

The 5 Ps

THE PERSON

PERSONAL ENTREPRENEURIAL

CHARACTERISTICS

- reader and workbook for those you want to do better -

Some thoughts and remarks from an enterprise development expert written for the Linden and Region 10 entrepreneurs

My opinions expressed are purely subjective; however, facts and hints on product development practices are absolutely objective.



A paper written for all those who manufacture products or offer services to clients.

This document has been prepared in the name of LEAP but it reflects exclusively the view of the author who is fully responsible for the contents.

Linden, September 2005

Torsten Striepke

In my reader entitled “The art of receiving clients” I touched already the 5 Ps which unfortunately more often than not are only treated as 4 Ps in literature (price, product, place, promotion). That’s the reason why I would like to start with the 5th P, the Person-P, the entrepreneur, hence YOU!

The PERSON puts the other four Ps in motion which explains sufficiently the need to start with that magic and central PERSON-P, particularly in an environment like Region 10 and Linden where entrepreneurship has not yet developed strong roots.

Let’s first have a look at the classic 4 Ps and their significance:

4P = Price
= Product
= Place
= Promotion

Some of these Ps will be touched in the forthcoming chapters. Let me summarise them rapidly so that the crucial issues won’t get lost.

- Price:** With low and competitive prices you can, of course, attract clients who simply don’t have the choice. Their prime motivating force for the purchase of any product is the price. This is usually the case in low income societies like Region 10. As soon as your prices are higher than those of the competitors, then the other Ps will play a more important role.
- Product:** Clients come to you because you offer certain products or services which they need or want to buy. But other shops may offer similar if not identical products! Again you will have to bank on the other Ps to get an edge over your competitors! Hotels, restaurants and bars are in the so-called hospitality sector where the service as such becomes the product. A larger variety of products, a greater utility or a better finishing (hand-made products) are attractive to clients and make them come when they learn about it (see *promotion below*).
- Place:** Your shop should be close to your clients and easily accessible; it should be located at a convenient place. The farther away you are from the clients, the more you need a good promotion (signboards, flyers, etc.), convincing prices or an excellent product range. And these places need to be clean, well maintained, and functional. It’s not only the mere location but also the intermediate surrounding that counts while talking about the place.
- Promotion:** The promotion of businesses is the P the less understood by small entrepreneurs. For them any sort of promotional efforts such as signboards, brochures, flyers, but also days of discount on all or certain products, “open door” activities (*everyone is welcome, show your skills*), invitations for special occasions, etc. seem to be too expensive with no hope for a higher profit in future. Have nice products, but let the clients know about it! Small and inexpensive measures such as price tags, appealing display of goods, interior design, etc. fall under this category.

The 5th P – the PERSON (the entrepreneur, the business(wo)man, YOU – should be the intelligent human being to offer the other Ps in an attractive mix so that the buyers cannot withstand to buy in YOUR shop.

5th P = Person

This person - once again - that's you: the manager, the owner, the entrepreneur, the business(wo)man. Something must be very magical about the entrepreneurs because in a lot of countries only a small minority dares to become independent. It's not surprising that in the developing world there are many more self-employed people (entrepreneurs) simply because they start with some income generating project in order to survive. Even employed people start a side-business on weekends or in night hours selling some vegetables or other self-prepared food stuff, doing repairs, or rendering other services. And again, there are more women than men who dare to start. With good reasons! Sorry gentlemen! But women are more conscious about family, kids, future and regular income; they put in all their efforts in order to make life for their families easier whilst many men carry their money to the bars – sometimes even in the very hours when their wives try to earn their extra bucks. Well, but that would be another long reader – maybe at a later date!

Some small entrepreneurs operate so badly that they will have to close their businesses after a short while, others simply survive without making any significant headway, and again others prosper and develop into profitable small businesses. There are plenty of reasons for failure or success, some factors are within your reach and could potentially be influenced by you, and others are completely out of the entrepreneur's control (environmental or administrative reason). If the municipality broadens a street on whose pavement you managed a profitable stall or if you become so sick that you can't continue the small business, then you cannot be blamed.

But in most of the failures, the most obvious reason is the miraculous Person-P. Why? Because being an entrepreneur demands a number of skills, know-how and attitudes which can only be learned to a certain extent. Particularly the entrepreneurial characteristics are mainly the product of socialisation and the parents' influence on your personality. **But to some extent you can influence and develop your personal entrepreneurial characteristics.** The above mentioned minimum business skills for micro- and small enterprises can be quite easily acquired – if you have some willingness and possibilities to learn. And the know-how partly comes from the acquired skills and partly from the experience growing over the years.



If an entrepreneur wants to prosper in business, (s)he ought to possess the right mix of entrepreneurial characteristics.

