a gift, not a weapon.
- 18.Be clear about who thrives – high-pressure cultures aren't for everyone, and that's okay.

THE NETFLIX TRADEOFF

Netflix's culture isn't for everyone – and that's by design. The key lesson isn't to copy Netflix, but to be equally intentional about YOUR culture. Define what matters, hire for it, reward it, and be honest about who fits.

More Examples: HR in Action

Google's People Analytics Revolution

Google's Project Oxygen used data analytics to identify the eight behaviours of great managers. They discovered that technical expertise ranked last – being a good coach, empowering teams, and expressing interest in wellbeing mattered far more. This evidence-based approach to HR transformed their management training and reduced manager dissatisfaction by 75%.¹

Costco vs Walmart: The High-Wage Strategy

Costco pays employees significantly more than Walmart and offers better benefits. Yet Costco's profit per employee is higher, turnover is 5x lower (6% vs 30%), and customer satisfaction consistently leads the retail sector. The lesson: investing in people isn't a cost – it's a competitive advantage that shows up directly on the bottom line.⁶

Patagonia's Values-Driven Hiring

Patagonia hires for cultural alignment first, skills second. Their interview process includes outdoor activities and team meals alongside traditional interviews. The result: 4% turnover in an industry averaging 13%, employees who genuinely embody the brand, and a

reputation as one of the world’s best employers – receiving 9,000 applications for every opening.⁵

Three Things to Remember

THREE THINGS TO REMEMBER	
1	Hire slow, fire fast. Take time to find the right person. When it’s not working, address it quickly and fairly. A bad hire costs 30–150% of their annual salary.
2	Your best recruitment tool is your current employees. Treat people well, and they’ll bring their talented friends. Employee referrals consistently produce the best hires.
3	People don’t leave jobs, they leave managers. The quality of direct supervision matters more than any other factor in retention. Invest in management development first.

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End of Chapter 6

PART 3: LEADING YOUR BUSINESS

MBA ESSENTIALS

CHAPTER 7

Strategy

The Big Picture

*“Strategy without tactics is the slowest route to victory.
Tactics without strategy is the noise before defeat.”*

— Sun Tzu

Strategy – Winning in the Market

Strategy is about making choices – where to compete, how to win, and what not to do. It’s the difference between working hard and working smart, between activity and progress, between hoping for success and creating it deliberately.

KEY INSIGHT

Michael Porter said it best: “Strategy is about making choices, trade-offs; it’s about deliberately choosing to be different.” Strategy answers three questions: Where will we play? How will we win? What capabilities do we need?

What Is Strategy Really?

DEFINING STRATEGY	
STRATEGY IS NOT	STRATEGY IS
A long document gathering dust	Choosing where to compete
A vision statement alone	Deciding how to win

Your annual budget	Allocating resources accordingly
Copying what competitors do	Making deliberate trade-offs

The Strategy Hierarchy

Strategy operates at three levels. Corporate strategy asks “What businesses should we be in?” Business strategy asks “How do we compete in this market?” Functional strategy asks “How does each department support the business strategy?” This chapter focuses mainly on business strategy – how you compete and win.



Strategic Analysis: Understanding Your Environment

Before you can decide where to go, you need to understand where you are. Strategic analysis combines external analysis (what’s happening in your market) with internal analysis (what you’re good at).

External Analysis: PESTEL Framework

PESTEL identifies macro-environmental forces shaping your industry. Each factor can create opportunities or threats.⁷

PESTEL FRAMEWORK		
P – Political • Government stability • Tax policies • Trade regulations • Labour laws	E – Economic • Economic growth • Interest rates • Inflation • Exchange rates	S – Social • Demographics • Cultural trends • Lifestyle changes • Education levels
T – Technological • Innovation rates • Automation • R&D spending • Tech adoption	E – Environmental • Climate change • Sustainability • Resource scarcity • Waste management	L – Legal • Industry regulations • Consumer protection • Employment law • Intellectual property

Porter's Five Forces

Analyses competitive intensity and profitability potential of an industry. The stronger these forces, the harder it is to make profits.¹

PORTER'S FIVE FORCES		
FORCE	KEY DRIVERS	IDEAL STATE
Threat of New Entrants	Capital, regulation, brand loyalty, scale	HIGH barriers = Good
Supplier Power	Few suppliers, unique inputs, switching costs	LOW power = Good
Buyer Power	Few buyers, commodities, low switching costs	LOW power = Good
Threat of Substitutes	Alternative products, price-performance	FEW substitutes = Good
Competitive Rivalry	Many competitors, slow growth, low differentiation	LOW rivalry = Good

EXAMPLE: AIRLINE INDUSTRY		
FORCE	LEVEL	RATING
Threat of Entry	Low (high capital)	✓ Good
Supplier Power	High (Boeing/Airbus)	✗ Bad
Buyer Power	High (price-sensitive)	✗ Bad
Substitutes	Medium (trains, video)	○ Neutral
Rivalry	Extreme (price wars)	✗ Bad
Overall: UNATTRACTIVE INDUSTRY – Why most airlines struggle to profit		

FIVE FORCES IN PRACTICE

Use Five Forces to decide whether to enter an industry, how to position within it, or when to exit. An unattractive industry isn't always a bad choice – if you have a sustainable competitive

advantage that shields you from the forces (like Southwest Airlines in the airline industry).

Internal Analysis: What Are You Good At?

The Resource-Based View argues that competitive advantage comes from unique resources and capabilities – not just market position.

STRATEGIC RESOURCES	
TANGIBLE • Financial (cash, credit) • Physical (factories, locations) • Technological (patents) • Equipment and tools	INTANGIBLE • Brand reputation • Intellectual property • Company culture • Customer relationships
CAPABILITIES • Marketing excellence • Operational efficiency • Innovation capacity • Customer service	EXAMPLE: APPLE • Brand loyalty (intangible) • Design capability • Ecosystem lock-in • Supply chain mastery

VRIO Framework: Is It a Real Advantage?

Not all resources create competitive advantage. The VRIO framework tests whether a resource gives you a temporary edge or a sustained one.⁶

VRIO FRAMEWORK		
QUESTION	IF NO →	RESULT
Is it VALUABLE?	NO →	Competitive Disadvantage
Is it RARE?	NO →	Competitive Parity
Is it INIMITABLE?	NO →	Temporary Advantage
Is it ORGANISED?	NO →	Unexploited Advantage

ALL YES = SUSTAINED COMPETITIVE ADVANTAGE

Value Chain Analysis

Porter's Value Chain maps the activities you perform to deliver value. Primary activities (inbound logistics, operations, outbound logistics, marketing, service) directly create value. Support activities (infrastructure, HR, technology, procurement) enable the primary ones.²

VALUE CHAIN QUESTIONS

1. Which activities cost the most? Can we reduce costs without hurting value?
1. Which activities create the most value for customers? Can we invest more here?
2. Where are we better than competitors? Can we extend this advantage?
3. Where are we worse? Should we improve, partner, or outsource?
4. What should we outsource? Keep core competencies in-house.

SWOT Analysis: Pulling It All Together

SWOT combines external and internal analysis into a single framework. Strengths and Weaknesses are internal (within your control). Opportunities and Threats are external (market forces).⁷

SWOT MATRIX	
STRENGTHS (Internal) • What we do well • Unique resources • Competitive advantages • Core competencies	WEAKNESSES (Internal) • Where we fall short • Resource gaps • Areas for improvement • Vulnerable positions
OPPORTUNITIES (External) • Market growth areas • Technology changes • Competitor weaknesses • Regulatory shifts	THREATS (External) • New competitors • Market disruption • Economic downturn • Changing customer needs

SWOT Strategic Implications

FOUR SWOT STRATEGIES

- **S-O (Leverage):** Use strengths to capture opportunities.
“Use our strong brand to enter the growing Asian market.”
- **W-O (Address):** Fix weaknesses to capture opportunities.
“Partner with a distributor to reach segments we can’t access alone.”
- **S-T (Defend):** Use strengths to defend against threats.
“Our loyal customer base shields us from new competitors.”

- **W-T (Minimise):** Minimise weaknesses and avoid threats. “Improve our cost structure before the price war intensifies.”

NETFLIX SWOT EXAMPLE (c.2015)

Strengths: streaming tech, original content, viewing data, strong brand. Weaknesses: licensing costs, limited international.

Opportunities: cord-cutting, mobile growth, global expansion.

Threats: Disney/HBO launching streaming, rising content costs.

Strategy: Invest in originals (S+O) to reduce reliance on licensed content (W) and defend against competitors (T). Result: Stranger Things, House of Cards – massive hits.

Generic Competitive Strategies

Michael Porter identified three fundamental strategies. You must choose – being “stuck in the middle” with no clear strategy is the worst position.¹

PORTER’S GENERIC STRATEGIES	
COST LEADERSHIP	DIFFERENTIATION
Be the low-cost provider	Be unique in ways customers value
Economies of scale & efficiency	Product features, brand, service
Walmart, Southwest, IKEA	Apple, Tesla, Starbucks, Rolex
High market share required	Strong R&D and marketing
Price wars erode margins	Competitors may imitate
Best when: price-sensitive market	Best when: customers value uniqueness

Focus Strategy: Target a Specific Niche

Serve a narrow market segment better than anyone. Can be either Cost Focus (Ryanair, Dollar General) or Differentiation Focus (Ferrari, Whole Foods). Requirements: deep niche understanding, defensible position, profitable segment.

THE “STUCK IN THE MIDDLE” TRAP

Companies that try to be both low-cost AND highly differentiated usually end up being neither. They lack the cost advantage of the leader and the unique value proposition of the differentiator.

The exception: A few companies (Toyota, Amazon) achieve both through operational excellence and innovation. But this is extremely rare and takes decades to build.

Blue Ocean Strategy

Red Ocean = existing market, compete for share, bloody competition.

Blue Ocean = new market space, no competition, untapped demand.

The idea: stop competing in crowded markets and create entirely new ones through Value Innovation – differentiation AND low cost simultaneously.³

BLUE OCEAN: FOUR ACTIONS	
ELIMINATE What the industry takes for granted that can be eliminated?	REDUCE What should be reduced below industry standard?
CREATE What should be created that the industry never offered?	RAISE What should be raised well above industry standard?

