



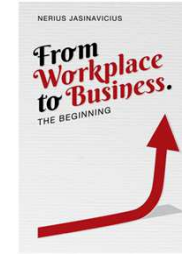
Not a **Workplace** But **Business**

Nerius Jasinavicius

5 December 2017



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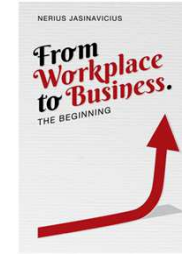


About the presenter

- “Forced” into TOC in 2000, trained by Goldratt Schools in 2005, TOCICO certified in 2007
- Founder of *TOC sprendimai*
- Founding Member of *TOCPA*
- Consultant for unique clients
- Certified Management Consultant (ICMCI)
- I want to help at least 1 million small and medium business owners to go from *Workplace* to *Business*

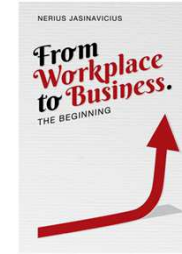


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About this webinar

- Why to talk about Small companies?
- Uniqueness of the SME
- Typical day of entrepreneur
- Turning Workplace into Business



Why SME ?

98% out of 21 million enterprises in EU

- 1 person 57%
- Micro 34%
- Small 7.7%
- Medium 1%

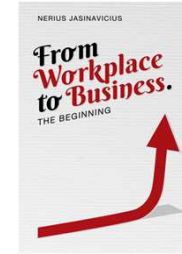
SME are 58% of GDP

Employment

- Micro 29%
- Small 21%
- Medium 17%
- Large 33%



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Even in China

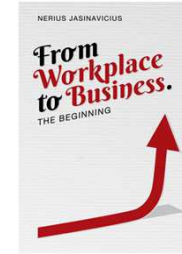
In 2015 SMEs:

- about 97.9% of all registered companies
- around 53.4% of total assets
- revenue was 62% of the total
- profits been 64.3% of the total
- contributed nearly 58% of the GDP
- 68% of exports

Source: <http://www.ecovis-beijing.com/en/blog-en/articles/887-smes-in-china>



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SME – why are they special?

- Owner = Manager, business just ‘happened’
- Management without formal business education
- Often claims that they are not just for “money making”
- No formal procedures or measurements
- *Skin in the game*. It is PERSONAL, not just BUSINESS

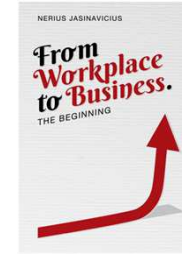
But...

- No common nonsense (silo mentality, cost accounting, etc)



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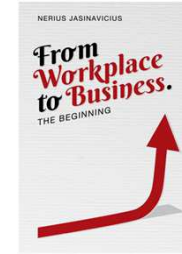
Company – entrepreneur's reflection



© Can Stock Photo



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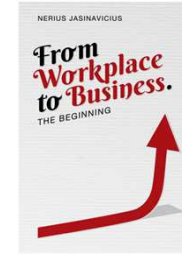
There is a belief...

- During its first 5 years 90% of small business go bust
- During second 5 years 90% of survived small business go bust

Can TOC do something about it?



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Typical owner wears 3 hats

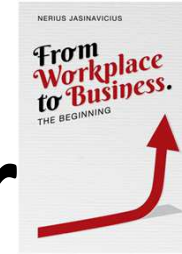
- Technician
- Manager
- Entrepreneur



The E-Myth Revisited: Why Most Small Businesses Don't Work and What to Do About It
by Michael E. Gerber <http://amzn.to/2jQdLBg>



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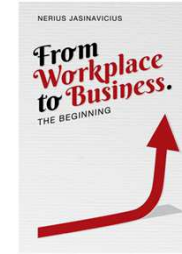
Typical day of entrepreneur