Entrepreneurial skills, know-how and personal entrepreneurial characteristics will hence provide the “red thread” to guide us through this complex subject matter. You will see that there are no miracles required but a sort of an absolute will to do better.

It's a myth that money is the most important factor for success in business! It's very helpful to gain access to credit and to put the money into the business but bad entrepreneurs can't manage funds well so that it all comes back to the Person-P.

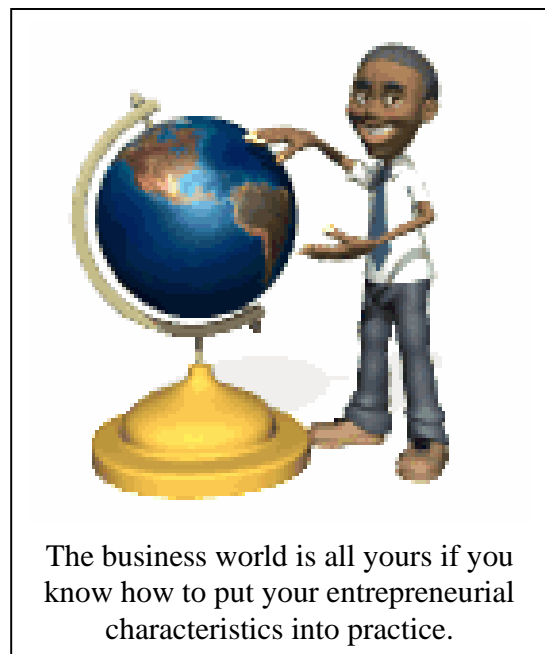
If small business(wo)men tell me – and they do it very often – that they only need money (credit or even better free donations from rich people, projects or the government) to make their business a success) and most of them already are in business for many years. My general reply is: Where has all the money gone you earned in the past? If they would have constantly put aside some amounts of money on a regular basis, they could have acquired a nice sum for investment! No, usually money is eaten up straight away as soon as it arrives in the cash box. Sorry, very important entrepreneurial elements are missing in these cases! Little hope for any greater success in future! But let's get started with the first important cluster!

Personal Entrepreneurial Characteristics (PECs)

The personal entrepreneurial characteristics, or PECs, have been widely researched in the 60s and 70s because a lot of research institutes wanted to find out what make some people more successful than others and what makes them the winners. Studies have been conducted in many different countries with varying macroeconomic and specific conditions for enterprises.

Some universities identified as much as 250 different personal traits or characteristics. Finally and after many years of testing (training, observations, etc.), the world of researchers agreed on ten basic PECs classified in three major categories which we will study one by one.

At the end of this document I have included an annex which could be of some assistance to you in order to find out if you avail of all or only some of these PECs and to which extent. I suggest you do this test first – **right now** on page 18 – because you might be biased after having read the following chapters on the PECs. But, please, be honest to yourself with the answers to the 55 statements provided in that annex. You can only cheat yourself and no one else!



Please, read and work on Annex A (p. 18) first. Then proceed to the next page!

So, what is your personal result from the test? Can you agree to the outcome? Do you understand the different PECs and categories? Well, as I said, we'll deal with them right now so that those PECs which are seemingly difficult to comprehend will get clearer to you. Ultimately, you will have to see again in how far the test result reflects reality. I can tell you that in the large majority of cases I utilised that tool in training sessions, I could subscribe to the outcome provided participants were honest with their answers.

You have noticed while joining the respective boxes to your personal PECs line that there are three major groups of PECs: the achievement-, planning- and power group. They determine quite clearly that successful entrepreneurs need to have a will to achieve something in their business life, that everything in business needs to be planned to some extent, and that personal power is required to get these things done.

Let's have a look at all of them by citing some examples from daily business life in Linden.

THE ACHIEVEMENT GROUP

The achievement cluster of the PECs is the largest one with five separate personal entrepreneurial characteristics: opportunity seeking, persistence, commitment to work contract, demand for quality and efficiency, as well as risk taking. They determine if you are an achiever type of entrepreneur. The determination to achieve certain goals in (business) life is the prerequisite for all the other PECs to come. If this iron will or dedication is not prevalent, then you are already highly disadvantaged compared to others who possess these achievement PECs.

Opportunity Seeking

Every problem, every lack and every deficiency creates opportunities because they create needs. Let me give you an example: people complain about heavy rains from time to time. This problem provides in lots of instances a lack or a deficiency situation: lack of umbrellas, lack of shelter, lack of rain coats, lack of hats, deficiency of functional water pipes or gutters, lack of appropriate drainages, problems of coming late to meetings, etc.

Whole industries exploit this opportunity by manufacturing different sorts of umbrellas (large, small, colourful, I even saw double umbrellas for two people at a time), by selling metal roofing sheets or other rain-protective devices, by producing rain coats, hats, rubber coats, by providing gutter repair services or by selling gutters, by offering drain cleaning services during 24 hours (*just call and they come immediately!*), providing taxi services to escape the rains. Many more examples could be cited.