CIRQUE DU SOLEIL: BLUE OCEAN IN ACTION		
TRADITIONAL CIRCUS	ACTION	CIRQUE DU SOLEIL
Animal acts	✗ Eliminate	No animals needed
Star performers	✗ Eliminate	Artistic theme instead
Multiple rings	✗ Eliminate	Single focused stage
Concession sales	↓ Reduce	Upscale venue experience
Danger & humour	↓ Reduce	Refined performance
Artistic theme	↑ Raise	Theatre-quality storytelling
Multiple productions	↑ Raise	Unique touring shows
Refined environment	✓ Create	Premium elegant venue
Unique music & dance	✓ Create	Original choreography
Result: Created new market between circus and theatre – premium prices, zero direct competition		

Business Model Design

Your business model explains how you create, deliver, and capture value – in other words, how you make money. The Business Model Canvas (Osterwalder) maps nine building blocks: customer segments, value proposition, channels, customer relationships, revenue streams, key resources, key activities, key partners, and cost structure.⁴

BUSINESS MODEL INNOVATION		
MODEL	HOW IT WORKS	EXAMPLES
Freemium	Free basic + paid premium (2–5% convert)	Dropbox, LinkedIn, Spotify
Subscription	Recurring payment, predictable revenue	Netflix, Adobe, Salesforce
Marketplace	Connect buyers & sellers, take commission	Airbnb, Uber, Etsy
Razor & Blades	Cheap base product, expensive consumables	Gillette, Printers, Nespresso
Platform	Create ecosystem, others build on it	Apple, Amazon, Google

MODEL INNOVATION

Business model innovation often beats product innovation. Netflix didn't just offer better DVDs – they changed how people accessed entertainment. Airbnb didn't build better hotels – they reimaged accommodation entirely.

From Strategy to Execution

“Strategy without execution is hallucination.” The best strategy is worthless if it stays on paper. The Balanced Scorecard translates strategy into measurable objectives across four perspectives.⁵

Annual Strategic Planning Cycle

Q1: Review ▶	Q2: Plan ▶	Q3: Review ▶	Q4: Budget
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The Balanced Scorecard

Translates strategy into measurable objectives across four perspectives. Financial results lag – fix the customer, internal, and learning perspectives first.

BALANCED SCORECARD			
Tech Company Example			
PERSPECTIVE	OBJECTIVE	MEASURE	TARGET
Financial	Revenue Growth	YoY Growth	25%
Financial	Profitability	EBITDA Margin	20%
Customer	Satisfaction	NPS	50+
Customer	Retention	Churn Rate	<5%
Internal	Product Quality	Defect Rate	<1%
Internal	Speed to Market	Release Cycle	Monthly
Learning	Employee Skills	Training Hours	40/year
Learning	Innovation	New Features	12/year
Track quarterly. Adjust strategy if metrics don't improve.			

Case Study: How Netflix Disrupted Blockbuster

The Netflix vs Blockbuster story is a masterclass in strategic thinking, business model innovation, and the courage to cannibalise yourself.⁸

BLOCKBUSTER vs NETFLIX	
BLOCKBUSTER (2000)	NETFLIX
Retail stores (9,000 locations)	Mail delivery, then streaming
Late fees (40% of revenue!)	No late fees ever
New releases focus	Deep catalogue, then originals
Impulse rentals	Subscription model
Store infrastructure = fixed costs	Technology infrastructure = scalable
Resisted change	Embraced continuous reinvention

NETFLIX'S STRATEGIC EVOLUTION		
2000: DVD BY MAIL No late fees Target: movie buffs Subscription model Differentiation play	2007: STREAMING Instant access Tech-first approach Blue Ocean created Ahead of all rivals	2013: ORIGINALS Exclusive content Became a studio Data-driven decisions Sustainable moat
<i>Result</i> 200M+ Subscribers Global Platform Industry Transformed		

WHY BLOCKBUSTER FAILED
5. Couldn't abandon lucrative late fees (40% of revenue!) – the innovator's dilemma
6. Store infrastructure became a liability – fixed costs with declining foot traffic

7. Dismissed Netflix initially as a “niche” player – classic incumbent blindness
8. Culture didn’t value innovation – optimised for the existing model

KEY STRATEGIC LESSON

Your greatest strengths can become your greatest weaknesses. Disruptors start in niches, then move upmarket. Business model innovation beats product innovation. You must be willing to cannibalise yourself – if you don’t, someone else will.

More Examples: Strategy in Action

IKEA: The Power of Trade-offs

IKEA chose cost leadership through a radically different value chain: flat-pack furniture, self-service warehouses, and customer assembly. These aren’t compromises – they’re deliberate trade-offs. By eliminating assembly, delivery, and retail staffing costs, IKEA offers good design at prices 30–50% below competitors. Every strategic choice reinforces the others, creating a system that’s nearly impossible to copy.⁹

Tesla: Rewriting the Rules of Car Manufacturing

Tesla didn’t just build an electric car – they reimaged the entire automotive business model. Direct-to-consumer sales eliminated dealer margins. Over-the-air updates turned cars into improving assets. The Supercharger network solved range anxiety. And by starting with premium vehicles (Roadster, Model S), they funded the

development of mass-market models. Each element of their strategy reinforces the others.¹⁰

Zara: Speed as Strategy

While most fashion retailers design 6–12 months ahead, Zara can go from concept to store shelf in just 2–3 weeks. Their strategy: small batches, rapid iteration, and a vertically integrated supply chain. This isn't just operational efficiency – it's a strategic choice that creates scarcity (buy it now or it's gone), reduces markdowns, and keeps customers visiting stores frequently.

Three Things to Remember

THREE THINGS TO REMEMBER	
1	Strategy is about choices, not goals. “We want to grow” isn’t a strategy. “We’ll focus on the premium segment and compete on service” is. The hardest part of strategy is deciding what NOT to do.
2	You can’t be everything to everyone. Trying to be low-cost AND highly differentiated usually means you’re neither. Pick one approach, commit to it, and build your entire organisation around that choice.
3	Strategy is worthless without execution. The world is full of great plans poorly executed. Use the Balanced Scorecard, track quarterly, and adjust course. Focus as much on the “how” as the “what.”

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PART 4: FUTURE-PROOFING YOUR BUSINESS

MBA ESSENTIALS

CHAPTER 8

Sustainability

Business for Good

“We do not inherit the earth from our ancestors; we borrow it from our children.”

— Native American Proverb

Sustainability – Doing Well by Doing Good

Sustainability isn't just about saving the planet – it's about saving your business. Companies that ignore environmental and social issues face regulatory penalties, reputation damage, and lost opportunities. Those that embrace sustainability unlock innovation, attract talent, and build resilience.

KEY INSIGHT

The old view: sustainability costs money and reduces profits. The reality: sustainability drives innovation, reduces costs, and creates competitive advantage. Companies with strong ESG performance consistently outperform peers financially.

The Business Case for Sustainability

SIX REASONS SUSTAINABILITY MATTERS

- **Risk Management** – Avoid regulatory fines, protect reputation, ensure supply chain stability, prepare for climate impacts.
- **Cost Reduction** – Energy efficiency saves money, waste reduction lowers disposal costs, circular models reduce material costs.
- **Revenue Growth** – 73% of consumers prefer sustainable brands. B2B customers increasingly require sustainability credentials.
- **Talent Attraction** – 75% of millennials want to work for sustainable companies. Better engagement, lower turnover.
- **Investor Pressure** – £35 trillion in ESG investment funds. Lower cost of capital, better access to financing, higher valuations.
- **Long-term Resilience** – Prepare for resource scarcity, adapt to climate change, build stakeholder trust, future-proof operations.

The Triple Bottom Line

Traditional business maximises profit for shareholders. Sustainable business balances three dimensions – People, Planet, and Profit. The sweet spot is creating value in all three areas simultaneously.¹

THE TRIPLE BOTTOM LINE		
PEOPLE (Social) • Employee wellbeing & safety • Fair wages & benefits • Diversity & inclusion • Community impact • Human rights in supply chain	PLANET (Environmental) • Climate change mitigation • Resource conservation • Pollution reduction • Biodiversity protection • Circular economy practices	PROFIT (Economic) • Financial viability • Shareholder returns • Economic development • Innovation & growth • Job creation & tax contribution
Sweet Spot: Creating value in all three areas simultaneously		

PATAGONIA EXAMPLE

People: Fair trade, safe working conditions, activism. Planet: Organic materials, repair programmes, 1% for the Planet. Profit: £1B+ revenue, highly profitable, premium pricing. Proof that all three dimensions can reinforce each other.

ESG Framework

ESG – Environmental, Social, and Governance – is how companies manage sustainability risks and opportunities. Investors, regulators, and customers increasingly evaluate companies on all three dimensions.²

ESG Pillars	
ENVIRONMENTAL • Carbon emissions • Energy & water use • Waste management • Biodiversity impact	SOCIAL • Labour practices • Diversity & inclusion • Community engagement • Human rights
GOVERNANCE • Board oversight • Ethics & compliance • Transparency • Stakeholder engagement	WHY IT MATTERS • £35T in ESG funds • Lower cost of capital • Better risk management • Premium valuations

Environmental Management

Your carbon footprint is the total greenhouse gas emissions caused by your operations. Understanding the three scopes of emissions is essential for targeting reduction efforts effectively.⁵

CARBON EMISSIONS: THREE SCOPES		
SCOPE 1: DIRECT • Company vehicles • On-site fuel combustion • Manufacturing processes <i>You own/control these</i>	SCOPE 2: INDIRECT (Energy) • Purchased electricity • Purchased heating/cooling • Purchased steam <i>From utilities you buy</i>	SCOPE 3: INDIRECT (Supply) • Purchased goods/services • Business travel • Employee commuting • Product use by customers • End-of-life disposal <i>Usually 75%+ of total!</i>

Carbon Reduction Strategy

Measure ▶	Reduce ▶	Offset
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CARBON FOOTPRINT BREAKDOWN		
SOURCE	EMISSIONS	% OF TOTAL
Scope 1 (Operations)	500 tons CO2e	10%
Scope 2 (Electricity)	750 tons CO2e	15%
Scope 3 (Supply Chain)	3,750 tons CO2e	75%
TOTAL	5,000 tons CO2e	100%
Priority: Focus on supply chain (biggest impact)		

The Circular Economy

The traditional linear economy – take, make, dispose – is wasteful and unsustainable. The circular economy keeps products and materials in use as long as possible, extracting maximum value before recovery and regeneration.⁶

LINEAR vs CIRCULAR ECONOMY	
LINEAR (Old Way) Take raw materials ↓ Make products ↓ Use products ↓ Dispose to landfill ↓ X Wasteful & unsustainable	CIRCULAR (New Way) Design for reuse ↓ Make & distribute ↓ Use & maintain ↓ Repair, refurbish, recycle ↓ ✓ Regenerative & profitable

THREE CIRCULAR PRINCIPLES

- **Design Out Waste** – Products designed for disassembly, recyclable materials, eliminate toxins, modular design.
- **Keep Products in Use** – Repair services, refurbishment programmes, resale/sharing platforms, upgradability.
- **Regenerate Natural Systems** – Renewable materials, return nutrients to soil, biomimicry design, regenerative agriculture.