*Let's focus on
business growth*

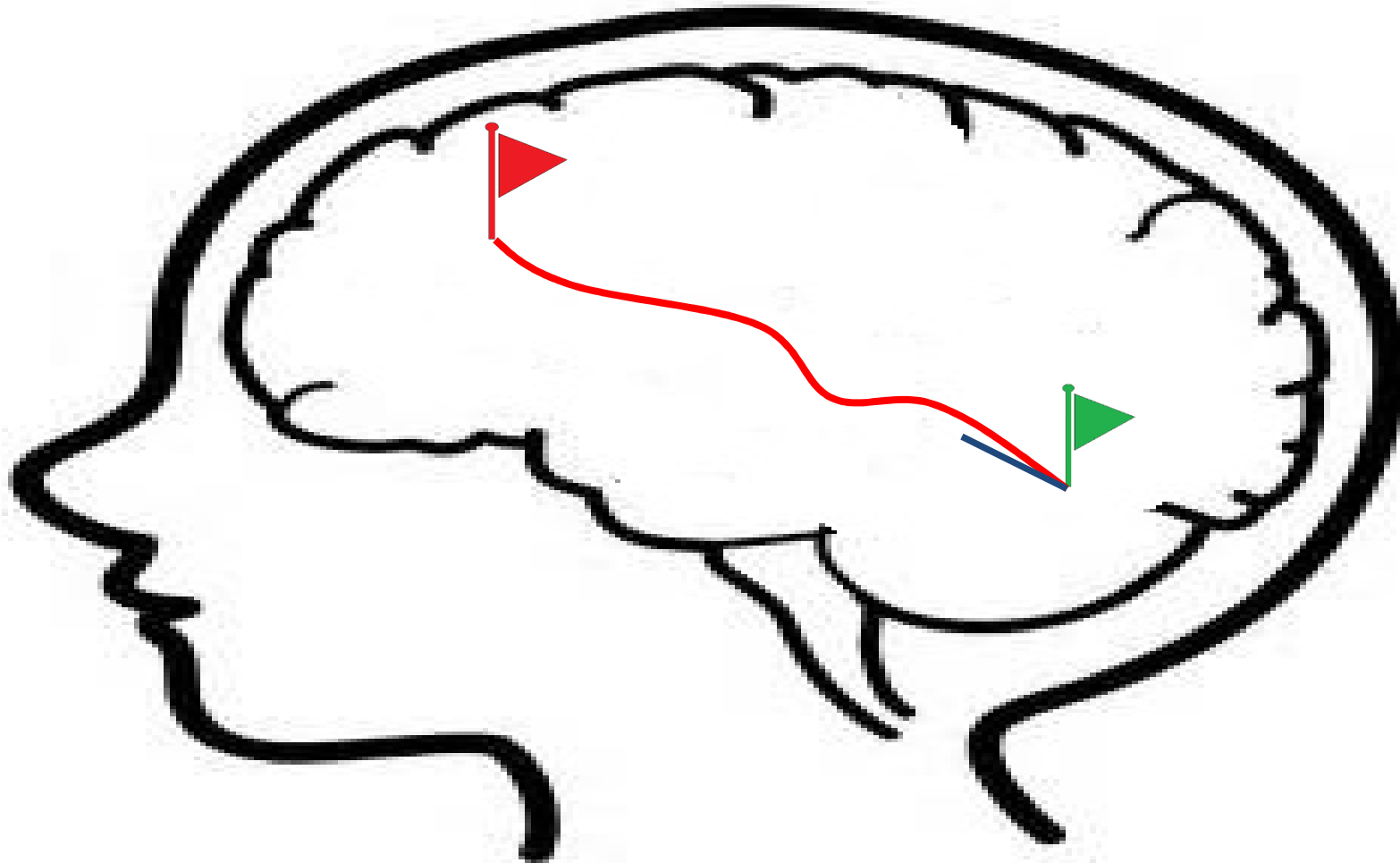


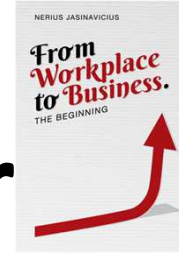


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In manager's brains





Typical day of entrepreneur

*Hey, boss!
Time to decide
who gets paid.*

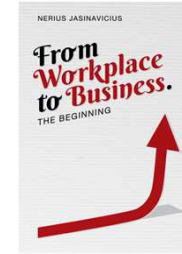


*Let's focus on
business growth*

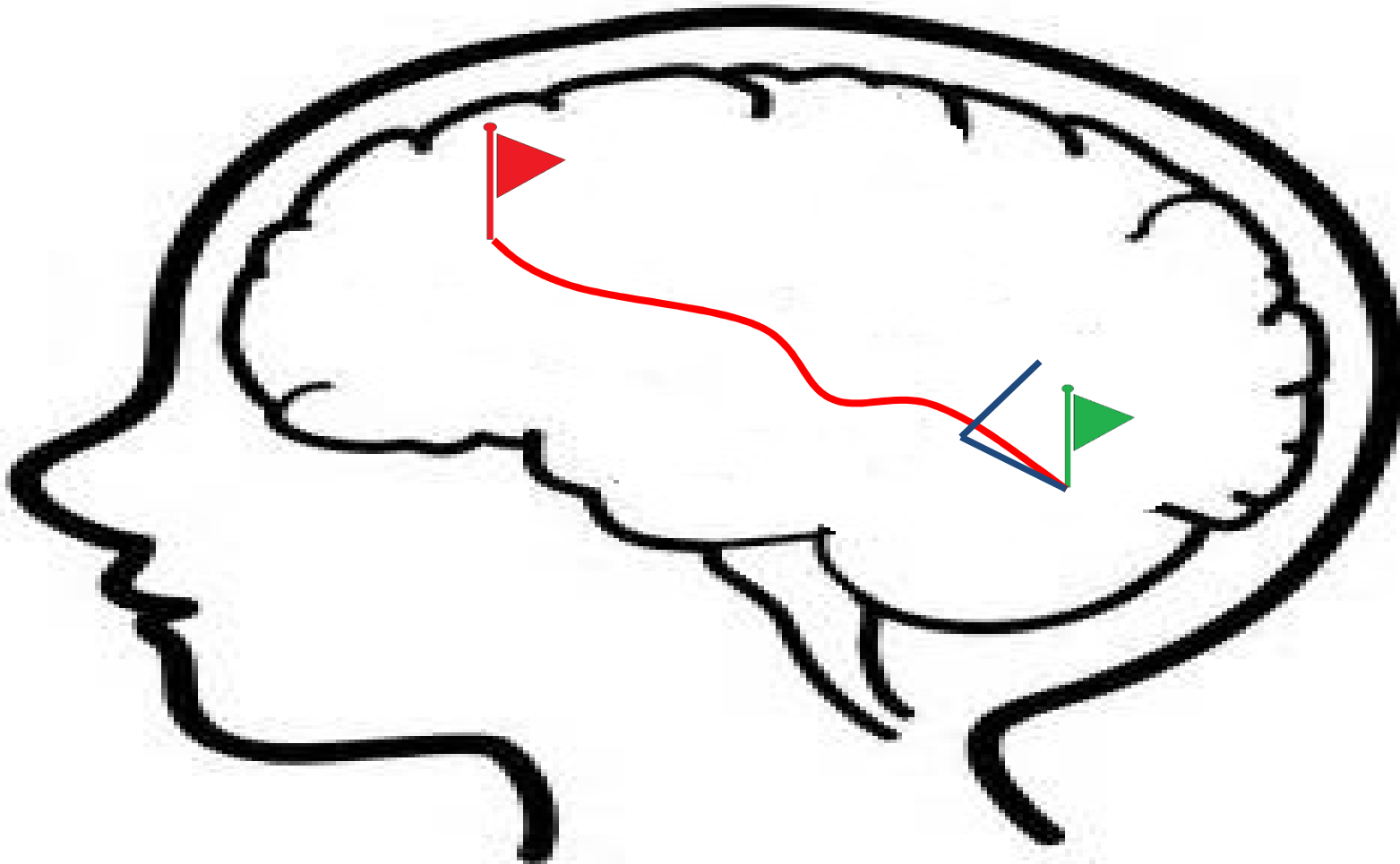