Some of the Linden entrepreneurs are good at opportunity seeking such as the ambulant vendors (Linden Town Day, football matches), the Internet Cafés and telephone providers (Lindeners do a lot of overseas calls), or money transfer (Lindeners being basically part of a remittance economy receive substantial amounts of money from the USA, the UK and Canada).

But there are others –and that’s the majority – who don’t even see opportunities and they stand by watching and - complaining. If they would master this PEC, they should rather complain about themselves being blind to see vast opportunities.

Linden like the whole of Guyana is flooded by plastic stuff produced in foreign countries (Taiwan, China, Nigeria, and India to mention a few) but carpenters or welders and metal producers never got the idea to substitute these products wherever possible by local ones. Toilet paper holders, towel holders or hooks, wooden or metal dust bins, paper baskets, uncountable possibilities for office appliances, etc. This so-called **import substitution** could provide a vast field of activities. The customers keep on waiting.

Oh, man! Look at the alumina scrap lying around; a tiny little melting device would suffice to produce all sorts of pots once the templates are made. Or look at the leather craft producers! Despite the need for cello phone cases, not a single leather case to fix on the belt or just for protection is produced. They stick to the traditional stuff such as belts and shoes.

Like some new ideas? Here are some! What about bags, key bags with rings, decorative articles, writing pads, high-class document folders, cheap women’s bracelets or necklaces, etc.? A lot of these ideas and in particular service ideas don’t need a huge starting capital. If you can convince your family members or some people you know who dispose of some funds, they might be more than willing to provide a few thousand dollars starting capital (against some interest, of course).

The growing number of wash bays testifies that some people have understood that game. But again: the copy-cat syndrome might pretty soon result in market saturation where only the best service providers will survive.

Opportunities are not only there, you can actively create them! A bad example would be the urban kids offering car watch services. If you don’t pay for their services, they might take out a little knife and – you see – convince you that the area is dangerous so that you should rather pay a few bucks to avoid a flat tyre. As I said that’s of course a bad example but it shows the mechanism of creating opportunities.

A more appropriate example is the following one: Farmers who carry their produce by bicycle to the customers create new vending opportunities which they would not have while waiting on their farm or selling to retailers (lower price!). At the same time,

How do you answer to the following statements? Do you do it always, usually, sometimes, rarely or never? Be honest!

I look for things that need to be done.

I do things that need to be done before being asked to do so by others.

I like challenges and new opportunities.

I prefer activities that I know well and with which I am comfortable.

I try things that are very new and different from what I have done before.

Check with Annex A to find out, if you are an opportunity seeker!

these clever vendors harp on the place – P because they just manipulate the “place” by going out to the public.

Another example: those entrepreneurs interested in getting together with other business(wo)men in associations may actively want to create opportunities, namely to organise cheaper bulk purchases, to organise to joint sales outlet or to defend their interests leading to new sales and growth opportunities.

By the way: thieves are opportunity seekers, too! And they might also be opportunity creators. But we wanted to talk business, didn't we? And more over: clean business!

Persistence

Persistence describes the quality to carry on any activity or continue one's way despite disappointments, failures and negative experiences. It is inherent to those entrepreneurs having an “iron will” who want to achieve their objectives at any cost.

However, persistence needs to be differentiated from being obstinate or getting on someone's nerves. It simply means to permanently and intelligently pursue one's goals (see also “*goal setting*” below). For example: repeated well-structured efforts to convince suppliers about reducing prices (costs) or to identify and maintain linkages with other enterprises. Entrepreneurs who push hard to set up associations in Region 10 avail of a good persistence because they see the need for such a common body to defend common interests and to undertake common activities (purchase, sales, linkages, get organised under an umbrella organisation) as they also see their personal advantages in it.

And how is reality in Region 10? Every day, you can see in your environment, how many people there are being frustrated, giving up and hanging around. This is a deadly spirit for an entrepreneur!

Persistence is somewhat related to all other PECs as it defines the driving force behind it. There is hardly any development which can be achieved in one big leap forward, so that you ought to be persistent to reach your goals. There's no way out!

And persistence should not be displayed at the wrong end! Some entrepreneurs, particularly market vendors, engage in lengthy battles with the Town Council. There may be, of course, important positions to defend (and I don't want to comment on the objective accuracy of these quests) but that sort of persistence should not totally block other initiatives which might open up new avenues for growth.

How do you answer to the following statements? Do you do it always, usually, sometimes, rarely or never? Be honest!

When faced with a difficult problem, I spend a lot of time trying to find a solution.

I try several times to get people to do what I would like them to do.

When something gets in the way of what I'm trying to do, I keep on trying to accomplish what I want.

When faced with major difficulties, I quickly go on to other things.

