

Hi! I'm Thomas! Let's continue with our course. We are now in Chapter 6.



Welcome to Chapter 6!

BUSINESS SKILLS



 WINGS

wINGS - "Internationalization serious Game for Start-ups and entrepreneurs", is an EU wide training about essential aspects of the internationalization process.

The wINGS course consists of 6 chapters: Global entrepreneurship mindset, Core competences of entrepreneurship, Management of uncertainty, Intercultural communication, Marketing skills and Business skills.

Throughout our Serious Virtual Game, you will be involved in real-life situations of entrepreneurship and you will acquire the set of competences that will prepare you for a successful internationalization adventure.

wINGS has been created by an association of six organisations specialized in both education and entrepreneurship. If you want to obtain more information about the wINGS project, do not hesitate to contact us on

<https://wings.erasmus.site>



**This is what we will talk
about in this chapter**

**LEARNING
OUTCOMES**

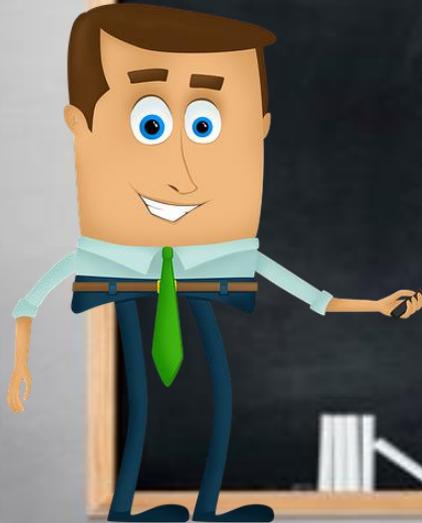
- 1. What are Business Skills?**
- 2. Good Business Leader**
- 3. Business Management**
- 4. Management Skills in Business**
- 5. Business Goals**
- 6. Practical Activities**
- 7. Game Scenario**



Skills and competences pursued

After this chapter
you will be able to:

- understand and recognize key business skills and know-how that are useful in commercial and organizational setting
- know importance of the most essential business skills
- determine what combination of skills is necessary for a business leader
- know the importance combination of soft and hard skills for business leader
- know the process in business planning
- know how to turn business skills in the best practice



1. *What are Business Skills?*



Being an entrepreneur means you are your own manager, as well as manager of others. Your skills need to be extensive in order to be successful. An entrepreneur should be able to use **BUSINESS SKILLS** to effectively manage people, a budget, operations and in some instances, investors.

What are Business Skills?

Business Skills include a sum of skills, experiences, capabilities and expert insight, which you collectively create and rely on in your business. As a shared resource, knowledge shapes and affects all the activities in and around your business.



Business Skill means...

- ✓ seeing the big picture of organization and consumer behavior.
- ✓ being aware of the needs of others and the resources available to meet those needs.
- ✓ being endowed with combination of soft and hard skills.



Types of Business Skills

- **Tacit skills** - personal know-how rooted in experience or practice (e.g. aesthetic sense or intuition).
- **Explicit skills**- articulated knowledge recorded in documents, memos, databases, etc. Explicit knowledge is easy to store, distribute and communicate.
- **Embedded skills** - understanding locked in processes, products, rules or organisational culture (e.g. informal routines, codes of conduct, organisational ethics).

A successful entrepreneur should have all these following types of skills:



What's the difference?

Soft skills

- subjective skills that are much harder to quantify
- include skills like communication, problem-solving, critical thinking

Hard skills

- teachable abilities or skill sets that are easy to quantify
- include qualification or masters in certain fields like **accounts, finance, economics, statistics**

In business is also crucial a combination of soft skills and hard skills.

The balance between them is the key of success.



Top 10 business skills:

The list of projected top 10 skills shows significant movement. While skills such as complex problem solving remain in the top three, several skills in the top 10 will disappear. Organizations will require a broad base of both hard and soft skills to remain agile and competitive.