Circular Business Models

CIRCULAR MODELS IN ACTION	
PRODUCT AS SERVICE • Sell access, not ownership	SHARING PLATFORMS • Maximise asset utilisation

- Maintain & upgrade assets
- Michelin: tyres as a service
- Philips: lighting as a service

LIFE EXTENSION

- Repair, refurbish, remanufacture
- Patagonia: Worn Wear
- Apple: trade-in programme
- IKEA: furniture buyback

- Zipcar, Airbnb, Rent the Runway
- Reduce total ownership
- Community-based access

RESOURCE RECOVERY

- Recycle into new products
- Interface: 95% recycled tiles
- Closed-loop systems
- Zero waste to landfill

Sustainable Supply Chains

Most companies’ biggest environmental and social impact is in their supply chain, not their own operations. Managing supply chain sustainability is both a risk management and value creation imperative.

SUPPLY CHAIN SUSTAINABILITY	
SUPPLIER SELECTION • Require ESG standards • Audit supplier practices • Prefer certified suppliers • Long-term partnerships	TRANSPARENCY • Map every tier • Track & trace materials • Publish supplier list • Monitor compliance
COLLABORATION • Help suppliers improve • Share best practices • Invest in development • Industry collaboration	RISK MANAGEMENT • Environmental risks (water, climate) • Social risks (labour, rights) • Diversify suppliers • Build resilience

Social Responsibility

People matter. Social responsibility covers how your business impacts employees, communities, and society at large. Getting this right attracts talent, builds trust, and creates long-term value.

KEY SOCIAL ISSUES	
LABOUR PRACTICES • Fair wages (living wage) • Reasonable working hours • Safe working conditions • No child/forced labour	DEI • Diverse workforce • Equitable pay & promotion • Inclusive culture • Representation in leadership
COMMUNITY • Local hiring • Community investment • Volunteering programmes • Support local suppliers	HUMAN RIGHTS • Throughout value chain • Indigenous peoples' rights • Conflict-free materials • Due diligence processes

Governance: Doing Business Ethically

Good governance is the foundation for sustainability. Without ethical leadership, transparent reporting, and proper oversight, no sustainability programme can succeed.

FOUR PILLARS OF ESG GOVERNANCE
• Board Oversight – Board-level sustainability committee, ESG expertise, link executive pay to ESG goals, regular reporting.

- **Ethics & Compliance** – Code of conduct, anti-corruption policies, whistleblower protection, ethics training, regular audits.
- **Stakeholder Engagement** – Listen to diverse stakeholders, respond to concerns, transparent communication, collaborative solutions.
- **Transparency & Reporting** – Publish sustainability report, disclose ESG risks, third-party verification, follow GRI/SASB/TCFD.

Measuring & Reporting Sustainability

What gets measured gets managed. A robust set of ESG KPIs allows you to track progress, report to stakeholders, and continuously improve.

ESG KEY PERFORMANCE INDICATORS		
ENVIRONMENTAL	SOCIAL	GOVERNANCE
• Carbon emissions (CO2e) • Energy consumption (kWh) • Water usage (gallons) • Waste generated (tons) • Recycling rate (%) • Renewable energy (%)	• Employee turnover (%) • Diversity metrics (%) • Safety incidents (#) • Training hours/employee • Engagement score • Community investment (£)	• Board diversity (%) • Ethics training (%) • Sustainability report (Y/N) • Supplier audits (#) • ESG rating (score)
What gets measured gets managed – track quarterly, report annually		

Reporting Standards

Multiple frameworks exist for sustainability reporting. Choose based on your audience and priorities.

SUSTAINABILITY REPORTING STANDARDS		
FRAMEWORK	DESCRIPTION	BEST FOR
GRI	Most widely used, comprehensive, covers all sustainability topics	Transparency
SASB	Industry-specific, financial materiality focus, integrates with financials	Investors
TCFD	Climate risk focus, forward-looking, scenario analysis	Climate governance
Integrated	Combines financial + non-financial, holistic value creation story	Full picture

Greenwashing: What NOT to Do

Greenwashing – making misleading claims about environmental benefits – destroys trust and invites regulatory action. Consumers and investors are increasingly sophisticated at spotting it.¹⁰

GREENWASHING: THE SIX SINS		
TACTIC	EXAMPLE	WHY IT'S WRONG
Vague Claims	"Eco-friendly" without specifics	✗ What does that mean?
Hidden Trade-offs	"Energy-efficient" but toxic materials	✗ Highlighting 1 good, hiding 10 bad
No Proof	"Sustainable" with no data	✗ Just trust us!
Irrelevance	"CFC-free" (already banned)	✗ Taking credit for law
Lesser of Two Evils	"Organic cigarettes"	✗ Better but still harmful
Fibbing	Fake certifications or false data	✗ Outright lying

GOOD vs BAD CLAIMS	
BAD (Greenwashing)	GOOD (Credible)
"Our product is eco-friendly"	"100% recycled packaging"
"We care about the planet"	"35% carbon reduction since 2020"
"Sustainable materials"	"FSC-certified timber, third-party verified"
"Going green"	"Net zero by 2030, science-based targets"

THE ANTIDOTE TO GREENWASHING

Be specific and quantify claims. Provide evidence and third-party verification. Disclose trade-offs honestly. Focus on material impacts. If you can't back it up with data, don't say it.

Case Study: How Unilever Made Sustainability Profitable

Unilever’s Sustainable Living Plan (2010–2020) demonstrated that sustainability and profitability can reinforce each other at massive scale. Under CEO Paul Polman, Unilever committed to cutting environmental footprint in half while doubling revenue.⁸

CASE STUDY: Unilever		
PRODUCT INNOVATION Concentrated detergents Water-efficient products Plant-based alternatives Less packaging, more value	SUSTAINABLE SOURCING 100% sustainable palm oil Fair trade tea & cocoa Regenerative agriculture Long-term supplier partnerships	BRAND BUILDING Sustainable brands grew 69% faster Dove’s Real Beauty campaign Ben & Jerry’s activism Purpose-driven marketing
<i>Result</i> 65% CO2 Reduction 49% Water Reduction Zero Waste at 600+ Sites		

KEY LESSONS FROM UNILEVER

1. CEO commitment is essential – Paul Polman championed sustainability from the top
1. Integrate sustainability into core strategy, not a separate initiative
2. Sustainable brands attract customers – 69% faster growth proves the business case
3. Efficiency improvements reduce costs – sustainability pays for itself

4. Transparency builds trust – honest reporting creates credibility with all stakeholders

More Examples: Sustainability in Action

Interface: Mission Zero to Climate Take Back

Interface, the world's largest modular flooring company, went from polluter to pioneer. Their Mission Zero initiative (1994–2020) achieved 96% waste reduction and 88% emissions reduction. Since 2020, their Climate Take Back initiative aims to run the business in a way that restores the environment. Their carpet tiles now have 95% recycled content and are carbon negative. Proof that even heavy industry can lead on sustainability.⁹

IKEA: People and Planet Positive

IKEA committed to becoming climate positive by 2030. They're investing in renewable energy (producing more energy than they consume), transitioning to 100% renewable or recycled materials, and offering services like furniture buyback and repair. Their approach integrates sustainability into the core business model rather than treating it as an add-on.⁶

Danone: Certified B Corp at Scale

Danone became the largest company to earn B Corp certification, proving that large corporations can meet rigorous standards for social and environmental performance. Their "One Planet. One Health" framework integrates sustainability into every business decision, from regenerative agriculture programmes to packaging innovation. Result:

premium brand positioning and growing market share in health-conscious segments.

Three Things to Remember

THREE THINGS TO REMEMBER	
1	Sustainability is a business strategy, not a cost centre. Companies that embed it into their core operations outperform those that treat it as compliance or PR. The data is overwhelming.
2	Focus on material issues. You can't fix everything. Identify what matters most to your business and stakeholders using a materiality matrix, and excel there first.
3	Measure, report, and improve. What gets measured gets managed. Set science-based targets, track progress transparently, and continuously improve. Honesty builds more trust than perfection.

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PART 4: FUTURE-PROOFING YOUR BUSINESS

MBA ESSENTIALS

CHAPTER 9

Innovation

Thinking Differently

“Innovation distinguishes between a leader and a follower.”

— Steve Jobs

Innovation – Creating the Future

Innovation isn't just about breakthrough inventions. It's about finding better ways to create value – whether that's a new product, a better process, or a different business model. In a world where change is constant, the ability to innovate is the difference between thriving and becoming obsolete.

KEY INSIGHT

Innovation = Invention + Commercialisation. A great idea that stays in a lab isn't innovation. It becomes innovation when customers adopt it and it creates value. Innovation isn't just technology, isn't only for startups, and isn't random creativity – it's a disciplined process.

Four Types of Innovation

INNOVATION DIMENSIONS

PRODUCT

- New products or services

PROCESS

- Better ways to make/deliver

- Feature improvements
- New categories
- E.g., iPhone, Tesla Model 3

BUSINESS MODEL

- New ways to make money
- Value delivery redesign
- Revenue model change
- E.g., Netflix subscription

- Efficiency improvements
- Quality improvements
- E.g., Toyota's lean manufacturing

ORGANISATIONAL

- New management approaches
- Structural innovation
- Culture reinvention
- E.g., Spotify squad model

UNDERINVESTMENT ALERT

Most companies overinvest in product innovation and underinvest in business model innovation. Yet business model innovation often creates more value and is harder to copy. Netflix didn't just make better DVDs – they changed how people access entertainment.