I try several ways to overcome things that get in the way of reaching my goals.

Check with Annex A to find out, if you are a persistent person!

Commitment to work contract

This single PEC is the least prevalent one in emerging markets and developing countries. Why? I will tell you, and you will easily see that you have been victim yourself of this underdeveloped PEC on several occasions.

You go to a tailor or a carpenter, make a deal about blouses, trousers or even chairs, tables or beds to be manufactured.

You discuss the price and the delivery date. You pay the advance and you are leaving the (work-)shop in a happy mood expecting the deal to be respected. You come back on the indicated date to pick up your goods and you find out that the entrepreneur has neither finished his job as committed nor has (s)he done an acceptable finishing of the half-manufactured goods (s)he will show to you to testify that (s)he has not been idle in the past days.

Seams are carelessly sown! More zigzag than straight! One sleeve is longer than the other one. The fragment of a bed he shows to you is a badly hammered something with nails sticking out on the other side. Proper joints of planks or the use of screws seem to be unknown.

Or, you might have left your phone number with the promise to give you a call once the product is ready. You never receive a call! Once you pass by, you find out that your product has been manufactured but because you didn't turn up, they sold it to someone else. This list can be extended almost endlessly because the commitment to work contract (firm promises made) is poorly developed.



You should do everything possible in order to respect to the letter every written or verbal contract you committed!

How do you answer to the following statements? Do you do it always, usually, sometimes, rarely or never? Be honest!

I complete my work on time.

I keep the promise I make.

I am happy to do someone else's work if necessary to get the job done on time.

When I'm doing a job for someone, I make a special effort to make sure that the person is happy with my work.

My family and personal life are more important to me than work deadlines I set for myself.

Check with Annex A to find out, if you are a person committed to work con-

Business(wo)men dreaming of large contracts or even exports should ask the following question: can I reliably deliver my goods on time and with the quality expected? Badly served contracts spoil your reputation for good, and the customers develop the feeling that (s)he has been cheated by you. It can't be worse!

I personally see a close relationship of this PEC to honesty and reliability. Before entering any commitment, you have to be sure on your part that you can honour (written or verbal) contracts.

Demand for quality and efficiency

This PEC is one of those where several aspects of good entrepreneurship have been melted under only one label. But indeed, both aspects – quality and efficiency – belong together, and they depend on each other.

The demand for quality and efficiency refers to your end product, be it a tangible manufactured good or a service. One important aspect has been already discussed in the preceding chapter. The quality needs to be up to standards and to customers' expectations.

But excellent efficiency refers to well-planned processes within the business. An easy example would be to have the invoice block near so that you can quickly serve a customer demanding an invoice; it would cover your efficient purchase of goods or raw material ready to use (no wet wood for the carpenters; no expired products for the retail seller or wholesaler, taking a guarantee for goods sold (you cannot know that the bulb sold does not function, but do you want the customer to pay for a defunct bulb?).

Efficiency also covers how you instruct and manage your personnel provided you have a few salespersons. The way they sell, what they sell and promise to clients, and how they keep track of the goods sold, it all burns down to your responsibility as a business owner.

Risk taking

Risk taking is the 5th and last PEC of the so-called achievement group. It stands for a certain willingness to take over risks. In Linden, being first and foremost a town of employees in the past, the risk taking characteristic is not at all developed. People still prefer a job in the mine or elsewhere instead of going self-employed with certain risks of failure. On the other hand, with some good business idea they could earn much more than only being an employee! But people avoid the risk and play (seemingly) safe. But it's not safe at all, at least not very much safer than well-organised self-employment! We all know now how this could end up in a disaster if the huge companies should lay-off people due to difficult market situations (globalisation, falling prices for certain commodities on the world market, new competitors coming up, etc.).

How do you answer to the following statements? Do you do it always, usually, sometimes, rarely or never? Be honest!

It bothers me when things are not done very well.

My own work is better than that of other people I work with.

It bothers me when my time is wasted.

I'm never entirely happy with the way in which things are done; I always think there must be a better way.

I do not find ways to complete tasks faster at work and at home.

Check with Annex A to find out, if you are a person who provides quality and efficiency work!

How do you answer to the following statements? Do you do it always, usually, sometimes, rarely or never? Be honest!

I prefer situations in which I can control the outcomes as much as possible.

I don't try something new without making sure I will succeed.

I weigh my chances of succeeding or failing before I decide to do something.

I do things that are risky.

