

Factors of Business Success

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Entrepreneurship

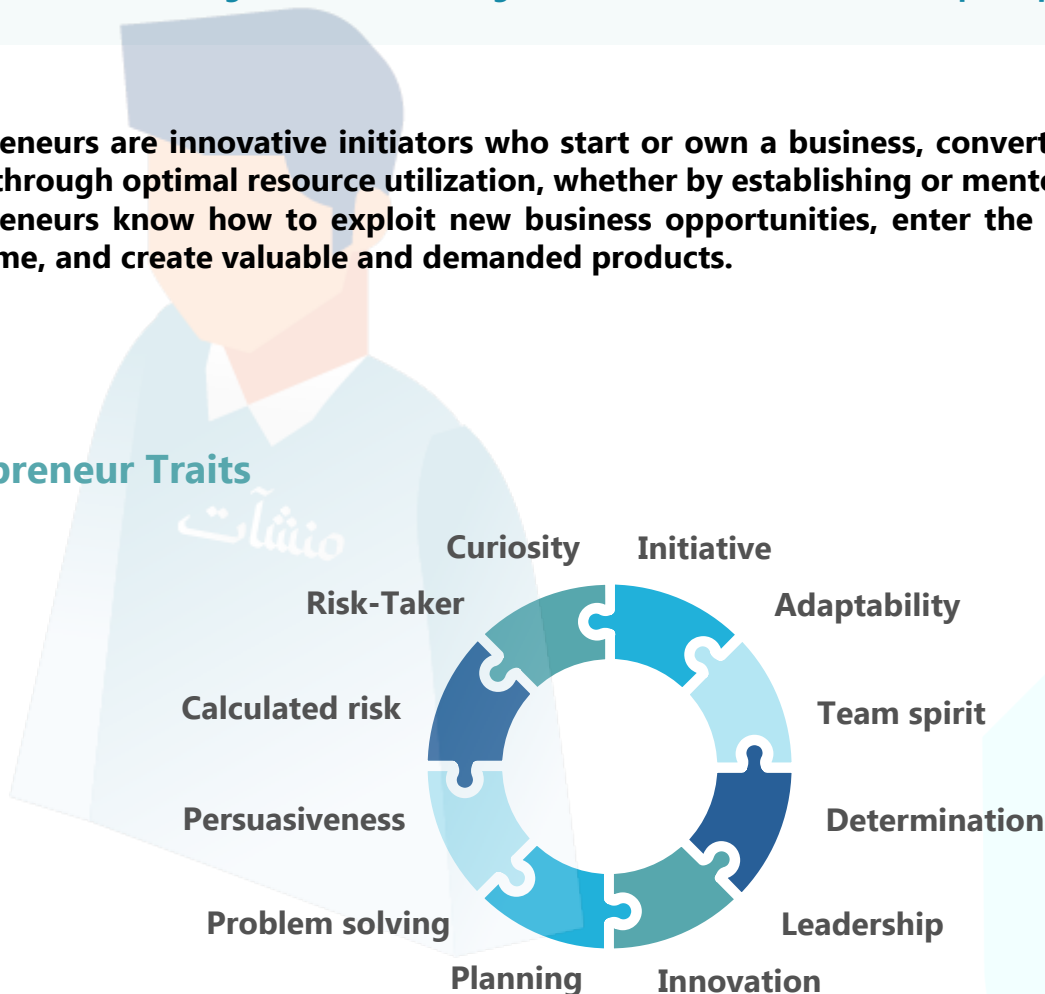
There are many definitions of entrepreneurship, the simplest of which is the act of creating an innovative business while bearing all the risks. An enterprise is considered small or medium according to the classification of the Small and Medium Enterprises General Authority (Monsha'at) as follows:

Medium	Small	Micro	
249-50 full time employees	49-6 full time employees	5-1 full time employees	Employees
200-40 SAR million	40-3 SAR million	3-0 SAR million	Annual revenue

An entrepreneur is a person who identifies potential opportunities and has the abilities and skills to establish and manage a business, taking on initiatives and risks in the hope of profit.

Entrepreneurs are innovative initiators who start or own a business, converting ideas into reality through optimal resource utilization, whether by establishing or mentoring the idea. Entrepreneurs know how to exploit new business opportunities, enter the market at the right time, and create valuable and demanded products.