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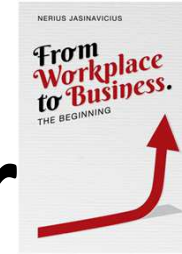


In manager's brains





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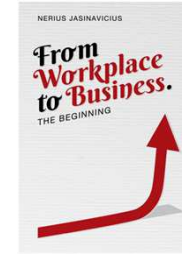
Typical day of entrepreneur

*Let's focus on
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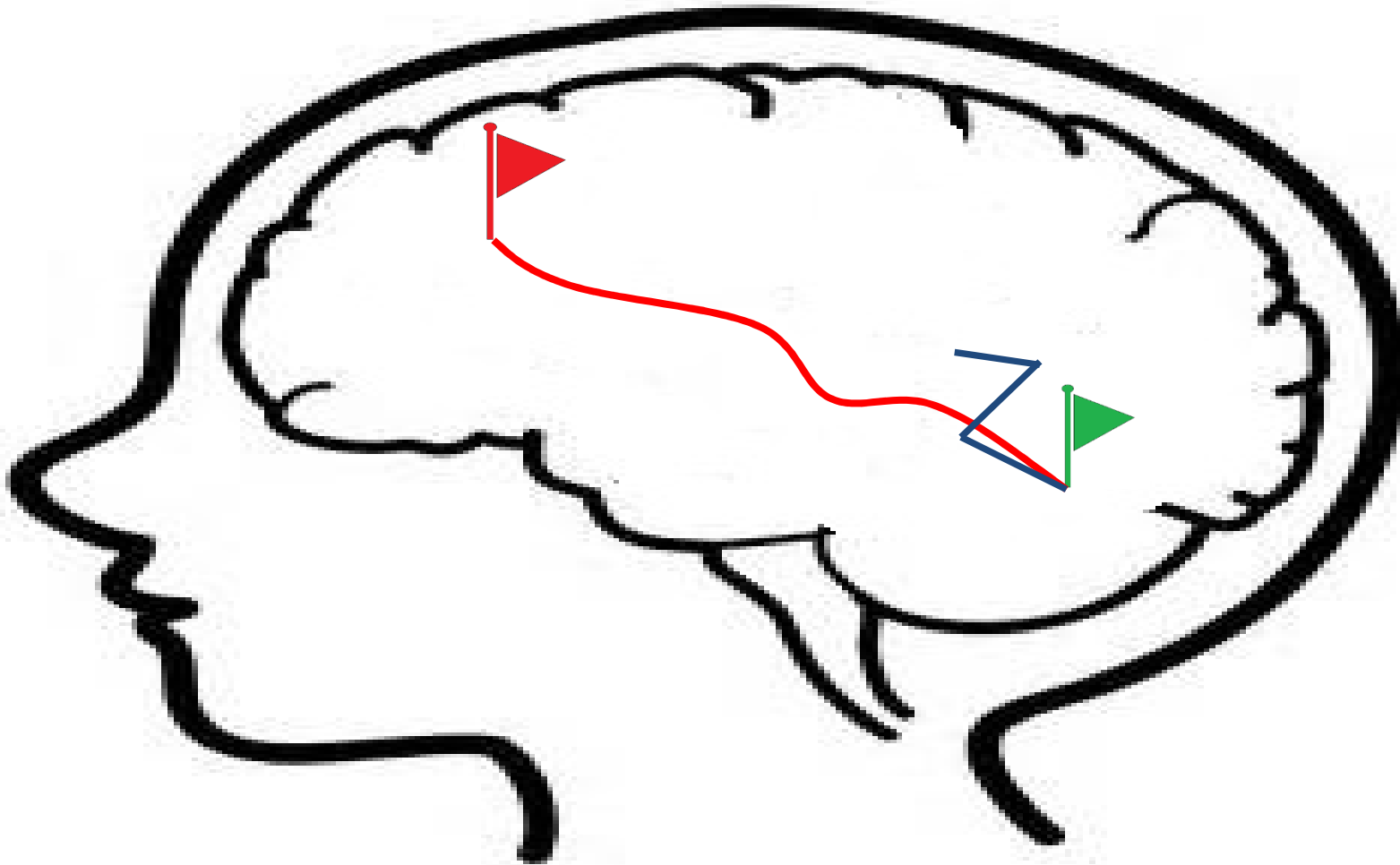