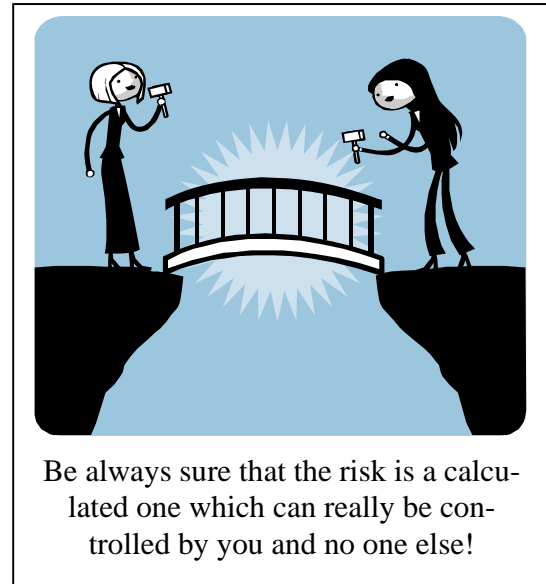
I do things that others consider risky.

Check with Annex A to find out, if you are a person taking calculated risks!

But let's talk about risk taking for business people. For example, the employment of badly or not at all prepared salespeople bears a high risk for you as the business owner if they don't serve the customers well. Lots of business owners are not even around in the shop during day time!? You may try to train them or give clear instructions about their expected behaviour. Opening hours should be respected!

Buying raw material from new suppliers bears risks, but you should do it if you are not satisfied with the old supplier. Bringing a totally new product to the market is always a risk without which you can never test if it would sell.

In brief: risk taking describes your willingness to follow new avenues without having an assured positive outcome. But this PEC has largely been thought to be the only and most important characteristic of an entrepreneur. But as we can see from the previously mentioned PECs and those which will follow, this is not true! However, risk taking is and remains one very important ingredient to business success.



If you take a loan (and that's what every entrepreneur is longing for in Linden!), you always run the risk of not being able to reimburse, particularly when your business does not unfold as intended. You should have an excellent business plan (*note that a business plan should serve as your personal guide to execute the business!*) so that the risk becomes a calculated risk. That's what best describes this PEC and that's what this PEC is actually all about. It has something to do with "systematic planning and monitoring" (*see page 12*).

Farmers having firm contracts with retailers/wholesalers to deliver at a fixed time a certain amount of products are not only good planners and net workers (*see below*), they also display that they take a calculated risk. But those farmers, who just grow something with the hope to sell their produce after harvesting, take a high and uncalculated risk. They might lose the whole harvest if they don't find a buyer in time.

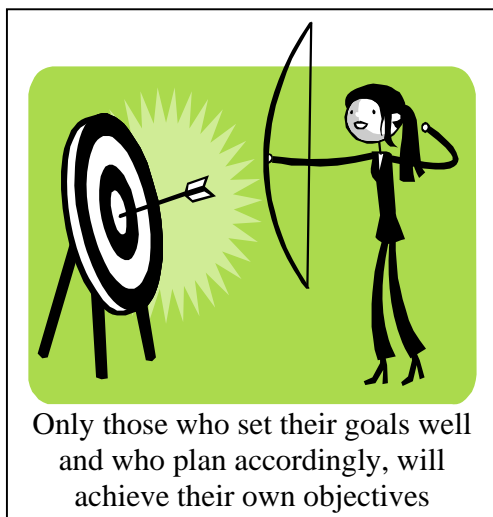
THE PLANNING GROUP

The planning cluster comprises three PECs: information seeking, goal setting and systematic planning and monitoring. All of them refer to intentional and planned activities carried out to bring your enterprise forward. Based on the will to achieve (achievement cluster) certain goals, the planning cluster of PECs actually allows you pursue these goals. Without well-defined goals in (business) life, without appropriate information about competitors, suppliers, and customers, and without proper planning and monitoring of the business you will be stripped of very important ingredients to have success in business.

Goal setting

“Goal setting” also belongs also to the so-called planning group of the list of personal entrepreneurial characteristics. The label is easy to understand and speaks for itself. It indicates that an entrepreneur always should have a certain goal – or several goals – in mind in whatever (s)he is doing. It means that (s)he has not become an object of his (her) environment reacting to circumstances but rather the conscious actor with a clear plan in mind (see also next PEC “systematic planning and monitoring”).

An entrepreneur is a pusher and a doer along certain well-defined goals. Persistence and commitment to work contract (see above) are highly required to transform the set goals into reality. Here you can easily see in how far different PECs interlink and mutually reinforce each other for the sake of a well-functioning enterprise.



The goals can be long-term as well as short-term. A typical long-term goal is business expansion or business diversification. A good goal setter pursues this goal with a lot of dedication and persistence because several preparatory steps need to be undertaken to reach there. Long-term goals may be broken down into short-term goals. For example, a business expansion may require the identification of new suppliers (*short-term goal 1*), new or better machines and equipment (*short-term goal 2*), a marketing campaign to catch the attention of new clients (*short-term goal 3*), and a different internal organisation of the enterprise (*short-term goal 4*).

