



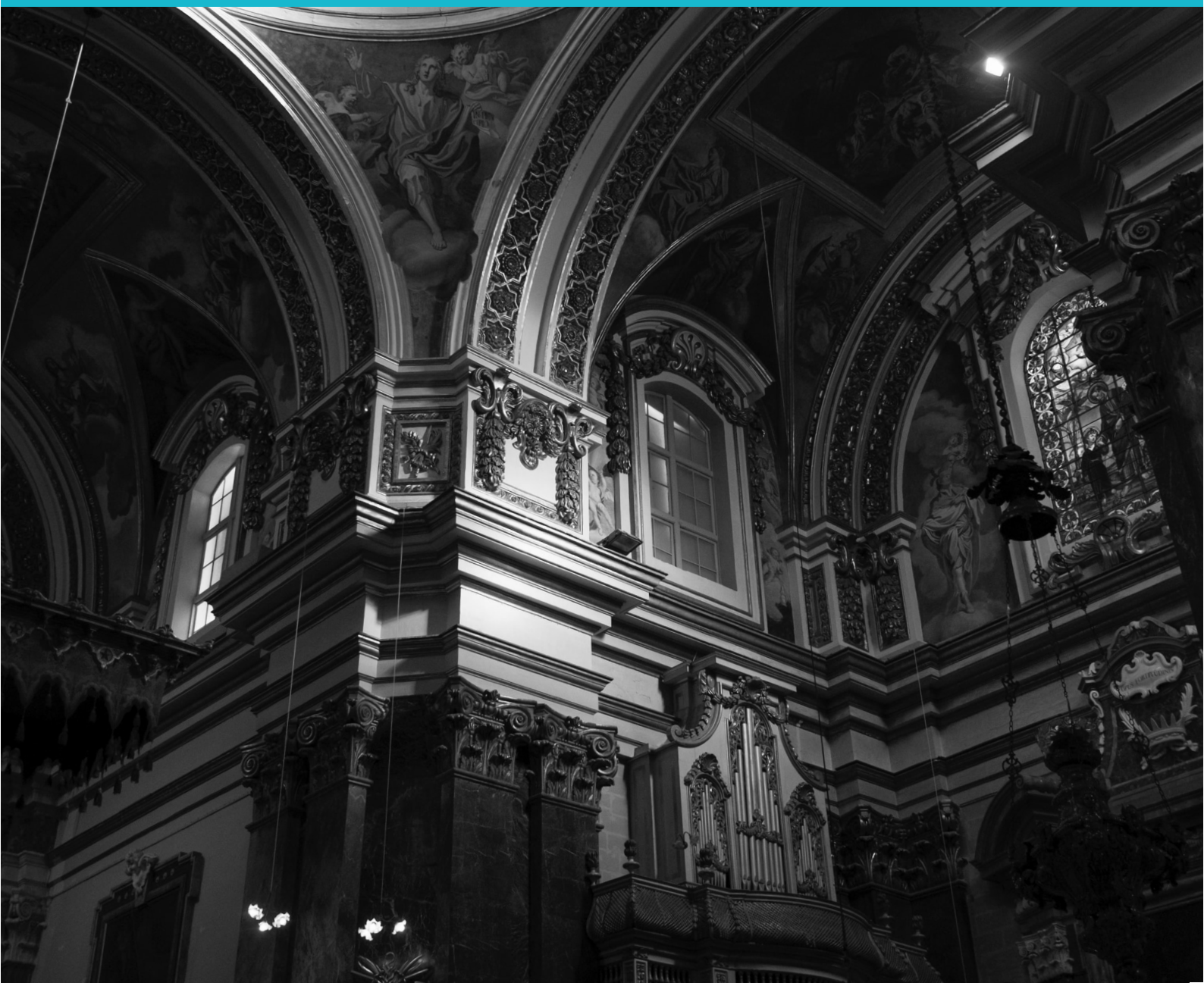
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MEDFEST'19 BUILDING BLOCKS OF BUSINESS





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THE CRUCIAL START TO ANY BUSINESS: A CLEAR MINDSET

Whatever reasons you have for investing in an exciting new company, always make sure the business you have in mind ticks these six boxes. Cassi Camilleri writes..

There are a million articles out there that start out just like this one, promising to outline a comprehensive checklist of the tasks and boxes you need to tick when launching a business. As helpful as to-do lists are, however, they do not make a successful enterprise. What does underpin the majority of, if not all, thriving ventures is a particular mindset focused on solving people's problems.

'The simplest way to think about this is in three parts,' explains Prof. Russell Smith from the Centre for Entrepreneurship and Business Incubation (University of Malta). 'You identify a problem, develop a solution, and communicate the benefits.' Smith pulls out his mobile phone to make a point. 'Most businesses place a lot of importance on the features in these things, but a lot of us couldn't care less about them. I don't care how my phone works, I just know I can keep in touch with my four boys. That is its value. That is the benefit I care about.'