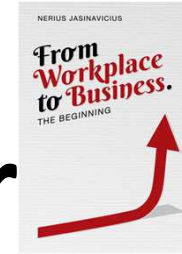


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In manager's brains





Typical day of entrepreneur

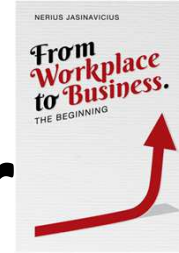
Boss, client wants a discount

Let's focus on business growth

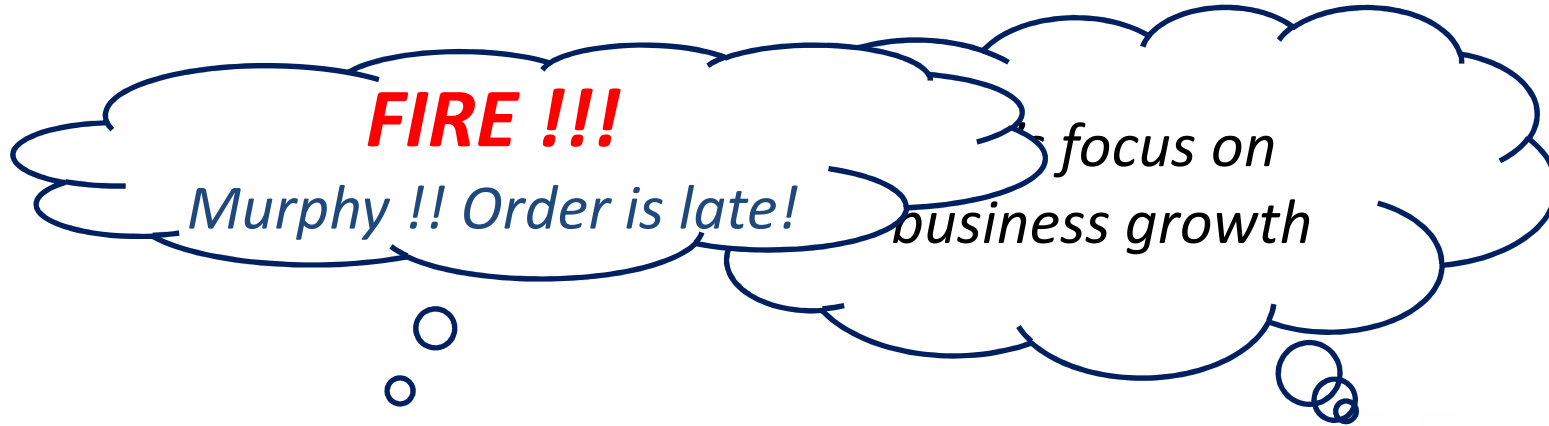




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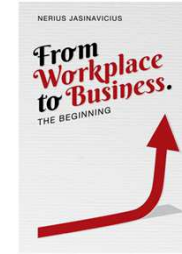