What do we see regarding goal setting characteristic in Linden? A small layer of entrepreneurs – and particularly those the EMPRETEC entrepreneurs – are not only good goal setters, but they successfully apply the other PECs, too. But the majority, as I see it, is more externally driven by surrounding circumstances with a lack of motivational driving force. For instance, a lot of backyard poultry farmers don't show initiatives of expanding which would not be so difficult to do; particularly in these days when the demand seems to be high! If subsistence farming is the goal, then this is fine. But if there are higher ambitions ...?

There are entrepreneurs in the construction sector who know what they are lacking and who seemingly have set their goals to overcome them. But if it comes down to sacrificing a few dollars for a specific training to overcome these shortcomings, they are not ready to contribute. This leads ultimately to the conclusion that the goals are not really set in a realistic way. They are wishes or even dreams without the readiness to act.

How do you answer to the following statements? Do you do it always, usually, sometimes, rarely or never? Be honest!

I like to think about the future.

It's a waste of time to worry about what to do with your life.

The more specific I can be about what I want out of life, the more chance I have to succeed.

I have a very clear plan for my life.

I am as concerned about meeting my weekly goals as I am for my yearly goals.

Check with Annex A to find out, if you are a real goal setter!

Information seeking

Information seeking as a PEC opens the “planning group” chapter of the PECs. Of course, as an entrepreneur you will always have to know what is going on with your competitors’ prices and innovations, you must be aware of the customers’ desires and wishes, you ought to know about new government-, RDC- or Town Council regulations. At best, you are informed about these things even before the new regulations are introduced.

Information seeking is about talking to people (customers, friends, VIPs, service providers, suppliers, etc.), reading documents and newspapers, listening to news, watching TV info and actively seeking specific information in books or on the internet, if required. Insider- or first hand information can be a true asset to your business.

This PEC tells about actively seeking information before your competitors are aware about it. Getting information is closely linked to your information network (see PEC “*persuasion and networking*”). I met vendors in the Wismar Market Hall who were not at all aware that a “Market Vendors Association” exists.

That association is supposed to cater for Mackenzie and Wismar market vendors. They were not aware of the problems linked to the poor representation of vendors in the Wismar market building.

Carpenters and cabinet makers are not aware that there are cheap wood drying possibilities at their own financial reach (Chinese method of drying woods in excavated pits). Most of them don’t know and they didn’t even try to find out if Courts would be interested to support local craftsmen in producing the standards they offer to their clients.

Handicraft people don’t know that they are competing on a world-wide scale with craftsmen from Bangladesh or Mali if they send their products to the US or to Europe. They are not aware about quality standards, finishing, designs and a lot of other crucial issues which you ought to know if you want to compete in a globalised economy. I don’t know if they can be held accountable for that, but as soon as people dream about exporting they should inform themselves about the necessary requirements. Otherwise, it all remains a mere dream.

Today’s computerised world provides a whole bunch of information possibilities unknown of twenty years ago. Word-of-mouth information is mostly distorted once it reaches us. It’s first-hand information that counts, reliable information that you can make use of in your business. Instead of acquiring and reading legal documents, people prefer to listen to what the neighbour says. And more often than not, the neighbour hasn’t seen the basic document either.

How do you answer to the following statements? Do you do it always, usually, sometimes, rarely or never? Be honest!

When starting a new task or project, I gather a great deal of information before going ahead.

I seek the advice of people who know a lot about the tasks I’m working on.

I take action without wasting time gathering information.

When working for a project for someone, I ask many questions to be sure I understand what the person wants.

I go to several different sources to get information to help with tasks or projects.

Check with Annex A to find out, if you are an information seeker!

Systematic planning and monitoring

As has been mentioned earlier, the “systematic planning and monitoring” goes hand in hand with the goal setting. Once the goal is set, then it comes to planning its realisation which needs to be monitored. The expression “monitoring” comes from the computer language where you watch the intermediate results of your intervention on the screen, the monitor.

Business planning is an excellent example for “systematic planning” in the first place because business plans comprise all facets of the business (marketing, production, organisation, finances). They serve the purpose of accessing loans, but at the same time they provide the entrepreneur with a tool to monitor (compare) reality against the original plan. If, for example, the personnel expenses exceed the planned targets after a certain period of time, then there should be either a substantial increase in revenue or a certain economy in other investment areas or eventually some lay-offs to balance the plan. You can't spend more than you have! So, cuts need to be made somewhere.

More often than not, an essential element of the business plan and of the daily entrepreneurial life is not properly understood in Linden which clearly belongs in this PEC.

It's the planning of your own salary as entrepreneur. There is no clear distinction between money in the cash box or on your accounts (enterprise money) and the money owned by you (entrepreneur's money/salary). For a more professional management of your enterprise this distinction is extremely important and may decide about life and death of the enterprise. Of course, it's all your money as the business owner but you will definitely need money in course of time to do new purchases, to pay the salaries, to expand the business, to do a better marketing, to substitute old machines and equipment (depreciation), and so on. The entrepreneurial salary is only one of those recurring costs; if your business is going well you might increase your own salary but you should never ever treat the enterprise's money as your personal one. If you do that, then you will quickly fail.