Straightforward as it may sound at the outset, Smith identifies this ability to create a solid value proposition as a core challenge for new businesses. 'So many people in the business community start off by creating a product and then going on to try and find people to sell it to. so it's no surprise to us that 75% of businesses die within the first five years. They've got it the wrong way around.'

Naturally, there is more to a good product or service than correctly identifying its value and benefits. The research backing it up is crucial. 'For a venture to be successful and sustainable, you need to have knowledge on your side,' Smith explains. 'The product needs to be surrounded by forecasts: market forecasts that identify the audience and the competition, enterprise forecasts that lay out the strategy for your enterprise, and cash flow forecasts that allocate budget and estimate incomes.' This advice is swiftly followed up with a warning though. 'Ask questions properly and don't make the mistake of believing your own PR. We know you love your product, but do your clients love it too?'



Many times this can be overwhelming for those who are new to the game, but this is where incubators come in, Smith explains. 'seek wise counsel at every stage. There are very valuable resources available if people take the time to look for them. here at the University of Malta, TAKEOFF provides thousands of hours of mentoring to anyone who walks through the door. Make sure the incubator of your choice has a proven track record, a programme of support that is accredited by a respected institution, and a panel of mentors that have been approved. Mentors have to be very specific and very careful about the area where they give their advice. Try to find advice from people who have done it before.'

Having been a witness to countless pitches and launches, Smith believes one of the most common mistakes people make when starting out is spending a lot of resources on new purchases. 'Starting out, there is inevitably going to be a time of loss. The business will earn nothing for a while, and you cannot avoid it. The important thing to do at this stage is to buy nothing. It's reckless to buy things. We live in a sharing economy now where you can rent anything, so rent everything, people included. If you need to offload work, give it to freelancers.'

Similarly, when it comes to launching a product, Smith asks entrepreneurs to consider what the minimum viable product is. 'This is a starting point and it needs to be treated as such. The product needs to have enough features to work and determine customer benefit, but it doesn't have to have everything. That comes later. Find out where your minimum is, and get the wheel turning.'

As the business progresses, Smith believes in the power of making decisions sooner rather than later. 'Fear is powerful. Many delay decisions out of fear, but all this does is extend the time until a business becomes profitable. so make your decisions to the best of your abilities now. Then, if it turns out to be poor, change it and learn from it. Don't get stuck; the road is long,' Smith emphasises.

ENTREPRENEURSHIP AND THE ART OF DOING



Learn to swim before you surf. Action and learning go hand in hand and should be the foundation of every entrepreneur. Words by Claire Cianco.

On a chilly afternoon last year, I was at Għajn Tuffieħa watching surfers ride powerful sets of wind waves. They swam out, using the currents in their favour, and sat on their surfboards, waiting for the right wave. When it arrived, they paddled hard and positioned themselves quickly. Showing no hesitation, they took the opportunity, lifted themselves up, and balanced with ease. It was a beautiful sight, watching people manoeuvre themselves and the waves as if they were inherently connected. Here is where I started seeing the parallels between these athletes' skills and those involved in entrepreneurship.

If you surf, at some point you are bound to get sucked into the white water. You might be thrown into the rocks or get hit by your own surfboard, or that of others. Doing business is similar in many ways. You will encounter difficulties that challenge you entirely, and being prepared for this is the least you can do for yourself.

I have been an entrepreneur and an athlete at various points in my life and can say it takes more than talent, knowledge, or luck. I acknowledge that, in my journey, I still have much to learn, but I believe it boils down to having the energy and ability to decide and act quickly, even with limited information and to do so with perseverance and continuous alignment with a final goal. Learning entrepreneurship without doing is just like studying the techniques involved in surfing without ever taking to the water. Sure, one might know all the theory, but without the practice, one can never truly call themselves an athlete or entrepreneur.

Similarly, doing business without investing in education will inevitably result in a multitude of rookie mistakes, wasted resources, and unnecessary effort. At best, you'll take a hit to your image and reputation. At worse, you'll come out with injuries, heavy debts, and powerful enemies. After experiencing the ups and downs of running my first business, I have found the Master in Knowledge-Based Entrepreneurship (at the Centre for entrepreneurship and Business Incubation) to be a true eye-opener, incomparable to any business course I had done before.



The lectures organised were highly technical and, at the same time, very practical. One of the most valuable lessons I learnt comes from Prof. Russell Smith and Prof. Phillip Wragg, and it is the concept of visualising and feeling the wave. They taught me that as an entrepreneur, I need to have a clear picture of a venture's timeline and the various stages we may experience—growth, merger, exit—as well as my various roles—owner, officer, or executive. This course has not only re-inspired my entrepreneurial spirit, seeing me find new energies to start up new ventures even after years in employment, but it has also prepared me to foresee the ride of entrepreneurship and enjoy it.