Typical day of entrepreneur

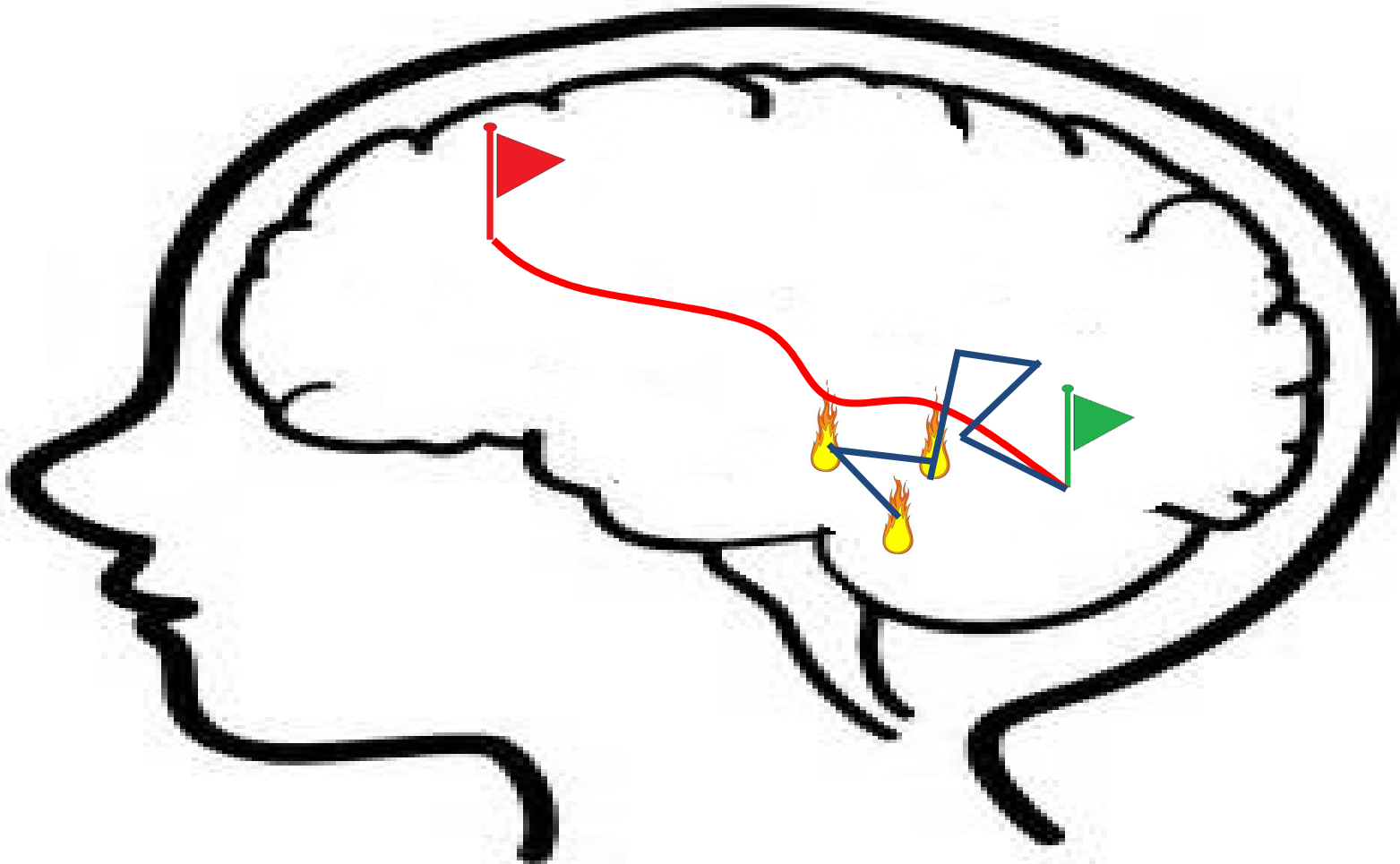




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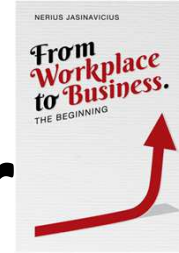


In manager's brains





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Typical day of entrepreneur

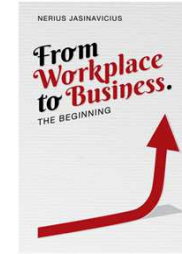
*New opportunity, new market...
...CRM, BI, AI, Cloud-Computing...*