Incremental vs Disruptive Innovation

The contrast between incremental innovation (continuous improvement of existing products) and disruptive innovation (which creates new markets and eventually displaces incumbents) is fundamental to understanding business strategy.¹

TWO TYPES OF INNOVATION	
INCREMENTAL	DISRUPTIVE
Small improvements	Creates new market or value network
Serves existing customers better	Initially inferior to existing solutions
Lower risk, predictable returns	Appeals to new/overlooked customers
Sustains current business	Eventually displaces incumbents
E.g., iPhone 15 vs iPhone 14	E.g., Original iPhone vs Nokia

DISRUPTION IN ACTION		
INCUMBENT	DISRUPTOR	OUTCOME
Kodak film	Digital cameras	Kodak bankrupt
Blockbuster	Netflix	Blockbuster gone
Taxis	Uber / Lyft	Industry disrupted
Hotels	Airbnb	Market transformed
Nokia phones	iPhone	Nokia mobile dead
Borders books	Amazon	Borders bankrupt

WHY INCUMBENTS FAIL AGAINST DISRUPTORS

1. Focus on best customers (who want sustaining innovation, not disruption)

1. Dismiss disruptors as “low quality” or “niche”

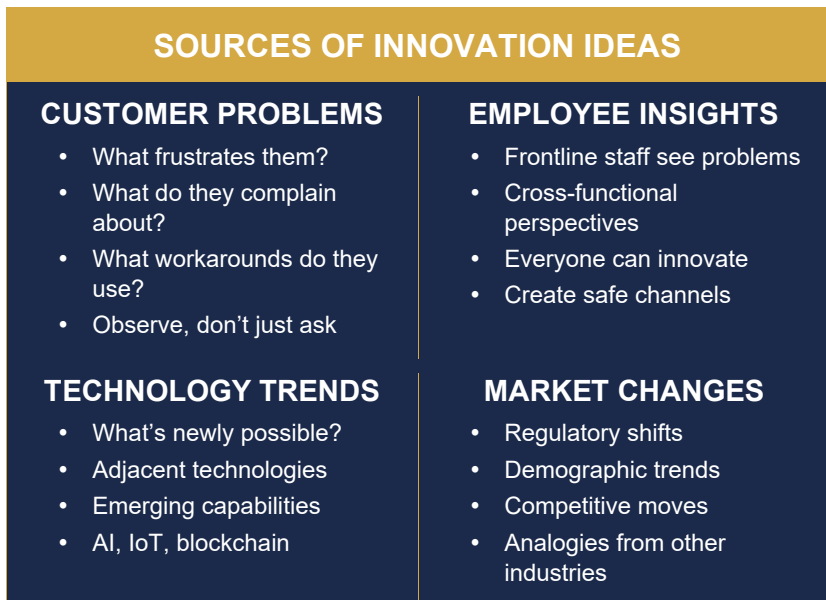
2. High cost structure can't compete at lower price points
3. Culture and processes are optimised for the current business model
4. Success becomes a liability – the innovator's dilemma

The Innovation Process

Innovation isn't random. It follows a disciplined process from idea generation through to commercial launch.



Stage 1: Ideation – Generating Ideas



SCAMPER is a structured creativity technique that provides a checklist for generating new ideas by modifying existing products or processes.⁴

SCAMPER: STRUCTURED CREATIVITY

- **Substitute** – Replace something (material, component, person)

- **Combine** – Merge with something else (product, process, idea)
- **Adapt** – Modify for a new use or context
- **Modify** – Change size, shape, colour, or other attributes
- **Put to other use** – Find a new application for existing product
- **Eliminate** – Remove elements, simplify, reduce complexity
- **Reverse** – Do it backwards, flip the order, invert the model

Design Thinking: Human-Centred Innovation

Design Thinking is a structured approach to innovation focused on deeply understanding user needs before jumping to solutions. It's iterative, empathetic, and experiment-driven.²

Empathise ►

Define ►

Ideate ►

Prototype ►

Test

FIVE STAGES OF DESIGN THINKING

- **Empathise** – Deeply understand users through interviews, observation, and immersion. Don't ask "Would you use this?" Instead ask "Tell me about the last time you..."
- **Define** – Synthesise into a clear problem statement: [User] needs [need] because [insight]. Then ask "How Might We..." questions.
- **Ideate** – Generate many solutions. Diverge first (quantity over quality), don't evaluate yet, think wild, build on others' ideas.
- **Prototype** – Build quick, cheap versions to test assumptions. Start with sketches and storyboards (hours), not working products (weeks).
- **Test** – Put prototypes in front of real users. Observe behaviour, not just words. Ask "why?" frequently. Iterate based on feedback.

AIRBNB'S DESIGN THINKING

The founders photographed listings themselves, stayed in hosts' homes, and talked to users extensively. They discovered trust was the key barrier. Professional photos, reviews, verified profiles, and host guarantees – all from deep empathy. Result: £100B+ valuation.

Lean Startup: Build-Measure-Learn

The Lean Startup methodology (Eric Ries) is about rapid iteration: build a Minimum Viable Product, measure real user behaviour, learn from the data, and decide whether to persevere or pivot.³

Minimum Viable Product (MVP)

The MVP isn't a buggy product. It's the simplest version that lets you test your most critical hypothesis. The goal is maximum learning with minimum effort.³

MVP EXAMPLES: START SIMPLE		
DROPBOX Not: Full software build Instead: 3-minute video demo <i>Validated demand before coding</i>	ZAPPOS Not: Warehouse of shoes Instead: Photos from local stores <i>Proved people buy shoes online</i>	BUFFER Not: Full scheduling app Instead: Landing page + pricing <i>Tested willingness to pay</i>

The Build-Measure-Learn Loop

Build MVP ▶	Measure Data ▶	Learn Insights ▶	Decide
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METRICS THAT MATTER	
VANITY METRICS (Ignore)	ACTIONABLE METRICS (Focus)
Total users	Active users (% of total)
Page views	Engagement rate
Downloads	Conversion rate
Social followers	Customer acquisition cost

Press mentions	Customer lifetime value
Total revenue	Retention / churn rate

SPEED IS EVERYTHING

The winning strategy is to cycle through Build-Measure-Learn faster than your competitors. Aim for weeks, not months. Every cycle is a learning opportunity – the faster you learn, the faster you find product-market fit.

Pivot or Persevere

A pivot is a structured course correction based on validated learning. It's not failure – it's intelligent adaptation. Some of the world's most successful companies are the result of pivots.⁵

TYPES OF PIVOTS		
PIVOT TYPE	WHAT CHANGES	EXAMPLE
Customer Segment	Target different group	Slack: gaming → B2B comms
Problem	Solve different problem	YouTube: dating → video sharing
Zoom-In	One feature = whole product	Instagram: check-in → photos
Zoom-Out	Product = one feature	Twitter: podcast feature → platform
Business Model	Change how you earn	LinkedIn: ads → premium subs
Technology	New tech, same solution	Netflix: DVDs → streaming
Channel	Change distribution	Salesforce: installed → SaaS

WHEN TO PIVOT vs PERSEVERE	
PIVOT WHEN	PERSEVERE WHEN
Traction isn't materialising	Metrics improving (even slowly)
Customers don't value the solution	Customer love is emerging
Unit economics don't work	Clear path to scale exists
Better opportunity discovered	Learning rate remains high

INSTAGRAM'S PIVOT

Started as Burbn (location check-in app) – too complicated, slow, crowded market. Noticed users loved photo filters, not check-ins.

*Stripped everything except photos + filters + sharing. Result:
25,000 users on day one, 1M in two months, sold to Facebook for
£1B in 18 months.*

Digital Transformation

Digital transformation isn't just adding a website or mobile app. It's fundamentally rethinking customer experience, operations, and business models using digital technology. Companies that get this right achieve 10x faster growth and 50% lower costs.

FOUR PILLARS OF DIGITAL TRANSFORMATION	
CUSTOMER EXPERIENCE • Omnichannel presence • Personalisation at scale • Self-service options • Mobile-first design	OPERATIONAL EXCELLENCE • Process automation (RPA) • Data-driven decisions • AI and machine learning • Cloud infrastructure
BUSINESS MODEL • Digital products/services • Subscription models • Platform business models • Data monetisation	CULTURE & TALENT • Digital skills development • Experimentation mindset • Cross-functional teams • Change management

DIGITAL MATURITY LEVELS		
LEVEL	CHARACTERISTICS	WHO'S HERE
Level 1: Beginner	Basic website, manual processes, siloed data	Most SMEs
Level 2: Adopter	E-commerce, some automation, basic analytics	Most companies
Level 3: Integrator	Omnichannel, integrated systems, advanced analytics	Digital-savvy firms
Level 4: Leader	AI/ML in operations, platform model, data as advantage	Amazon, Netflix, Google

Building an Innovation Culture

“Culture eats strategy for breakfast.” You can have great innovation processes, but if culture doesn’t support risk-taking and experimentation, innovation dies.

CULTURE: KILLERS vs ENABLERS	
INNOVATION KILLERS X	INNOVATION ENABLERS ✓
"That’s not how we do things"	"How might we test that idea?"
"We tried that before"	"What did we learn from that?"
"It’s too risky"	"What small experiment could we run?"
"Our customers don’t want change"	"Let’s bring in customer perspective"
Punishing failure	Celebrating smart failures
Micromanagement	Giving time for innovation
Short-term thinking only	Measuring and rewarding innovation

SIX PILLARS OF INNOVATION CULTURE	
PSYCHOLOGICAL SAFETY • Safe to take risks • Failure = learning • Ideas from anywhere • No fear of punishment EXPERIMENTATION • Test and learn approach • Many small experiments	CUSTOMER OBSESSION • Deep curiosity • Regular customer contact • Data drives decisions • Outside-in thinking EMPOWERMENT • Autonomy to decide • Resources for innovation

- Fast failure is good
- Data over opinions

- Time for exploration
- Challenge status quo

Quick Tool: Innovation Opportunity Canvas

Use this rapid framework to evaluate innovation ideas before committing significant resources. Fill it in for every promising idea to ensure rigorous thinking.