Nowadays, speaking to other entrepreneurs, my colleagues from the M.Ent and others I met along the way, remains my favourite form of therapy and mentorship. I have learnt about the importance of openly discussing issues and ideas sooner, rather than later; having the best idea in your head and developing a static business plan within a closed group is almost suicidal. An idea is as evolved as the number of interactions you have had. As a founder, you will always have the final say on decisions, but every interaction helps you piece together another part of the puzzle, making the product or service you bring to market that much richer and stronger than it originally was.

This said, the M.ent also highlighted the need to choose between opportunities and partners wisely. Every surfer knows the importance of choosing their waves and strategically positioning themselves at the right place at the right time. This also means letting go of valid opportunities because they may send you in the wrong direction. The same goes for our partners. As in life, in business we often team up with people from our existing circle of friends and community. The course and working from an incubation centre within the University of Malta widened that pool of people and introduced new possibilities. While finding the perfect business partner is unrealistic, the trick is to find someone who complements your strengths and weaknesses. Together, you can help each other reach new heights.

There are so many more lessons from this course I could list here, but what distinguishes it is the opportunity for budding entrepreneurs to pull their socks up and put things into practice. Knowing versus doing are two very different things, and the M.Ent encourages doing with its links to the business incubation arm that is TAKEOFF. In an ideal world, I would recommend new innovators reading this to start their careers in employment, and learn to swim from others at their expense. After a few years, get your surfboard or sign up to the Master in Knowledge-Based Entrepreneurship for the education and guidance that will empower and set you apart.

QUICK TIPS FOR BUSINESS

Brilliant ideas may not be commonplace, but brilliant ideas underpinned by sound business logic and action are even rarer. Prof. Russell Smith shares some advice for those about to get the ball rolling.

We're living in a world where tools and resources are at our fingertips 24 hours a day, seven days a week. This kind of accessibility has seen many act on their dreams, setting up their own operations, and rising to new heights. It has also seen many more burn through all their savings only to see their business crash within five years of opening its doors to clients. As a result, the likelihood of a startup surviving past the initial stages has become a running joke in many circles. The sad reality? It doesn't have to be this way.

Having come from a long line of teachers and engineers, Prof. Russell Smith's favourite childhood activity was taking radios apart and putting them back together, identifying key components and patterns along the way. With time, he transposed that skill to business, becoming an expert at diagnosing problems in enterprise and giving advice on how to resolve them. Here are a selection of Smith's best tips to keep you and your business thriving.

Research. Research. Research.

From the rules and regulations of the country where you're kicking things off, to taking the time to specifically define what you're selling, be it a product, a service, or a combination of the two. Market research is also essential in building context for your moves. Understanding the competition can do you nothing but good in the long run.



Test runs earn mileage.

When new ideas light a fire in you, it can be easy to get swept off your feet. You decide to quit your day job so you can give it everything you've got. While this may be seen as admirable in terms of commitment, there is much to be said about working your hustle in the evenings and at weekends while keeping your regular income for a while. Independence will allow you to remain objective in determining whether there is a future in the idea, and if that is the direction you actually want to go in.

Plan it all out on writing.

At the very least, you need a business plan and a cash flow forecast. Putting it down in black and white legitimizes the process and forces you to think realistically about what can be achieved. Seek out advice during this process and get the feedback you need to make sure that you're on the right track.

Save up a buffer.

Before embarking on a new journey that may or may not be financially challenging, make sure that you have a comfortable cash reserve you can fall back on. Having enough to cover six months' worth of bills and necessities can spell the difference between successfully launching your dream career or jumping onto first job you can get your hands on. Nothing kills a venture faster than hunger pangs.

Chase payments.

You are not the bank, and you do not have endless resources. Set aside time every week or every month to make sure clients have honoured their invoices.

Get an accountant.

Find three accountants that specialise in small businesses and pick one. Talk to them about your business plan and cash flow forecasts. Ask them to help you with tax and VAT registration and calculating monthly payroll. Get their advice on how to do book-keeping and follow through.

Market yourself.

This is going to take up much more effort than you think in today's hyperconnected, social-media dependent world. So before you kick things off, draft up a plan. Do you need a website? How many platforms will you have a presence on? How many can you manage effectively? Would a launch event and networking session benefit your business? What information do you need to make easily available for people to hire you?

Set up checkpoints.

Every six months, have a session with your accountant to touch base and compare forecasts with reality. This is no more complicated than comparing your budget against what actually happened and learning any lessons you can.

Look after clients.

Good customer service will distinguish you and your business from a lot of competition. People who give you their hard-earned money want to feel valued, and rightly so. Always keep in mind that it is much easier to sell 'repeat' products and services to satisfied clients than to find new ones.

Stay organised.

The reason people hate paperwork is because they neglect it and let it get out of hand. Then the task of dealing with it becomes monumental and laborious. Allocate time every week to have an admin day where you log everything you need to log, update everything you need to update, file everything you need to file, and empty that cluttered inbox. You will feel all the better for it.





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