*...focus on
business growth*

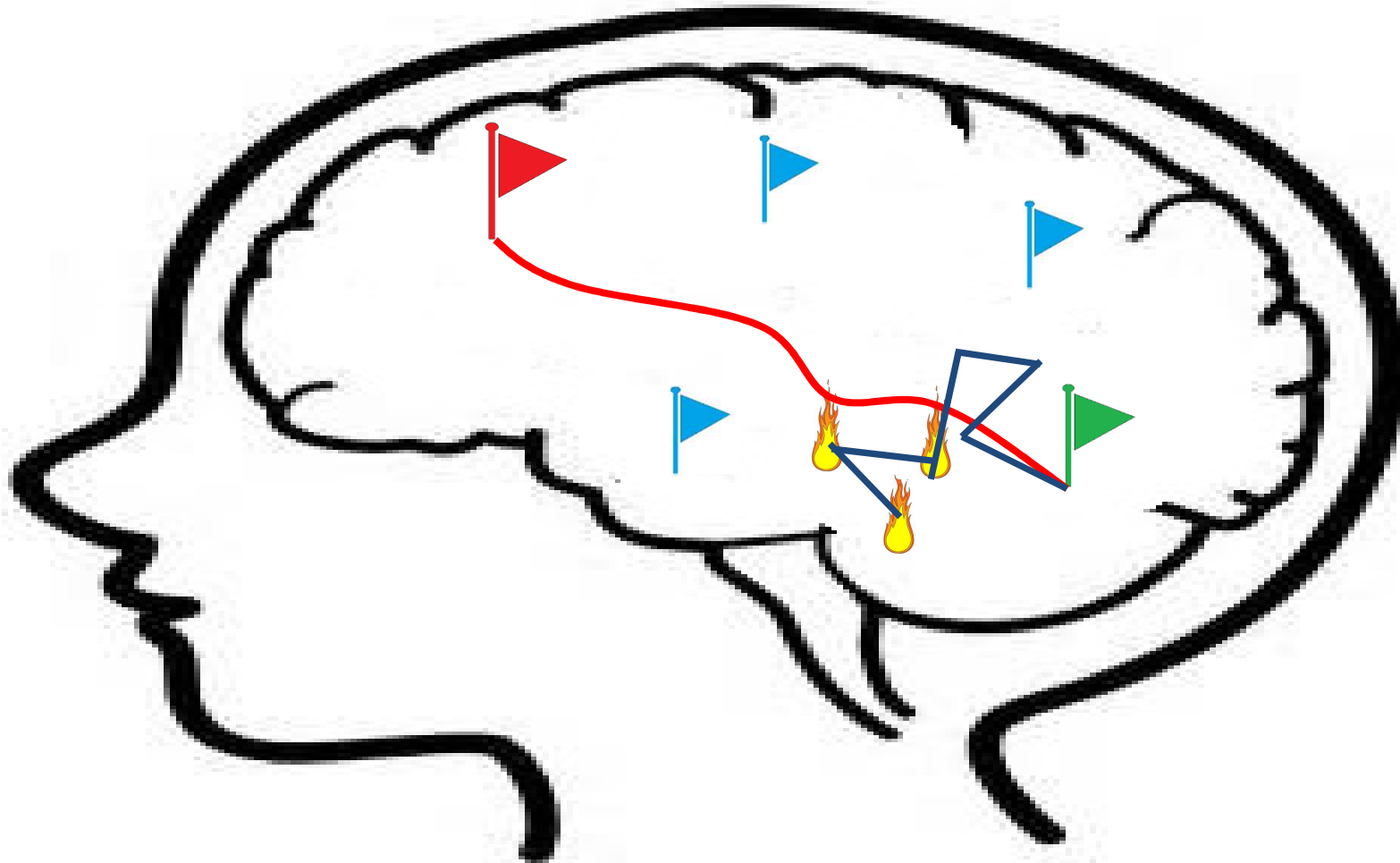




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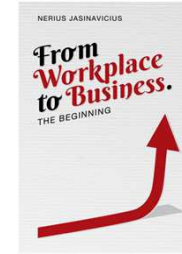


In manager's brains

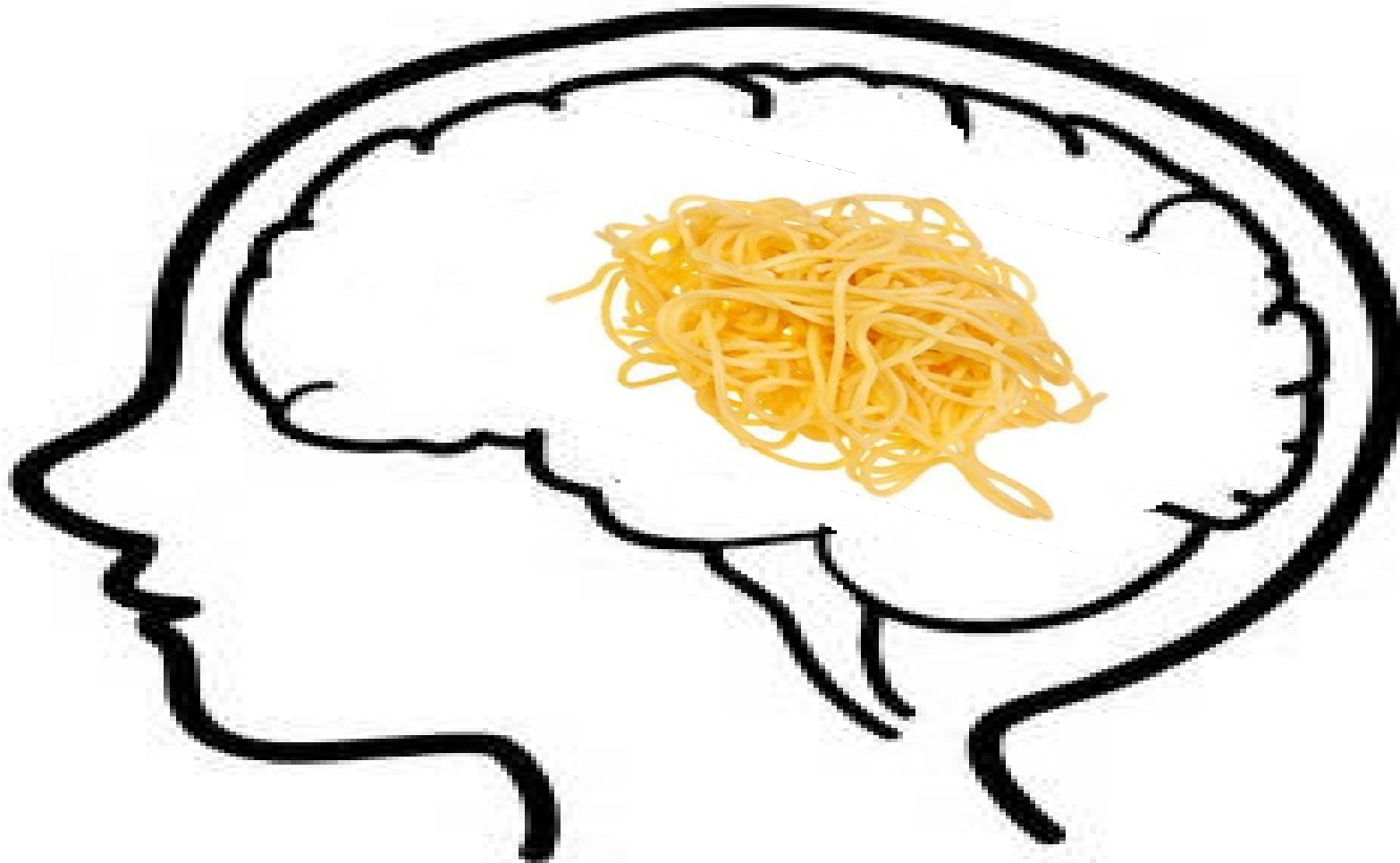




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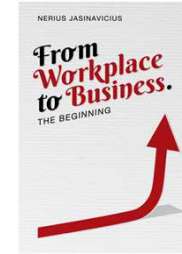