Innovation Opportunity Canvas	
Customer Problem	What pain are we solving?
Customer Segment	Who has this problem most acutely?
Current Alternatives	How do they solve it today?
Our Solution	How will we solve it differently/better?
Unique Value	Why will customers choose us?
Revenue Model	How will we make money?
Key Metrics	How will we measure success?
Resources Needed	What do we need to test this?
First Experiment	What's the riskiest assumption to test?
Decision: ☐ Pursue (run experiment) ☐ Defer (not now) ☐ Kill (doesn't fit)	

Case Study: How Amazon Innovates at Scale

Amazon is a perpetual innovation machine, consistently creating new markets and reinventing existing ones. Their approach combines customer obsession with long-term thinking and a relentless bias for action.⁸

CASE STUDY: Amazon's Innovation Engine		
CUSTOMER OBSESSION	MECHANISMS	TOLERANCE FOR FAILURE
Start with customer, work back Write press release first Day 1 mentality always Never be satisfied	Two-pizza teams (small) Working backwards docs Single-threaded leaders Separate Day 1 from Day 2	Fire Phone → Echo/Alexa "Failure & invention are twins" Thousands of experiments A/B test everything
Result AWS (£80B+) Prime (200M members) Alexa World's Fastest Logistics		

KEY LESSONS FROM AMAZON

5. Separate innovation from optimisation – they need different rules, metrics, and cultures
6. Empower small, autonomous teams – two-pizza teams make decisions fast
7. Experiment continuously – thousands of experiments running at any time
8. Think long-term (10+ years) – AWS, Alexa, and Prime all took years to profit
9. Customer-first, always – start with the customer need, work backwards to the solution

More Examples: Innovation in Action

Dyson: 5,127 Prototypes

James Dyson spent five years building 5,127 prototypes before perfecting his bagless vacuum cleaner. Every failure taught him something. When established manufacturers rejected his invention, he launched his own company. Today Dyson is worth over £5 billion. The lesson: innovation requires persistence, and prototyping is learning – not failure.⁷

Spotify: The Squad Model

Spotify reorganised its entire company around small, autonomous “Squads” of 6–12 people, each owning a feature end-to-end. Squads are grouped into Tribes, and supported by Chapters (skill groups) and Guilds (interest communities). This organisational innovation enabled them to ship features faster than competitors ten times their size.⁹

3M: The 15% Rule

3M has allowed employees to spend 15% of their time on passion projects since 1948. This culture of sanctioned exploration produced Post-it Notes, Scotchgard, and thousands of other innovations. Google’s famous “20% time” was directly inspired by 3M. The lesson: giving people time and permission to experiment pays extraordinary dividends.

Three Things to Remember

THREE THINGS TO REMEMBER

1

Innovation is a discipline, not magic. Follow a process: generate many ideas, prototype quickly, test with real customers, iterate based on learning. Structure enables creativity rather than constraining it.

2

Start small, learn fast. Don't build the full product. Create MVPs to test your riskiest assumptions cheaply. Pivot or persevere based on data, not opinions. Speed of learning is the ultimate competitive advantage.

3

Culture determines success. Without psychological safety, customer obsession, and an experimentation mindset, innovation dies regardless of process. Lead by example – celebrate learning from failure as much as success.

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PART 4: FUTURE-PROOFING YOUR BUSINESS

MBA ESSENTIALS

CHAPTER 10

Change Management

Making It Happen

“It is not the strongest of the species that survives, nor the most intelligent, but the one most responsive to change.”

— Charles Darwin

Change Management: Making It Happen

Strategy is about deciding where to go. Change management is about getting there. Most strategies fail not because they're wrong, but because organisations can't execute them. People resist, momentum stalls, and the old ways creep back. Master change management, and you become the leader who actually delivers results.

This chapter equips you with the frameworks, tools, and practical techniques to lead change successfully—from understanding why people resist to anchoring new behaviours in your organisation's culture.

Why Change Initiatives Fail

The statistics are sobering: 70% of change initiatives fail to achieve their objectives, only 30% deliver what was promised, and organisations collectively waste an estimated \$900 billion annually on failed changes. These numbers represent real consequences—lost productivity, demoralised teams, and squandered resources.

WHY CHANGE INITIATIVES FAIL		
Reason	Share	Impact

Employee resistance	39%	
Lack of management support	33%	
Inadequate resources/budget	14%	
Poor communication	12%	
Unrealistic timelines	8%	
Lack of change expertise	6%	

THE HARD TRUTH

Technical aspects (what to change) are the easy part. Human aspects (changing behaviour) are where most initiatives fail. The best change leaders spend 70% of their energy on the people side and only 30% on systems and processes.

REAL-WORLD INSIGHT

Research by McKinsey found that change programmes where leaders communicated openly and frequently were 5.8 times more likely to succeed. The number one predictor of success wasn't the quality of the plan—it was the quality of the communication.

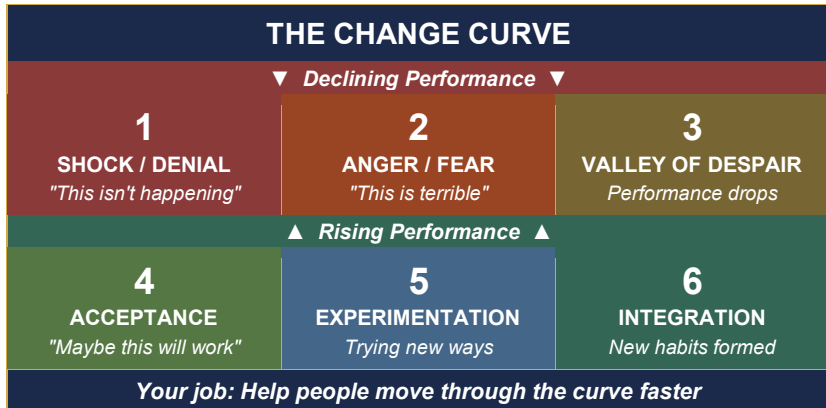
The Psychology of Change: Why People Resist

Understanding resistance is the first step to overcoming it. Resistance isn't irrational—it's deeply human. Here are the five core psychological drivers that make change difficult:⁴

- **Loss Aversion:** People feel losses 2× more strongly than equivalent gains. Changing means losing the familiar—status,

skills, comfort, and routines that feel safe. What we have now always feels more valuable than what we might get.

- **Uncertainty:** Change creates ambiguity. Will I succeed in the new way? Will my role still matter? What if I can't adapt? The unknown triggers anxiety that rational arguments alone can't resolve.
- **Lack of Control:** Change often feels imposed, not chosen. When people aren't consulted about decisions affecting their work, they feel powerless—and powerlessness breeds resistance.
- **Past Experience:** Previous failed changes create deep cynicism. If people have heard 'this time it's different' before, they'll default to scepticism. Every broken promise makes the next change harder.
- **Habit:** Current behaviours are automatic; new ways require conscious effort. The human brain is wired to conserve energy by defaulting to familiar patterns, making regression to old habits remarkably easy.



The change curve, adapted from Kübler-Ross's work on grief, maps the emotional journey people experience during organisational change. From initial shock and denial through anger and the 'valley of despair,' individuals eventually move toward acceptance, experimentation, and

integration. Your job as a leader is to help people through this curve faster—with empathy, support, and clear communication.⁵

Assessing Change Readiness

Before launching any change initiative, assess whether the organisation is genuinely ready. Launching into change without adequate preparation is like setting sail in a storm—you'll expend enormous energy just trying to survive.

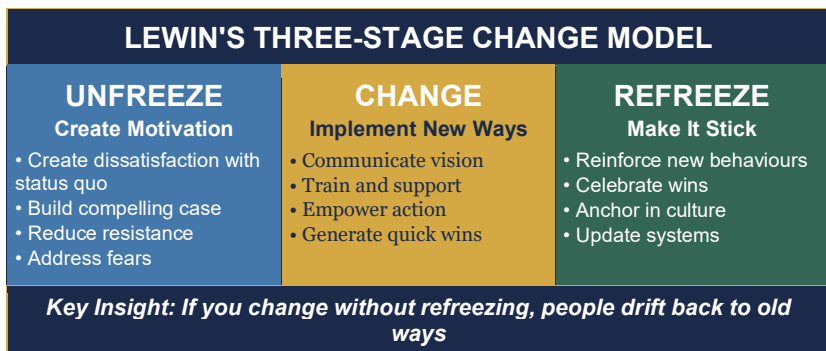
CHANGE READINESS ASSESSMENT		
Factor	Weight	Key Question
Leadership Commitment	25%	Do leaders actively sponsor?
Clear Compelling Vision	20%	Can people picture the future?
Resources Allocated	15%	Budget, people, time secured?
Culture Supports Change	15%	History of adaptation?
Past Change Success	10%	Track record of delivery?
Communication Capability	10%	Channels and trust exist?
Employee Engagement	5%	Baseline engagement high?
Score Interpretation:		
< 2.5 = HIGH RISK 2.5–3.5 = MEDIUM RISK > 3.5 = READY		

PRACTICAL TIP

If your readiness score falls below 2.5, don't abandon the change—invest time building the foundation first. Quick wins to build confidence, leadership alignment sessions, and honest communication about the 'why' can rapidly shift readiness upward.

Lewin's Three-Stage Change Model

Kurt Lewin's classic model from the 1940s remains one of the most useful frameworks for thinking about change. Its simplicity is its strength: it reminds us that change isn't just about doing something new—it's about letting go of the old and locking in the new.²



Stage 1: Unfreeze — Prepare for Change

Before people can change, they need to understand why the current state is no longer acceptable. This means creating a compelling case that generates genuine urgency—not manufactured panic, but authentic dissatisfaction with the status quo.

- Explain why the current approach is unsustainable
- Create urgency with real data and external pressures
- Address fears and concerns honestly
- Build a coalition of early supporters

Stage 2: Change — Navigate the Transition

This is the messy middle where new processes, systems, and behaviours are introduced. Productivity typically dips before it improves. People need training, resources, and ongoing support to navigate this uncertainty.

- Implement new processes with adequate training
- Provide coaching and hands-on support
- Create quick wins to build momentum
- Maintain constant, transparent communication

Stage 3: Refreeze — Make It Permanent

The most neglected stage. Without refreezing, people drift back to old ways within weeks. This stage is about embedding the new behaviours into systems, rewards, and culture so they become the default.