Top 10 skills

in 2020

1. Complex Problem Solving
2. Critical Thinking
3. Creativity
4. People Management
5. Coordinating with Others
6. Emotional Intelligence
7. Judgment and Decision Making
8. Service Orientation
9. Negotiation
10. Cognitive Flexibility

in 2015

1. Complex Problem Solving
2. Coordinating with Others
3. People Management
4. Critical Thinking
5. Negotiation
6. Quality Control
7. Service Orientation
8. Judgment and Decision Making
9. Active Listening
10. Creativity



Source: Future of Jobs Report, World Economic Forum



2. Good Business Leader



Good leaders have many personal qualities. What skills do you need for success in the business world? Here are some of them:



Creativity

- ✓ inventing and developing new ideas or new methods of doing things
- ✓ spotting flaws in existing product and produce newer more efficient prototypes/models

Good Practice

James Dyson has invented an improved version of the traditional hand dryer, the Dyson Airblade Fast Hygienic hand dryer, which dries your hands in 10 seconds and is 4 times more energy-efficient than traditional hand dryers.

Risk Taking

- ✓ not to be afraid of financial loss or damage to reputation
- ✓ no fear of failing

Good Practice

Irish Dragon Gavin Duffy took a risk at the age of 18 and he set up a local radio station employing 20 people. In 1989 he again took a risk and set up the country's first licensed provincial local radio station, LMFM.

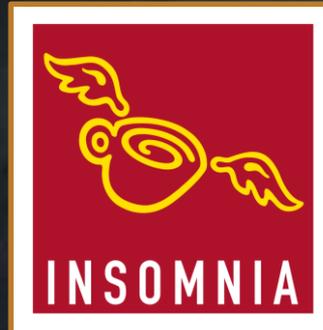


Initiative

- ✓ taking the initiative and making quick and clear decisions
- ✓ the ability to sum up a problem quickly (analytical powers) and make a successful decision to achieve the best solution

Control

- ✓ a desire to be own boss and to be self-reliant
- ✓ the need to be in control of all situations and do not like working for other people



Good Practice

From a young age, Irish Dragon Bobby Kerr got the business bug and a desire to be his own boss while helping his father run the 4-star Newpark Hotel in Kilkenny. In 1999, Bobby set up PERK coffee shops in Dublin, before selling the brand to Insomnia.



Optimistic/Realism

- ✓ belief that work/venture will be a success
- ✓ the choice of realistic goals and never try to achieve the impossible so plans are always achievable



Proactivity

- ✓ be proactive and be prepared to initiate actions, before or without waiting for others

Good Practice

Anita Roddick was proactive as she showed ethical leadership and drive by establishing her firm the Body Shop as a cosmetic firm that chose not to test their products on animals.



Persistence/Resilience

- ✓ be persistent and do not give up easily

Good Practice

Caleb Bradham went bankrupt 3 times before Pepsi Co. became successful, vividly illustrating the persistence of the greatest entrepreneurs.



Confidence/Self Belief

- ✓ to have total faith their ideas and confidently turn them into a reality

Good Practice

Charles O'Neill had the confidence to set up O'Neills sportswear in Dublin in 1918. They started out making football and sliotars but confidently expanded into GAA clothing in 1955.

The O'neills brand logo, featuring the name "O'neills" in a gold, cursive script font. The logo is set against a white background with a subtle drop shadow.



Self-Motivation (need to achieve)

- ✓ self-starters with a strong inner drive to achieve and be successful
- ✓ not be lazy - a “get up and go” attitude

Good Practice

Richard Branson the entrepreneur behind the Virgin Group has throughout his career exhibited the highest levels of motivation, as he self-actualised and moved his empire energetically into new ventures, such as transport, electronics, entertainment and the food sector in his quest to ensure his firm becomes a leading global player.

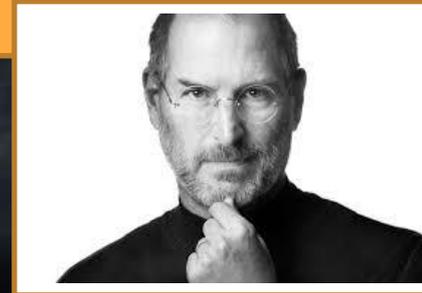


Flexible/Customer Focus

- ✓ the ability to adapt their business model to suit the changing needs of customers

Good Practice

Steve Jobs whose passion for perfection, ferocious drive and flexibility enabled him to revolutionized six industries, personal computers, animated movies, music, phones, tablet computing, and digital publishing by always focusing on the consumers current and future needs.



