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## Business Management Coaching: Focusing on Entrepreneur's Current Position and Aims

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## Business Management Coaching: Focusing on Entrepreneur's Current Position and Aims

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**Abstract:** *One-to-one business coaching over 6 months was provided to nine clients in Hawaii to help them acquire business transition skills. The STARS model was used to determine the individual business situation and to explore suitable leadership strategies to move forward. Systematically, each client developed a business model, business strategies, a marketing plan, and financial and production plans. Follow-up evaluations 6 months after coaching showed positive effects on the clients. Clients became more aware of their business situations and were able to apply appropriate strategies to increase their chances of success.*

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### Introduction

Extension programs have been used to educate small business owners using management approaches and coaching (e.g., Cropper, 1998; Kutilek & Earnest, 2001; Muske & Stanforth, 2000). Business coaching involves building rapport, listening, and facilitating understanding of implicit and explicit perceptions about roles, aims, and motivations. The role of the business coach is to be a change agent (see Egan, 1998) by educating and increasing awareness through exercises illustrating business management principles. One-to-one coaching was provided to eight aspiring entrepreneurs in Hilo and one in Honolulu, Hawaii. Coaching sessions were 6 to 8 hours long, once a month, over a minimum period of 6 months. Coaching was provided individually or in small groups of two to three clients and structured in phases with customized exercises. The author is also a Certified Hudson Institute Coach.

### Business Coaching Sessions

#### Preparation

During the intake session, the STARS model (Watkins, 2003; 2009) was introduced to explore the client's main focus of interest. The STARS model provides a perspective on business evolution and development that identifies five business situations: start-up, accelerated growth, turnaround, realignment, and sustaining-success (Figure 1). Business owners identified the state of their business and were introduced to principles that facilitate their likelihood of long-term success. Five out of nine clients were interested in start-up situations, and four were facing business difficulties and wanted to focus on turning around their businesses.

#### Figure 1.

STARS Model—Used to Help Clients Navigate Business Development



## Business Model

An aim was to assist clients in clarification and refinement of their business model to generate revenue and profits. Clients evaluated two to three business ideas by applying simple criteria (Entrepreneur Press & Debelak, 2006):

- Likelihood of repeat customers.
- Easy to sell.
- Long-term need.

To get a realistic perspective on the feasibility of their business model, they compared it to an ideal existing business. The process was repeated until all three criteria were met. Clients learned that their chances of business success can be improved by exploring alternative business models or generating innovative ideas. Awareness of possible outcomes was increased by visualizing best, worst, and likely scenarios for their business model.

## Business Strategies

Clients drafted a vision statement to capture the passion of their business idea. Once a vision was defined, commonly used business strategies were introduced for clients to select one to two strategies appropriate to their business such as (a) be different (e.g., Godin, 2002a), (b) create your own market space (e.g., Kim & Mauborgne, 2005), (c) market success through knowledge (e.g., Moskowitz & Gofman, 2007), and (d) become a market leader (e.g., Slater, 2002).

## Marketing Plan

Three basic areas were developed: defining a target market, selecting appropriate marketing strategies, and evaluating marketing deployment options. Target market was clarified in terms of demographics and income groups. Four marketing strategies were introduced for clients to select one to two strategies appropriate to their business model and target market: (a) momentum effect (Larreche, 2008), (b) made to stick (Heath & Heath, 2007), (c) customer experience management (Schmitt, 2003), and (d) survival is not enough (Godin, 2002b).

To minimize the use of resources and maximize marketing impact, the concept of "guerrilla" marketing (Levinson, 2007) for marketing deployment was introduced. Clients practiced by selecting two to three deployment options and creating a marketing calendar to implement them over a year.

## Financial Plan

Another aim was to assist clients in clarification of long-term financial goals, development of a three-year financial projection plan, and calculation of monthly expenses and revenues, break-

even point, and a desired profit margin. This module proved to be most difficult for clients due to lack of specific data for markets and products, and the need to review basic accounting and financial concepts.

### **Production Plan**

Based on financials goals, three sets of production plans were designed:

- Small scale to test market acceptance.
- Pilot plan to assess technical feasibility and realistic production costs.
- Commercial production plan.

Fine-tuning of production techniques, availability of in-home expertise, and other bottlenecks gave clients a critical perspective of their production capability, production technology gaps, and difficulties in achieving product quality.

### **Business Plan**

Clients were asked to present their overall business plan. Remaining questions related to all previous sessions were handled. Feedback provided by clients about the coaching process showed positive impacts, such as "business management coaching has helped me to become more optimistic to start to develop my business," "coaching has helped me to understand what it takes to run a business," and "we had a very educational and enjoyable time."

### **Follow-Up Evaluation**

Six months after the last session, an evaluation was made to determine the impact of coaching on the business progress of the clients. There were five clients interested in the start-up business situation. One client revised his business model after testing four new vegetable products. He was planning to continue testing three more vegetables until finding a profitable niche. Two other coaching clients formed a partnership and started a small pig farm. Their business had grown from six piglets to 24 pigs and had plans to start their own piglet production. The remaining two clients decided to delay their startup and retain jobs as a way to generate startup funding.

There were four clients interested in turning around their businesses. One client reported being able to reach a break-even point and intended to focus on making a profit. Two other clients working together reported the same outcome and were focusing on decreasing expenses while increasing sales and profit. The remaining client did not reach a break-even point, but realized a significant gap in technical expertise and has been focusing on hiring an in-house production manager to resolve this issue.

### **Conclusion**

Business management coaching has shown positive effects on existing and potential entrepreneurs through the process of education, awareness, and support that increases their likelihood of business success. In this Extension project, coaching helped clients to become aware of the need for systematic planning and periodic review of their business plan, especially during the start-up and turnaround phases of business development. Because coaching was effective, the next phase is to reduce the cost of delivery by employing larger group coaching.

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