- Update policies, procedures, and performance metrics
- Align rewards and recognition with new behaviours
- Celebrate successes and share stories
- Embed changes in hiring and onboarding

Kotter's 8-Step Change Model

John Kotter's framework is the most widely used change model in practice. Where Lewin provides the philosophical foundation, Kotter provides the practical playbook. Each step builds on the previous one, creating cumulative momentum that makes large-scale change achievable.¹

KOTTER'S 8-STEP CHANGE MODEL		
1	Create Urgency	<i>Make the case for change compelling</i>

2	Build Guiding Coalition	<i>Assemble team with power to lead</i>
3	Form Strategic Vision	<i>Clear picture of the future state</i>
4	Communicate the Vision	<i>Share constantly through every channel</i>
5	Empower Broad Action	<i>Remove obstacles blocking progress</i>
6	Generate Short-Term Wins	<i>Create visible successes early</i>
7	Sustain Acceleration	<i>Use momentum for bigger changes</i>
8	Anchor in Culture	<i>Make it 'how we do things here'</i>

Deep Dive: Creating Urgency (Step 1)

The foundation of all successful change. Without genuine urgency, nothing moves. But urgency must be authentic—manufactured crisis creates cynicism, not commitment.

URGENCY: BAD vs. GOOD	
Ineffective Urgency	Effective Urgency
"We should improve"	"We're losing 15% of customers"
Vague future threats	Concrete data and timelines
Management speak	Emotional, personal stories
Internal metrics only	Customer and competitor evidence
"Someone should do this"	"Here's what we'll do by when"

Deep Dive: Building the Guiding Coalition (Step 2)

Change can't be driven by one person alone. You need a coalition of 5–15 people who collectively have the position power, expertise, credibility, and leadership ability to drive the initiative. The coalition

should represent different levels, functions, and perspectives across the organisation.

Deep Dive: Generating Short-Term Wins (Step 6)

Planned wins in the first 60–90 days are critical for maintaining momentum and silencing critics. The best short-term wins are visible, unambiguous, and clearly connected to the change initiative.

WIN PLANNING EXAMPLE

Month 3: Pilot team achieves 25% faster cycle time → Celebrate at all-hands, share approach, expand to 3 more teams. Month 6: Customer satisfaction increases 10 points → CEO personally thanks team, shares customer quotes, distributes case study company-wide.

The ADKAR Model: Individual Change

While Lewin and Kotter focus on organisational change, the ADKAR model (developed by Prosci) focuses on the individual change journey. Organisations don't change—people do. ADKAR provides a diagnostic tool: if change is failing, you can pinpoint exactly which element is the barrier for each person.³

THE ADKAR MODEL — Individual Change Journey		
	Element & Focus	Key Action
A	AWARENESS <i>of the need for change</i>	Communicate business context and risk of not changing
D	DESIRE <i>to support and participate</i>	Address personal motivations, overcome resistance

K	KNOWLEDGE <i>of how to change</i>	Training, information, new skills development
A	ABILITY <i>to implement new skills</i>	Practice, coaching, remove obstacles
R	REINFORCEMENT <i>to sustain the change</i>	Recognition, rewards, measurement, celebration
Diagnostic: If change is failing, identify which ADKAR element is the barrier		

ADKAR DIAGNOSTIC EXAMPLE: Software Adoption

- **Awareness:** Told why old system is being replaced ✓
- **Desire:** Understands benefits to their work ✓
- **Knowledge:** Attended training session ✓
- **Ability:** Can't actually use it under pressure ✗ → NEEDS MORE PRACTICE
- **Reinforcement:** No tracking of adoption ✗ → NEEDS REINFORCEMENT

Actions: Provide hands-on coaching sessions. Track system usage in performance reviews. Pair struggling users with champions.

Managing Resistance

Resistance is normal, not personal. The most effective change leaders don't try to eliminate resistance—they listen to it, understand it, and address it strategically. In fact, some of your strongest resisters may be raising legitimate concerns that, once addressed, make the change more successful.

STAKEHOLDER RESPONSE MATRIX	
CHAMPIONS • High support, high influence • Make them change leaders • Give them visible roles • Use their credibility	ADVOCATES • High support, lower influence • Leverage enthusiasm • Have them influence peers • Provide support & resources
FENCE-SITTERS • Neutral, undecided • Provide information • Address concerns early • Show quick wins • Peer pressure from advocates	RESISTERS • Active or passive opposition • Listen to legitimate concerns • Address underlying issues • Involve in solutions • Monitor actual behaviours
Strategy: Convert fence-sitters, leverage champions, address resisters	

TACTICS FOR OVERCOMING RESISTANCE		
Tactic	Approach	When to Use
Participation	Involve people in designing change	<i>Most effective, reduces resistance dramatically</i>
Education & Communication	Help people understand the why	<i>Address misunderstanding and misinformation</i>
Facilitation & Support	Provide resources, training, coaching	<i>Make success easy, remove friction</i>
Negotiation	Address concerns, find compromises	<i>Useful when resisters have legitimate power</i>
Co-optation	Give resisters a role in the change	<i>Use sparingly — can backfire if discovered</i>
Coercion	"Change or face consequences"	<i>Last resort — fast but creates resentment</i>
Ordered from most collaborative to most coercive — always start from the top		

LEADERSHIP WISDOM

The best change leaders listen to resistance before trying to overcome it. Resisters often see real problems that enthusiasts miss. Address legitimate concerns, and your former resisters frequently become your most passionate advocates—because they know the change was pressure-tested.

Communication Strategy for Change

Communication is the single most important tool in your change management toolkit. Research consistently shows that leaders underestimate how much communication is needed by a factor of 10. If you're tired of saying the same message, people are only just beginning to hear it.

KEY MESSAGES FRAMEWORK		
HEAD (Rational) • What is changing? • Why is it necessary? • What are the benefits? • When will it happen? • How will it work?	HEART (Emotional) • What's in it for me? • How will it affect me? • Will I be successful? • Who will support me? • What if I struggle?	HANDS (Action) • What do I do differently? • When do I start? • Who can help me? • What resources exist? • How will I be measured?
Effective change communication addresses all three dimensions		

COMMUNICATION EFFECTIVENESS EQUATION
Effectiveness = Frequency × Channels × Consistency × Leader Modelling

CHANGE COMMUNICATION CADENCE		
Phase	Frequency	Key Message
Pre-Launch	Weekly	"Change is coming, here's why"
Launch	Daily	"Here's what's happening now"
Early Adoption	3×/week	"Here's what we're learning"
Scaling	Weekly	"Here's progress and next steps"
Sustained	Monthly	"Here's the new normal"

Channels by Audience

Different audiences need different channels and frequencies. Executives respond to one-on-one meetings and executive briefings. Managers need regular team calls and email updates two to three times per week. Front-line employees are best reached through all-hands meetings, team sessions, and weekly email updates. External stakeholders like customers and partners typically need monthly communication through newsletters, webinars, and direct calls.

Change Metrics: Measuring Progress

What gets measured gets managed. Track both leading indicators (which predict success) and lagging indicators (which confirm results). Leading indicators include leadership alignment, employee awareness, training completion, adoption rate, and feedback sentiment. Lagging indicators include performance improvements, employee engagement, customer satisfaction, and business outcomes.

CHANGE INITIATIVE DASHBOARD		
READINESS		
Leadership Alignment	95%	✓ Strong
Employee Awareness	82%	✓ Good
Resistance Level	15%	✓ Low
ADOPTION		
Training Completion	88%	✓ On Track
System Usage	65%	⚠ Below 70%
Process Compliance	78%	⚠ Below 85%
RESULTS		
Cycle Time Reduction	-25%	✓ Exceeds
Cost Savings	\$2.1M	✓ On Target

Customer Satisfaction	+12pts	✓ Exceeds
Employee Engagement	3.8/5	⚠ Below 4.0
OVERALL STATUS: MOSTLY ON TRACK		
Actions: Accelerate system adoption • Address engagement concerns		

Quick Tool: Change Impact Assessment

Before launching any change, score these four dimensions on a scale of 1–5 to determine how much change management investment is needed. This simple tool helps you right-size your approach—avoiding both under-investment (which leads to failure) and over-investment (which creates unnecessary bureaucracy).

CHANGE IMPACT ASSESSMENT	
Dimension	Score (1–5) — Key Question
Scope of Change	How many people affected?
Depth of Change	How different from today?
Speed of Change	How fast must we move?
Readiness Level	How prepared are we?
Risk Interpretation:	
4–8 = LOW 9–14 = MEDIUM 15–20 = HIGH	

Actions Based on Score

- **Low (4–8):** Standard communication plan with regular updates. Minimal disruption expected.
- **Medium (9–14):** Structured change management with dedicated training programme, stakeholder mapping, and resistance management.

- **High (15–20):** Extensive change management with dedicated change team, phased rollout, executive sponsorship, and comprehensive support infrastructure.

Real Example: Microsoft's Cultural Transformation

When Satya Nadella became CEO in 2014, Microsoft was struggling: declining relevance, toxic internal politics, a 'know-it-all' culture that stifled innovation, and a stock price that had barely moved in over a decade. What followed is one of the most successful corporate transformations in business history.⁷

CASE STUDY	
Microsoft's Cultural Transformation Under Satya Nadella	
2014 (Before)	2024 (After)
Market Cap: \$300B	Market Cap: \$3.0T
Cloud Revenue: \$0	Azure Revenue: \$100B+
Employee Engagement: Low	Employee Engagement: 85%
Innovation: Stalled	Innovation: Leading
Culture: "Know-it-all"	Culture: "Learn-it-all"
Key Lesson: Changed culture first, results followed. Patient investment (5+ years).	

How Nadella Made It Happen

Nadella's approach perfectly illustrates the change frameworks in this chapter. He started by unfreezing—creating dissatisfaction with the 'know-it-all' culture and painting a compelling vision of a 'learn-it-all' future. He built a guiding coalition of senior leaders who read Carol Dweck's 'Mindset' together and practised vulnerable sharing. He

generated quick wins by opening up to partners and embracing cloud computing.

Crucially, he anchored the change in every system: performance reviews were redesigned to evaluate growth mindset behaviours, hiring criteria were updated, all-hands meetings featured story-sharing, and hackathons encouraged experimentation. The result? A tenfold increase in market capitalisation from \$300 billion to \$3 trillion over a decade.