The book keeping is another typical monitoring activity which – if properly done – can help you in analysing your business. A lot of interesting insights can be derived from that simple tool (see *below*).

How do you answer to the following statements? Do you do it always, usually, sometimes, rarely or never? Be honest!

I plan a large project by breaking it down into smaller tasks.

I think about the advantages and disadvantages or different ways of accomplishing things.

I try to think of all the problems I may encounter and plan what to do if each problem occurs.

I deal with problems as they arise rather than spend time to anticipate them.

If one approach to a problem does not work, I think of another approach.

Check with Annex A to find out, if you are a systematic planner and monitor!

THE POWER GROUP

The PECs power groups comprises only two characteristics, namely “persuasion and networking” as well as “self confidence”. Both PECs are highly important in setting the other PECs into motion; they power so to say the others. Without self confidence nothing goes! And without networking in an increasingly complex world, you will be lost as “lonely wolf”. The persuasion part of this PEC stems from the above mentioned simplification of an uncountable high number of tiny little PECs which were identified in the 70s by several university researchers. They intended to make them more handy and comprehensive; so, persuasion was lumped together with networking. And indeed, there are good reasons to do it as you will read in the following text.

Persuasion and networking

Without persuasion (or convincing) powers, a proper networking will not be possible. Persuasion refers to the personality in terms of convincing arguments, a good standing in discussions and encounters as well as a friendly and winning nature. Without the latter you will hardly be able to persuade anyone with your arguments.

Persuasion powers which can be frequently seen in Linden refer to a loud voice leading over to shouting. Watch out how the mini bus drivers or collectors fight for single clients. I remember a scene when five of them “courted” a young lady with high voices everyone trying to drown out the other. The lady even sought refuge and clearly showed her annoyance (if not fear!) by showing them her back while leaning against one mini bus. No chance, the guys kept on shouting. Finally, she shied away and preferred to wait, not taking any bus at this point in time. A client lost due to bad persuasion powers; overdoing instead of displaying the right dose of persuasion. These incidents happen several times per hour.

Networking is the ability to set up and to maintain substantial business contacts with suppliers, competitors, clients, support institutions, etc. Particularly, the entrepreneur’s desire to get organised in business associations belongs to this PEC. Despite the popular opinion among entrepreneurs in Linden that there is no common ground with competitors, there is ample room for common activities regarding the defence of interest, bulk purchase to obtain cheaper rates, joint marketing activities (organise a street festival or any other event in a sector to attract new clients!) or joint activities in promotion. Membership in a business association is to my conviction THE example for networking. The Linden Chamber of Industry, Commerce and Development will have a tough time to convince potential members that it is the most important networking institution entrepreneurs in Region 10 can imagine.

How do you answer to the following statements? Do you do it always, usually, sometimes, rarely or never? Be honest!

I get others to support my recommendations.

I do not spend much time thinking about how to influence others.

I get important people to help me accomplish my goals.

In order to reach my goals, I think of solutions that benefit everyone involved in the problem.

I am able to get people who have strong opinions or ideas to change their minds.

Check with Annex A to find out, if you are a net-worker!

The establishment of a network of suppliers can be life saving if your one and only supplier might sharply increase his rates. What to do then, if the respective network did not yet exist? Even with the customers you should set up a nice network which develops through small talk, rebates for good customers or through your friendly behaviour.

Networking does not forcefully mean to know a lot of people. But the right people and institutions need to be part of your network so that your enterprise can profit from these business contacts. It's also through the established network that you can have access to important information.

Self confidence

Without certain self-confidence nothing goes! This is not only valid for entrepreneurs but rather for all people and any types of jobs. However, can you imagine any successful business(wo)man not displaying a good dose of self-confidence? In order to be convincing for others, you ought to be convinced about yourself and your actions.

Imagine that you would always question yourself before going into action! Your partners, customers and employees will pretty soon believe that you are not able to run a business. Business is not for vacillators! Here, you can also see a clear link between self-confidence and decision making characteristics.

So, a good dose of self-confidence is important whereas a lack of confidence or over-confidence could very well result into undesirable results at your end. But it must be admitted, that self-confidence is a PEC difficult to acquire. In most of the cases it is determined by socialisation and family environment.



Genuine and well-displayed self-confidence may look like this: winning personal style and behaviour

How do you answer to the following statements? Do you do it always, usually, sometimes, rarely or never? Be honest!

I feel confident that I will succeed at whatever I try to do.

I change my mind if others disagree strongly with me.

When trying something difficult or challenging, I feel confident that I will succeed.

I do very good work.