3. Business Management



Effective Business Planning

- **The long-term goal.** *What really matters to you? What is the purpose of your business? As your business reacts to changing circumstances, how will you keep on track?*
- **The objectives.** *What would you like to achieve in the next 12 months, 24 months and 36 months? Why have you chosen these targets, now? Is there an opportunity you want to exploit, and why do you think it exists? What are others in your market doing?*
- **The strategy.** *How can you take the best advantage of the opportunities you have identified? What are the key risks and how can you control them? What assumptions have you made and what would it help to know?*
- **Tactics.** *How will you put your strategy into action? Who will do what, when?*
- **Financial review.** *Can you afford your plans? Which tactics are likely to be the most cost-effective?*



There are three distinct areas inherent in any business:
marketing, finance and operations.



Marketing management



Operations management



Finance management



Marketing Management

Marketing management is an important part of business discipline which is focused on the practical application of marketing techniques and the management of a firm's marketing resources and activities. The discipline of marketing management often overlaps with the related discipline of strategic planning.

Strategic planning includes all the activities that lead to the development of a clear organizational mission, organizational objectives, and appropriate strategies to achieve the objective for the entire organization

Marketing is an organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders.”



As a business leader you should know...

Product life cycle - stages of product life in the market.

Stage	Characteristics
Introduction	A period of slow sales growth as the product is introduced in the market. Profits are non-existent in this stage because of the heavy expenses incurred with product introduction.
Growth	A period of rapid market acceptance and substantial profit improvement.
Maturity	A period of slowdown in sales growth because the product has achieved acceptance of most potential buyers. Profits stabilize or decline because of increased marketing outlays to defend the product position.
Decline	The period when sales show a downward drift and profits erode.



As a business leader you should know..

Marketing mix - is the set of marketing tools that the firm uses to pursue its marketing objectives in the target market. Without it, businesses would not have a foundation to guide the strategy or the execution of bringing a new offering to market. The marketing mix is truly the backbone of every business plan.

4 P's

Product

Price

Place

Promotion

4 C's

Customer needs and wants

Cost to the customer

Convenience

Communication

When you're putting together a marketing program for your business, concentrate on the basics, the four key components of any marketing plan: Products and Services, Promotion, Distribution, and Pricing.



Operations Management

Operations management is the area concerned with the efficiency and effectiveness of the operation in support and development of the firm's strategic goals. It involves the responsibility of ensuring that business operations are efficient.

What does operations management involve?

- **planning, organizing and supervising** in the contexts of production, manufacturing or the provision of services.

The five main kinds of decision in each of these relate to:

1. the processes by which goods and services are produced
2. the quality of goods or services
3. the number of goods or services (the capacity of operations)
4. the stock of materials (inventory) needed to produce goods or services
5. the management of human resources



Financial Management

Key concepts:

- keeping certain the business enterprise always has the resources it needs to meet its financial obligations on time
- forecasting the company's revenues, expenses, and resulting net profit
- providing accurate financial reporting
- determining the best form of capital for the venture – debt, equity or a combination – how much is required and when it is needed

Financial management in business means planning and directing the use of the company's financial resources – the cash it generates through its operations and the capital obtained from investors or lenders.



Financial management for business success



1. Business planning

Whether you are starting a new venture, looking at new opportunities for an existing business or updating your strategy, planning is essential.



2. Financing the business

Your business plan gives you a clear indication of the financing the business needs. As well as identifying your initial requirements, the forecasts look forward, identifying what additional financing you may need in future.



3. Financial control

Good financial control offers far more than just keeping track of purchases and sales. The aim should be to see how the right capabilities can improve your business.



4. Business improvement

Once you start implementing process improvements in the finance function, you will quickly see the positive effects they can have an impact across your whole business across your whole business.



4. Management Skills in Business



Examples of Management Skills:

Planning

- ✓ Set objectives and state mission
- ✓ Examine alternatives
- ✓ Determine needed resources
- ✓ Create strategies to reach objectives

Leading

- ✓ Motivate employees to accomplish goals
- ✓ Communicate with employees
- ✓ Resolve conflicts
- ✓ Manage change

Organizing

- ✓ Design jobs and specify tasks
- ✓ Create organizational structure
- ✓ Coordinate work activities
- ✓ Set policies and procedures

Controlling

- ✓ Measure performance
- ✓ Compare performance to standards
- ✓ Take necessary action to improve performance



The most important management skills in business:

Decision making:

Successful entrepreneurs have the ability to think quickly and to make wise decisions towards a pre-determined set of objectives. Sound decisions should be based on given facts and information and lead towards the pre-determined objectives.