Additional Real-World Examples

<i>Netflix: From DVD to Streaming Giant</i>		
The Change	The Approach	The Lesson
2007: Launched streaming alongside DVD business 2011: Split DVD/streaming into separate services	Created urgency: Digital was clearly the future Quick wins: Initial streaming library success	Be willing to cannibalise your own business before competitors do it for you. Speed > perfection.
<i>Result</i>		
From \$1B DVD company to \$300B+ streaming leader		

8

<i>Toyota: Lean Manufacturing Revolution</i>		
The Change	The Approach	The Lesson
Transformed from mass production to lean	Continuous improvement (kaizen) philosophy	Change doesn't have to be dramatic to be

manufacturing over 30+ years (1960s–1990s)	Empowered workers to stop the production line	transformative. Small, sustained changes compound.
<i>Result</i> Became world's most efficient and highest-quality automaker		

9

<i>Adobe: Shift to Subscription Model</i>		
The Change 2013: Moved from boxed software sales to cloud subscription (Creative Cloud)	The Approach Clear vision communicated Addressed customer fears Phased transition with parallel offerings	The Lesson Short-term revenue pain for long-term recurring revenue. Transparent communication was key.
<i>Result</i> Revenue grew from \$4B to \$20B+ with predictable recurring income		

10

Three Things to Remember

THREE THINGS TO REMEMBER	
1	Change fails because of people, not plans. Spend 70% of your energy on the human side (communication, engagement, support) and 30% on the technical side (systems, processes). The best plan in the world is worthless if people don't adopt it.

2

Resistance is feedback, not defiance. Listen to resisters—they often see real problems that enthusiasts miss. Address legitimate concerns, and resisters can become your strongest advocates because they've pressure-tested the change.

3

Change takes longer than you think and requires constant reinforcement. Don't declare victory after the first wins. Keep communicating, keep supporting, keep reinforcing until new behaviours are truly the new normal. Culture is the last thing to change—and the most important.

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End of Chapter 10

M B A E S S E N T I A L S

C O N C L U S I O N

**Putting It All
Together**

“The secret of getting ahead is getting started.”

— Mark Twain

Conclusion: Putting It All Together

If you've read this far, you now know more about how businesses work than the vast majority of people. That's not me being generous. It's true. Most people go through their entire careers without ever properly learning about marketing, finance, operations, strategy, or any of the other disciplines in this book. They pick bits up as they go, fill in gaps with guesswork, and hope for the best.

You've done something different. You've taken the time to understand the fundamentals. And that puts you in a genuinely strong position, whether you're running your own business, leading a team, or figuring out your next career move.

So let's take a moment to look at what you've covered and where you go from here.

What You've Learned

Here's a quick overview of the ground we've covered. Ten chapters, nine core business disciplines, and a toolkit of frameworks that you can come back to whenever you need them.

WHAT YOU'VE LEARNED		
Discipline	What It Does	Key Tools
Marketing & Sales	Finding and converting customers	<i>Funnels, segmentation, pricing, negotiation</i>
Operations	Delivering efficiently and consistently	<i>Lean, Six Sigma, process mapping, quality</i>
Finance	Understanding the numbers	<i>P&L, cash flow, break even, budgeting</i>
Project Management	Executing initiatives on time	<i>Agile, Waterfall, risk, stakeholders</i>
HR	Building and keeping great teams	<i>Hiring, performance, culture, retention</i>
Strategy	Choosing where and how to compete	<i>SWOT, Porter, Blue Ocean, BCG matrix</i>
Sustainability	Building for the long term	<i>ESG, circular economy, reporting</i>
Innovation	Creating the future	<i>Design thinking, lean startup, disruption</i>
Change Management	Making transformation happen	<i>Kotter, ADKAR, resistance, culture</i>

That's a lot of ground. And if some chapters stuck with you more than others, that's completely normal. Come back to the ones that feel less familiar when the time is right. They'll make more sense when you've got a real situation to apply them to.

The Integration Challenge

Here's something that took me a while to properly understand: real business problems don't come neatly labelled. Nobody walks into your office and says "I have a marketing problem" or "this is a finance issue". What actually happens is messier than that. A customer complaint might be a marketing problem, an operations problem, and an HR problem all at once. A new product launch involves strategy, project management, finance, and change management.

The disciplines in this book are taught separately because that's the clearest way to learn them. But in practice, they overlap constantly. The best leaders I've worked with are the ones who can see across boundaries. They understand that a brilliant marketing strategy falls apart if operations can't deliver. They know that financial analysis only tells part of the story if you don't understand the people side.

That cross functional thinking is what separates good managers from great ones. And now you've got the foundations to start building it.

THE REAL SKILL

Knowing each discipline is useful. Knowing how they connect to each other is where the real value lies. As you go back to your work, start noticing the overlaps. When a problem lands on your desk, ask yourself: which two or three disciplines are at play here? That question alone will change how you think about solutions.

Your Next Steps

Knowledge without action is just trivia. So here are five practical things you can do to make this book worth more than the paper it's printed on.

YOUR NEXT STEPS

1

**PRACTICE
INTEGRATION**

Look for connections between the chapters. How does your marketing strategy affect operations? How do your HR practices enable or block innovation? The real skill is seeing across functions.

2
**FIND YOUR
STRENGTHS**

You won't be equally strong in all ten areas, and that's fine. Figure out where you naturally excel and go deeper. Then build enough understanding in the others that you can hold your own.

3
**BUILD YOUR
TEAM**

Surround yourself with people who are strong where you're not. The best businesses aren't built by one person who knows everything. They're built by teams with complementary skills.

4
**KEEP
LEARNING**

This book is a starting point, not the finish line. Read more, try more, fail more, learn more. Business is a lifelong learning journey and the people who keep growing are the ones who stay ahead.

5
**START
SMALL**

Don't try to apply everything at once. Pick one concept this week and use it. Then pick another next week. Small, consistent actions add up to something significant over time.

ON STARTING SMALL

Seriously, this is the one that matters most. I've seen too many people read a business book, get excited, try to change everything at once, and then give up two weeks later because it's overwhelming. Don't do that. Pick one thing from one chapter and try it this week. Just one. Build from there.

The Meta-Skill: Judgment

Beyond all the frameworks and tools and models in this book, there's one skill that matters more than any of them: judgment. Knowing which framework to use, and when, and how hard to push it. That's not something you can learn from a book alone. It comes from doing the work, making decisions, getting some of them wrong, and learning from what happens.

THE META-SKILL: JUDGMENT	
Knowing when to...	...versus when to...
When to follow the process	When to break it
When to be patient	When to move fast
When to persist	When to pivot
When to lead from the front	When to step back
When to talk	When to listen
<i>Judgment comes from experience. Experience comes from action. Go get started.</i>	

These frameworks give you the tools. Judgment tells you which tool to pick up. And the only way to develop judgment is to get out there and start using them. You'll get better at it over time. Everyone does.

Paying It Forward

I started this book by saying that business knowledge shouldn't be locked behind expensive programmes and academic jargon. I still believe that. If this book has been useful to you, I'd ask one thing: share what you've learned. Explain a concept to a colleague who's struggling. Recommend it to someone who's starting out. Use what you know to help the people around you get better at what they do.

The whole point of writing this book was to make business knowledge more accessible. But a book sitting on a shelf doesn't do that. People sharing ideas and helping each other, that's what actually changes things.

A FINAL THOUGHT

When I finished my MBA, the thing I valued most wasn't the certificate or the letters after my name. It was the confidence. The confidence to walk into any business conversation and know I could hold my own. To look at a problem and know roughly which tools to reach for. To make decisions without second guessing myself every time. That's what I hope this book gives you. Not just knowledge, but confidence. The kind that comes from genuinely understanding how things work.

Over to You

You've got the toolkit. You've got the frameworks. You've got a solid understanding of how the key parts of a business fit together.

Now go and use it.

Start something. Fix something. Build something. Help someone.

You're ready.

**Get started. Make mistakes. Learn. Improve.
Repeat.**

M B A E S S E N T I A L S

B O N U S C H A P T E R

One More Thing

A Little About 1:90 Planning

“Simplicity is the ultimate sophistication.”

— Leonardo da Vinci

One More Thing – 1:90 Planning

Throughout this book, you have explored ten disciplines that every business leader needs to understand. Marketing, finance, strategy, operations, people, innovation, and more. But here is the question nobody talks about: how do you actually get all of it done?

Most organisations are brilliant at making plans and terrible at executing them. Strategy decks gather dust. Quarterly goals dissolve into firefighting. Teams work hard but pull in different directions. The gap between knowing what to do and actually doing it is where most businesses fall apart.

THE CORE INSIGHT

Planning is not the problem. Alignment is. You can have the best strategy in the world, but if your teams are not aligned on what matters most and working in a shared rhythm, nothing lands.

1:90 Align is a lightweight planning and delivery framework designed to close that gap. It gives organisations a shared language, a visible board, and a steady rhythm that turns strategy into action every 90 days.

The name says it all. One day of planning. Ninety days of aligned delivery. Total alignment.

The Problem with Traditional Planning

Traditional business planning tends to follow a familiar pattern. Senior leaders disappear into an offsite for two days, emerge with a shiny strategic plan, cascade it down through layers of management, and hope the frontline figures it out. By month two, half the initiatives have stalled. By month six, nobody remembers the original priorities.

TRADITIONAL VS 1:90 PLANNING	
TRADITIONAL APPROACH	1:90 ALIGN APPROACH
Annual planning cycles	90-day cycles (Arcs)
Top-down cascade	Collaborative goal setting
Plans locked for the year	Adapts every 30 days (Waves)
Progress reviewed quarterly	Daily visibility (Ripples)
Strategy disconnected from work	Every Task links to the North Star
Departments work in silos	Cross-functional teams aligned

The framework borrows proven ideas from agile, lean, and kanban, but packages them for mainstream business use. You do not need to be a software team. You do not need a scrum master. You just need a clear goal, a small team, and the discipline to follow a rhythm.

The Three Principles

Everything in 1:90 Align is built on three principles. Get these right and the mechanics follow naturally.