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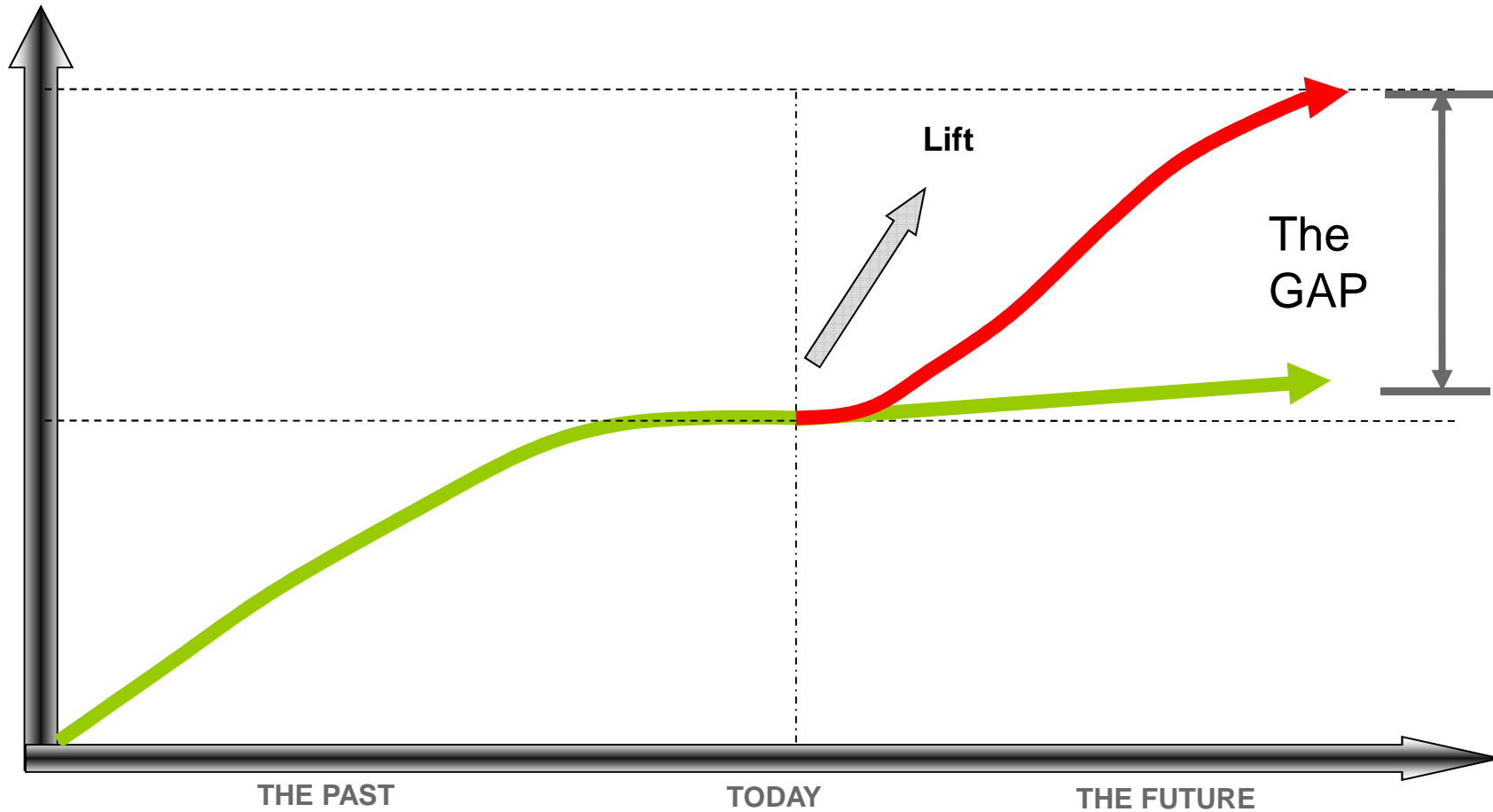




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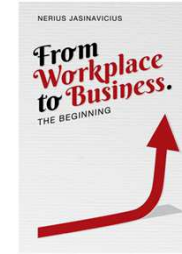
No *Red-Curve*



From Oded Cohen and Jelena Fedurko-Cohen



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So what ?

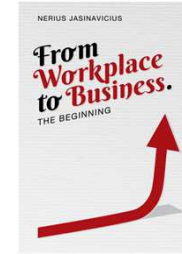
The ultimate constraint for any business is not money or a machine or technology.

It is the management's capability to generate the desired results.

Management's attention is consumed by three main challenges: uncertainty, conflicts and complexity.



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Daily battles





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Can entrepreneur trust his instincts?