Considered Decision Making..

learning to analyse the problem in detail

formulating several options or courses of action, available to solve the problem

evaluating selected options pro's and cons and select the best option/course of action to solve the problem

evaluating the most effective method to deal with the issue

Steve Jobs made the considered decision to use Intel processors to improve the efficiency of his Apple products.

This will ensure the effectiveness of the decision for the benefit of the firm, so goals are achieved.



Good Decision-making Style

1. Delayed – He/She will wait as long as possible gathering facts and information before making a decision.

2. Intuitive – Decisions based on a good feeling. The entrepreneur uses a combination of delayed and intuitive styles to make a good decision.

Poor Decision-making Styles

1. Impulsive – He/She makes decisions rashly, without analysing all the facts.

2. Dependent – He/She can never make a decision and waits for others to make the decision for them.

James Dyson showed business skills when he made the decision to leave his family business and establish Dyson Appliances. He made an effective decision to establish his firm as a private limited company to reduce the risks he faced. He made the decision to have a new design in his models and use bright colors to differentiate his vacuum cleaner from the competition and to increase their visibility in the retailer's shop.



Networking

Successful entrepreneurs have excellent interpersonal skills and have a great ability to relate to other people (good motivators).

- to built up contacts or a support framework of influential people (local community, government, suppliers, solicitors, accountants, clients), so to help the business, gather valuable information and acquire clients.
- To listen to people in the marketplace and from this feedback they make changes to their products.

Innovative Skills

Successful entrepreneurs are naturally inventive. Their innovation allows them to spot new opportunities first within the market and gain a competitive advantage over their rivals as they quickly launch their brand first onto the market.



Excellent planner:

Planning involves strategic thinking and goal setting to achieve objectives by carefully maximizing all the available resources. A good entrepreneur develops and follows the steps in the plans diligently to realize goals. A good entrepreneur knows that planning is an effective skill only when combined with action.

People skills:

This is a very important skill needed to be successful in any kind of business. People skills refer to effective and efficient communication and establishing a good relationship with the people working in and out of your business. In day-to-day business transactions, you need to deal with people. A well-developed interpersonal skill can make a huge difference between the success and failure of the business.



5. Business Goals



Profit orientation

Profits are the goal of any business and it is crucial to have good pricing strategy to examine your pricing objectives to develop a clear idea of what you want your strategy to achieve. Therefore, the key aspect in business is to be endowed with business skills which help to see the best option to generate income.

Profit Orientation competency :

- to set prices based on how much profit you need to make
- to keep an eye on competitor's prices
- to monitor the market's needs
- to consider all the expenses for the company (advertising costs, salesforce commissions, shipping)

Did you know that customers determine if a price is attractive based on:

- round figures (€20, €50 and €100)
- price hikes for extras and luxuries
- prices that look lower (€19.99 or €49.99).



Types of company orientation

Business leaders are faced with numerous decisions every day. There are four types of company orientation and strategic planning that help define a business.

Production

The strategy looks to save money in the production and cost of goods sold. If a company can reduce costs to sell the lowest priced manufactured product on the market, it can win against competitors selling the same or similar products.

Strategy:

- to get raw materials cheaper by purchasing in larger quantities or finding different suppliers
- to innovate to use cheaper materials that provide the same quality
- automation in manufacturing might reduce payroll costs



Types of company orientation

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Product

This strategy seeks to take existing products and make them better or to innovate new products to solve existing problems. When business leaders are in a product orientation mode, they focus heavily on the features and benefits of products. The improvement of product allows the company to stay ahead of the competition and remain relevant.

Strategy:

- to focus on customer satisfaction, feedback and newly identified needs
- to survey existing customers and seek focus groups to identify what makes customers happy
- to develop strong relationships and customer loyalty by solving specific consumer needs



Types of company orientation

Business leaders are faced with numerous decisions every day. There are four types of company orientation and strategic planning that help define a business.

Marketing

The strategy focuses on the brand staying "top of mind," so when customers think about buying that type of product or service, the company's product is the first one they consider.

Strategy:

- to seek to help customers associate the company's products with specific feelings and positive solutions



Types of company orientation

Business leaders are faced with numerous decisions every day. There are four types of company orientation and strategic planning that help define a business.