THE THREE PRINCIPLES

CLARITY³

- Simple over complex
- Everyone knows the goal
- Fewer priorities, done well
- Borrowed from Lean

RHYTHM¹

- Regular ceremonies
- Inspect and adapt
- Continuous learning
- Borrowed from Agile

FLOW²

- Pull, don't push
- Finish before starting
- One task at a time
- Borrowed from Kanban

THE PROMISE

- Alignment across teams
- Visibility of all work
- Momentum every 30 days
- Learning built in

The Language

Every framework needs a shared vocabulary. 1:90 Align uses simple, memorable terms so that everyone in the organisation speaks the same language. Here are the ones that matter most.

Time

An Arc is a 90-day planning and delivery cycle. Each Arc is divided into three Waves of roughly 30 days each. Think of the Arc as the big picture and each Wave as a manageable sprint toward it.

ARC (90 days) ▶	WAVE 1 ▶	WAVE 2 ▶	WAVE 3
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Goals

Goals cascade from company level to individual level. The North Star is the single company goal for the Arc. Milestones are team targets for each Wave. Tasks are individual pieces of work that contribute to a Milestone.

THE GOAL CASCADE		
NORTH STAR Company goal for the Arc	Organisation	<i>Open 2 new stores, hit £500K revenue</i>
MILESTONE Team target for the Wave	Team	<i>Secure lease for Store 2</i>
TASK Individual piece of work	Person	<i>Draft lease requirements document</i>
North Star ▶ Milestones ▶ Tasks		

KEEP IT CONNECTED

Every Task should trace back to a Milestone, and every Milestone should trace back to the North Star. If a piece of work does not connect, ask whether it should be on the board at all.

The Structure

1:90 Align does not create new job titles. It adds responsibilities to existing roles. There are three key responsibilities in the framework.

ROLES AND RESPONSIBILITIES		
Role	Who Holds It	What They Do
Arc Sponsor	Director / Senior Leader	Owns the North Star, removes blockers, runs Compass
Team Leader	Manager / Team Lead	Owns Milestones, runs Wave Planning and Ripples
Contributor	Anyone doing the work	Owns Tasks, updates the board, raises blockers early

Teams should be small. Three to seven people is the sweet spot, including the Team Leader. Smaller teams move faster, build trust, and make work visible. If you have more than seven, split into two teams under the same Arc Sponsor.

CROSS-FUNCTIONAL IS KING

Whenever possible, build teams with mixed skills working toward shared Milestones. Cross-functional teams reduce handoffs, break

silos, and build broader understanding. When the marketer sits next to the developer, problems get solved faster and blame disappears.

Your industry or regulatory environment may require functional teams. That is fine. What matters is clear Milestones and a single Team Leader accountable for delivery.

The Board

The board is the single source of truth. Every task lives on it, and every team member can see what everyone is working on. It can be a physical whiteboard with sticky notes or a digital tool. What matters is that it is visible and updated daily.

THE 1:90 BOARD				
BACKLOG	READY	IN PROGRESS	REVIEW	DONE
Identified, not ready	Prioritised, ready to pull	Actively being worked	Waiting for feedback	Completed and accepted
WIP: No limit	WIP: 2x team size	WIP: 1 per person	WIP: 3 maximum	WIP: No limit

Flow Rules

Work moves left to right. Only one direction. Three rules keep the board healthy:

- **Pull, don't push.** Contributors pull Tasks from Ready when they have capacity. Nobody assigns work by dumping it on someone.
- **One Task at a time.** Each Contributor should have only one Task in progress. Multitasking is the enemy of finishing.
- **Finish before starting.** Stop starting, start finishing. Complete what is in progress before pulling something new.

THE GOLDEN RULE

If the board is not being updated, the system is not working. The daily Ripple exists precisely to keep the board honest. No board updates, no Ripple, no visibility, no alignment.

Sizing Work

How big is a piece of work? 1:90 Align uses Fibonacci points⁴ to size Tasks and Milestones. Points are not just time. They combine time, complexity, and uncertainty into a single number.

FIBONACCI POINTS SCALE								
1	2	3	5	8	13	21	34	55
A few hours	Half a day	About a day	1–2 days	2–3 days	3–5 days	1–2 weeks	Break it down	~30 days

The anchor is simple. Fifty-five points equals one full-time person, fully available, for one Wave of 30 days. That already accounts for meetings, breaks, and normal business activity. It is realistic productivity, not theoretical capacity.

CAPACITY FORMULA
Individual Capacity = 55 × Availability %
Example: Team Leader at 60% availability
= 33 points per Wave

SIZING RULES OF THUMB
1. Most Tasks should be 1 to 13 points. Anything you can finish within a week.
1. Tasks over 13 points should be questioned. Can they be broken down?
2. Tasks over 21 points must be broken into smaller Tasks. No exceptions.
3. If committed points exceed team capacity, cut scope or add people. Do not just hope.

The Ceremonies

Ceremonies are the heartbeat of the framework⁵. They create the rhythm that turns plans into delivery. Skip them and the system falls apart. Run them well and alignment becomes automatic.

Alignment Day

When: Day 0 of the Arc **Duration:** Full day (6–8 hours)

Who: Arc Sponsor + Team Leaders

The “1” in 1:90. This is where the Arc takes shape. Set the North Star, map Milestones across all three Waves, clarify team assignments, and commit. Everyone leaves aligned on what matters for the next 90 days.

Wave Planning

When: Day 1 of each Wave **Duration:** 2–3 hours

Who: Team Leader + Team

Setting up the next 30 days. Confirm Milestones, break them into Tasks, size everything in points, check capacity, populate the board, and commit as a team.

Ripple

When: Daily **Duration:** 10–15 minutes

Who: Team Leader + Team

The daily heartbeat. A standing board walk. Move through the board right to left: Done, Review, In Progress, Ready. Flag blockers, solve later. Keep it to 15 minutes.

Mid-Wave

When: ~Day 15 (if needed) **Duration:** 30–60 minutes

Who: Team Leader + Team

Course correction before it is too late. RAG status each Milestone. Identify what is causing Amber or Red. Reprioritise, rescope, add resource, or escalate. Recommit to a revised plan.

Wave Review

When: End of each Wave **Duration:** 1–2 hours

Who: Team Leader + Team

Reflect, learn, improve. Review what landed and what did not. Compare planned vs actual points. Use the Anchor-Drift-Steer framework: what worked, what drifted, and what one thing will we change next Wave?

Compass

When: Mid-Wave **Duration:** 30–45 minutes

Who: Arc Sponsor + Team Leaders

The Arc Sponsor's cross-team sync. Surface blockers, spot dependencies between teams, share learnings, and make decisions. This is where leadership stays connected without micromanaging.

Where the MBA Fits In

This is where everything in the book comes together. Each of the ten chapters you have read gives you a lens for making better decisions within the 1:90 framework. The framework is the delivery engine. The MBA disciplines are the fuel.

MBA DISCIPLINES AS PLANNING LENSES	
Discipline	Key Question
Strategy	Does this move us toward our long-term vision?
Finance	Can we afford this? What is the return?
Marketing	How does this affect our market position?
Sales	Will this help us win or retain customers?
Operations	Can we deliver this with current capabilities?
HR	Do we have the right people?
Sustainability	Is this responsible for the long term?
Innovation	Are we being bold enough?
Change Mgmt	How will we bring people along?
Project Mgmt	Is this achievable in 90 days?

PRACTICAL APPLICATION

During Alignment Day, use three or four of these lenses to stress-test the North Star before committing. During Wave Planning, check that Milestones cover the right mix of business areas. You do not need all ten every time. Pick the ones that matter most for this Arc.

Getting Started

The best way to adopt 1:90 Align is to start small, prove it works, and then expand. Do not try to roll it out across the entire organisation on day one. A three-phase approach works well.

IMPLEMENTATION PHASES		
Phase	Duration	Focus
Pilot	1 Arc (90 days)	Test with one team, learn, refine
Expand	1–2 Arcs (90–180 days)	Roll out to more teams, train Team Leaders
Scale	Ongoing	Organisation-wide adoption, continuous improvement

Your Pilot Checklist

Before you run your first Arc, make sure these pieces are in place:

4. Identify an Arc Sponsor. A senior leader who believes in the framework and will commit to running Compass.
5. Select a pilot team of 3 to 7 people. Willing, curious, and ideally cross-functional.
6. Choose a Team Leader. Someone enthusiastic about the framework who will own the Milestones.
7. Train the team. Everyone needs to understand the language, the board, and the ceremonies.
8. Set up a board. Physical or digital. Make it visible.
9. Schedule all ceremonies for the Arc. Put Alignment Day, Wave Planning sessions, and Ripples in the calendar now.
- 10.Run Alignment Day. Set the North Star, map the Milestones, commit.

11. Start Wave 1. Pull the first Tasks. Begin the daily Ripple. Let the rhythm carry you.

COMMON PITFALLS TO AVOID

Going too fast. Pilot first. Prove it works. Then expand.

Skipping training. Everyone needs Foundations. No shortcuts.

Tool over practice. The board is a tool. Ceremonies are the practice.

No Arc Sponsor engagement. Compass is essential. Leadership must be involved.

Overcomplicating things. Start simple. Add complexity only when needed.

Forgetting to celebrate. Wave Reviews must include recognition. Momentum needs fuel.

Three Things to Remember

THREE THINGS TO REMEMBER	
1	Alignment beats strategy. The best plan in the world is worthless if your teams are pulling in different directions. One day of genuine alignment is worth a month of top-down planning.
2	Rhythm creates momentum. Daily Ripples, 30-day Waves, 90-day Arcs. The ceremonies are not overhead. They are the engine. Skip them and the system stalls.
3	Start small, learn fast. Pilot with one team for one Arc. Prove the framework works in your context. Then let the results do the selling when it is time to expand.

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End of Bonus Chapter

M B A E S S E N T I A L S

A C K N O W L E D G E M E N T S

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“No one who achieves success does so without the help of others.”

— Alfred North Whitehead

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A Final Word

Finally, and most importantly, thank you to you, the reader. You've taken time out of a genuinely busy life to invest in your own development. That's not trivial. The world is full of distractions, and you chose to spend hours reading a book about business fundamentals. That choice matters. It shows that you're serious about getting better at what you do, and that's what this book is ultimately about. Not the certificate or the knowledge for its own sake, but the confidence and capability to do something meaningful with it.

If this book helps you understand how a business works, make a better decision, have a more confident conversation, or feel more capable in your role, then all those people I've thanked above, and all the hours of work that went into this, will have been worth it.

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I N D E X

**Key Terms and
Concepts**

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