Entrepreneur Traits



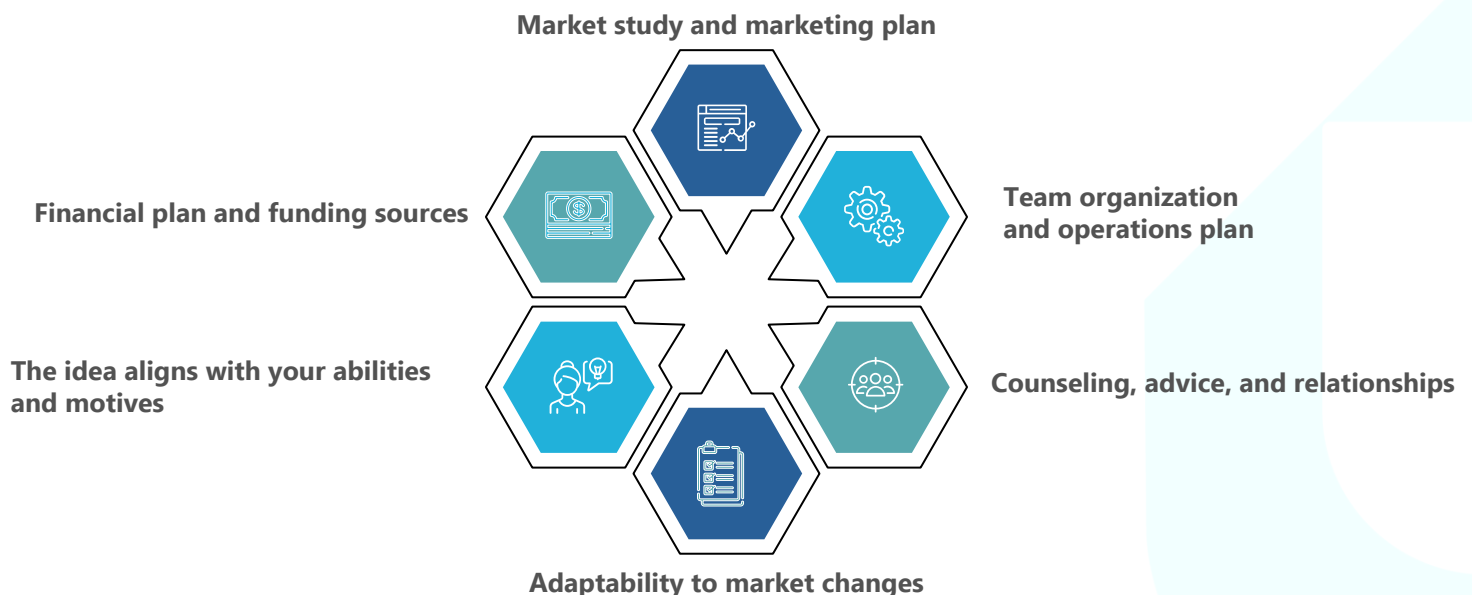
Factors Contributing to Business Success

What reasons motivate you to start and grow your business?

Identify your goals by answering the following:

How much money do you want to make?	How do you measure your success?
Will it be your future source of income?	Are you aware of your strengths and weaknesses?
Will you pass it on to your family or sell it?	Can you find the required premises, tools, suppliers and employees?
What does success and growth mean to you?	Do you have the financial stability to go through when business is not profitable?
Can you take responsibility and risk?	Can you create and use networks and partnerships for support and development?
What are your motives and goals?	How do you want to expand? In what time frame?
Does this lifestyle suit your personal/family needs?	What growth do you seek in your business?
What experiences and skills do you have related to the business idea? Or will you start with no experience?	What are your revenue/profit goals?
What stops you from making growth or expansion decisions?	Do you have enough capital, cash flow or investment?
Is the market saturated, or is the demand greater than supply?	What distinguishes your business (e.g. pricing, customer service, meeting a need... etc.)?

Factors Contributing to Business Success



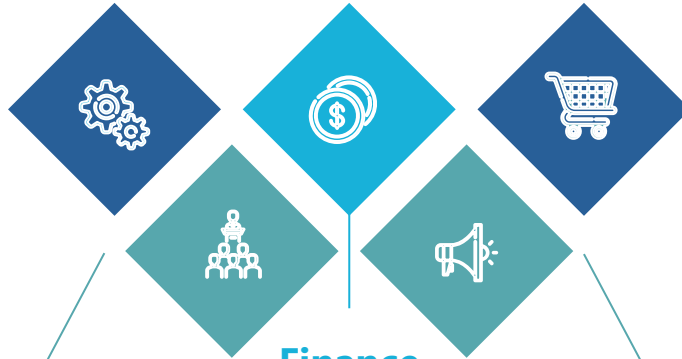
Factors Contributing to Business Success

Understand the business before growing it

There are five core business functions you must execute:

Strategy

- Do you deliver your products and services efficiently?
- How would you rate your customer satisfaction and retention?