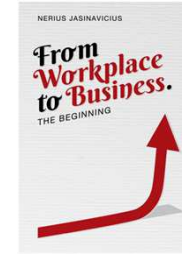


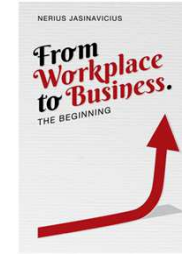
Figure 1: A Comparison of System 1 and System 2 Thinking

System 1 "Fast"	System 2 "Slow"
DEFINING CHARACTERISTICS Unconscious Effortless Automatic	DEFINING CHARACTERISTICS Deliberate and conscious Effortful Controlled mental process
WITHOUT self-awareness or control "What you see is all there is."	WITH self-awareness or control Logical and skeptical
ROLE Assesses the situation Delivers updates	ROLE Seeks new/missing information Makes decisions

Thinking, Fast and Slow by Daniel Kahneman <http://amzn.to/2ApGmqU>



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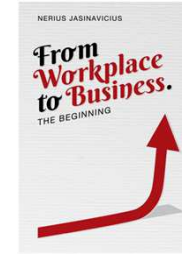


Some faulty assumptions

- Everything matters equally
- You should find balance / compromise
- Multitasking is good and helps
- Big is bad



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Prioritize & Execute

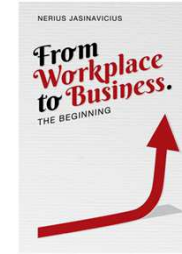
Even the greatest of battlefield leaders could not handle an array of challenges simultaneously without becoming overwhelmed. That risked failing at them all. I had to remain calm, step back from my immediate emotional reaction, and determine the greatest priority for the team. Then, rapidly direct the team to attack that priority.



Jocko Willink

Extreme Ownership: How U.S. Navy SEALs Lead and Win by Jocko Willink

<http://amzn.to/2jMr5Xj>

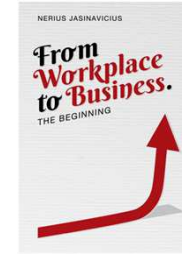


Prioritize & Execute

- Stabilize your company
 - Where are you now (Current reality) ?
 - Do not force certainty and accuracy on uncertain situations
 - Build buffers (availability, flexibility, commitment)
 - Reduce variability (standardize)
 - Synchronization between sales and operations
- Grow your company



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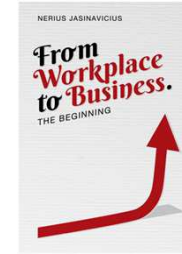
Stabilize your company

- Blocking time for working ON THE BUSINESS





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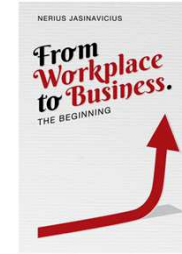


Stabilize your company

- Cash-flow management
- Finance management
- Reactive sales process management
- Operational improvements
- Segmentation and Offer design
- Marketing and promoting
- Proactive sales process



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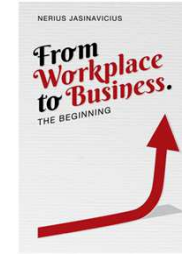


Stabilize your company

- Cash-flow management
 - Cash constraint
 - Cash buffer
- Finance management
 - Budget
 - Regular T, OE and cash-flow monitoring
 - Decision making (T, OE, I)



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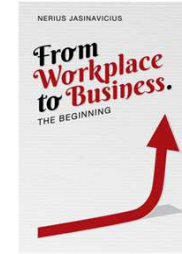


Stabilize your company

- Reactive sales process management
 - Do not loose the opportunities
 - There is clear process (who, what, when)
 - There is clear understanding on what company **does not do**
 - Pipe-line management
 - Sales process measurements



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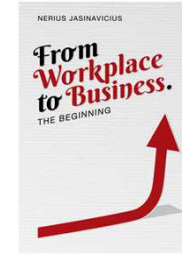


Stabilize your company

- Operational improvement
 - Operational measurements (DDP, QLT)
 - Monitoring (exploitation) CCR
 - sDBR, CCPM
 - Lead time quotations
 - Standardization to ensure repeatability



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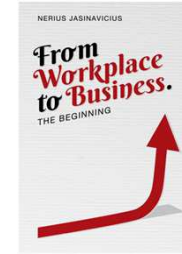


Stabilize your company

- Segmentation and Offer design
 - Where are you the best?
 - Who is your client?
 - Why it is valuable for client?
- Marketing and promoting
 - 6 layers of resistance
 - Templates
- Proactive sales process
 - Generating leads



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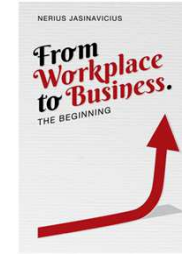


When in control





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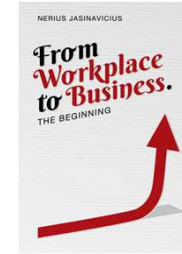


Grow your company

- Clear entrepreneur's personal Vision (maybe personal S&T Tree)
- Have a **VERY BIG GOAL** for the company
 - Viable Vision (Future reality)
 - Antifragility
 - Ever flourishing company
 - Have clear plan with key milestones (ST&T)



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Some observations

- Most Small and Medium business owners (entrepreneurs) are *doers*, not *thinkers*
- Entrepreneurs do not know where to focus, have no time *for thinking*
- TOC tools can expand entrepreneur's toolbox



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<http://amzn.to/2jPQLIW>