Sales

The goal is to build market share, even if there is a sacrifice in long-term customer loyalty and profitability. The sales orientation is effective for creating awareness and taking consumers from competitors, but the company must find a way to keep them.

Strategy:

- transition into loyalty programs with the market share already captured.



The 4 types of business objectives:

1. Profit-Oriented Pricing

Profit-oriented pricing makes profit the top priority when figuring out the ideal price to set. This type of pricing objective can either aim to maximize profit per unit relative to cost of goods sold and other operating costs, or it can aim to maximize overall profit by setting a price that is competitive enough to increase the overall number of units you sell.

2. Competitor-Based Pricing

Competitor-based pricing uses the price you set to appeal to customers and define your niche relative to your competitors.

As a successful entrepreneur, you should have a clear business objectives. What strategies do business leaders focus on?



The 4 types of business objectives:

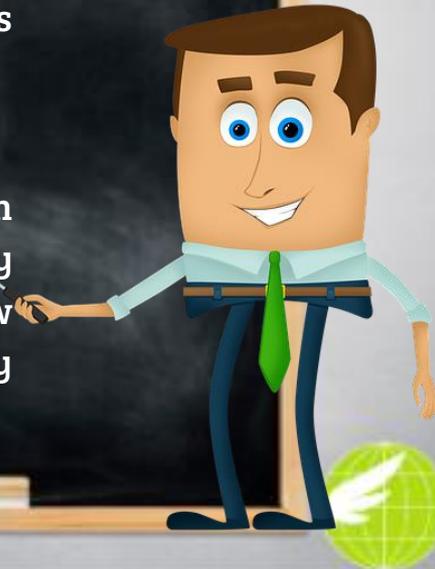
3. Market Pricing

A market pricing strategy offers a low initial price. The strategy can be risky because customers don't like growing accustomed to a low price and then being asked to pay more. This approach can be successful if products really have qualities other than prices, such as unique features or unusually high quality.

4. Skimming Pricing

A skimming pricing strategy uses the opposite logic from one based on market. If customers are passionate about products and willing to pay extra, it can be charged initial high prices when you first introduce a new innovation or a new line and then lower the prices once you've already attracted the people who are willing to pay more.

What strategies do business leaders focus on?



PRACTICAL ACTIVITIES



1. Identify if the following statements are true or false:

a) In business, hard skills are preferred over soft skills.

b) Good business planning means to set goals and objectives as well as create strategy and tactics to reach objectives at the same time.

c) A good business leaders should have a combination of tacit, explicit and embedded skills.

d) Operations management is concerned with planning, organizing, and networking.

e) Market is only physical place where buying and selling of products or services take place.



2. Complete the following sentences:

- a) Good decision-making style means to beand intuitive.
- b) With a good pricing strategy, you will be able to achieve.....
- c) Excellent planner means to have thinking.
- d) Operations management is an area focused on..... the process of production.
- e) In general, a skimming pricing strategy means it is charged initialprices and then.....prices.



External Resources

<https://www.smallbusiness.wa.gov.au/business-advice/starting-your-business/business-skills>

<https://www.business.com/articles/12-business-skills-you-need-to-master/>

<https://www.unprme.org/resource-docs/wecnetimpactreport2011.pdf>

<https://www.workinculture.ca/workinculture/storage/medialibrary/Resources/Our%20Publications/Skills-for-Success-Final-Report.pdf>

https://www.ippr.org/files/publications/pdf/business-skills_Nov2016.pdf

https://cgspace.cgiar.org/bitstream/handle/10568/99165/avcd_cip_manual.pdf?sequence=1&isAllowed=y

[https://www.ic.gc.ca/eic/site/061.nsf/vwapj/mngtsklls_e.pdf/\\$FILE/mngtsklls_e.pdf](https://www.ic.gc.ca/eic/site/061.nsf/vwapj/mngtsklls_e.pdf/$FILE/mngtsklls_e.pdf)

<http://www.liraz.com/leadership-and-management-skills.pdf>

<https://articles.bplans.com/how-to-write-a-business-plan/>

<https://www.referenceforbusiness.com/management/Ob-Or/Operations->

[Management.html#:~:targetText=One%20may%20generally%20consider%20that,or%20more%20of%20these%20areas.](https://www.referenceforbusiness.com/management/Ob-Or/Operations-Management.html#:~:targetText=One%20may%20generally%20consider%20that,or%20more%20of%20these%20areas.)