Sales

- Are you using the right sales channels?
- Do you create sales reports?
- How do you motivate your sales team?

Human Resources

- Do you have the right skills and people in your business?
- Do your employees have specific job descriptions?
- Do you measure the efficiency and productivity of your employees?
- Do you have enough employees? Can you afford them?

Finance

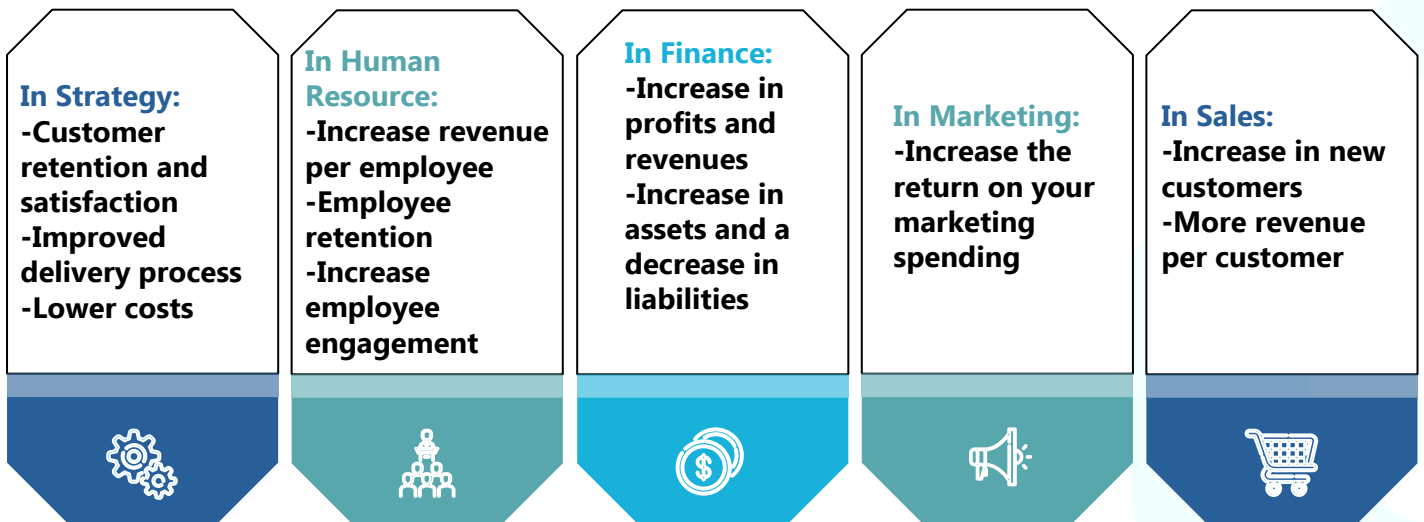
- Do you have enough capital to meet all upcoming expenses? Do you know your revenue streams?
- Do you track your expenses and when they are due?
- Do you have enough money to fund your growth? Or how will you finance your growth?
 - Externally (investment, loans or partnerships)
 - Internally (from your profits)
 - Personal (from your own money)

Marketing

- Do you generate revenue from your current marketing strategies?
- Are your marketing strategies effective? If so, do you measure the effectiveness?
- Do you know the best marketing techniques related to your industry, demographics and geographical distribution?

في المبيعات:
 - زيادة في العملاء الجدد
 - زيادة الإيرادات من كل عميل

Measuring Growth



Enterprise Growth Goals

What are the enterprise's goals for growth?



Increase its market power and control



Increasing market share and thereby reducing competition



Cost breakdown and reduction of product marginal cost (marginal cost includes any additional costs required for production)



Diversification of cash flows and income sources to reduce risk



Expansion of organizational structure and recruitment of more employees



Increase in the enterprise size in terms of capital or branches



Reaching enterprise security



Improve and increase the financial and material potential of the enterprise



Meeting change needs



Achieving the enterprise mission



منشآت
monsha'at
الهيئة العامة للمنشآت الصغيرة والمتوسطة
Small & Medium Enterprises General Authority