I stick with my decisions even if others disagree strongly with me.

Check with Annex A to find out, if you are a person committed to work contracts!

In some cases, self-confidence grows with successes in life / business. That in my eyes is the only way you can contribute to a better self-confidence in case you are feeling that this PEC is underdeveloped.

A winning personality usually has a lot of self-confidence as its basis. The style you're applying to deal with your business partners may well determine the success you will have in the long run. Hence, self-confidence is one of the most important cross-cutting personal entrepreneurial characteristics.

Entrepreneurial skills and know-how

Apart from the PECs, an entrepreneur (5th P) needs to avail of other qualities which cannot be easily subsumed under personal entrepreneurial characteristics but which might be entitled “entrepreneurial skills and know-how”. And again, there are a lot of technical skills which differ from sector to sector and from profession to profession. Without anything sellable to offer (in terms of products or services for which there is a demand), there will be no continuity in the market. Here, I only deal with those general entrepreneurial and managerial skills with reference to all sectors. A minimum of these skills is required to survive in the market.

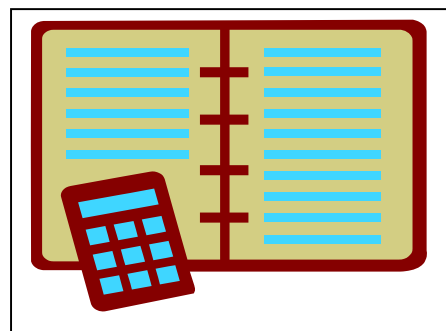
Book keeping

You can hardly find an entrepreneur in Linden who keeps daily records of expenditures and earnings. It’s a pity because this is an excellent monitoring tool providing you with a lot of information on the expenditure and revenue structure of your business.

The most striking experience I ever had with an entrepreneur in Ivory Coast who after only one week of doing book keeping for his private expenditures found out that he spent almost 80% of his money (salary, not enterprise money!) on liquor. He even extrapolated the alcohol consumption for one year: he spent more than US\$ 3,000 on liquor, and he had calculated a volume corresponding to three drums (approximately 50 gallons of hard stuff). Can you imagine! He made that calculation public during one entrepreneurship training programme. I was happy to learn after one year that he really stopped drinking and started investing successfully into some side businesses.

Book keeping is not only appropriate for the business itself but it can yield excellent results if applied for private purposes. The structure of such a “book” is very easy (see **Annex B** with some samples). There are only five or six columns which you can easily draw with a pencil in any school exercise book: serial number, date, income, expenditure, balance and – if you desire so – one column for specific remarks. That’s all! Make sure that you start with the initial amount on the first line under the income column (some people only put this in the balance column; there is no difference in the final result). And then have only one operation per line: either income or expenditure. The cash book can never be negative! At worst, it can be at Zero if the cash box is empty.

Most entrepreneurs providing credit to or taking credit from others are well advised to start with a similar book on credit; use one page for every credit operation because clients might not pay back in one tranche. Let your customers sign if you provide credit so that you always have a proof. Countersign in their presence when they reimburse partially or fully so that the client sees the transactions with a high transparency.

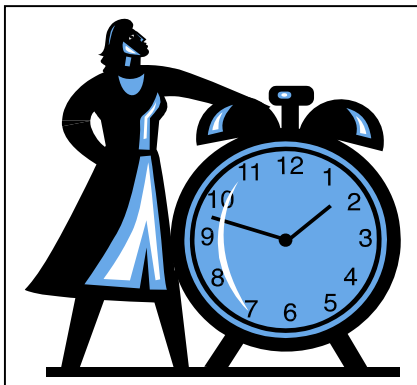


Receiving clients

The art of receiving clients has been dealt with in a separate reader. All entrepreneurs who have direct contacts with clients should be well aware that the client is the king, and that the latter needs to be courted to make him (her) come again to your enterprise. Environmental conditions surrounding your business, cleanliness, attracting appeal of your (work)shop, display of goods, lighting, shop design and price tags, dress code, respect of opening hours play an important role regarding the first impression as well as behavioural aspects such as clarity of speech, body gestures, arm and head posture and a lot of other small issues. It's really worth taking a look at the above mentioned reader to learn from numerous examples provided.

Time management

Time management has to do with the PEC entitled "demand for quality and efficiency", I prefer to highlight it separately because it plays a major role in business. Bad management of one's own time can result in heavy losses for the whole business. Being half an hour late for a weekly meeting of staff (because you are always so busy!) could mean x times 30 minutes loss for all collaborators because they wait for the meeting to start. With 10 collaborators this sums already up to 5 hours waiting time = loss in production or whatever job they are supposed to do. This is not tolerable!



Being only five minutes late in your shop (provided you have published your opening hours on a special board!) may result in missing the best client of the month because the client visiting your shop only followed your opening hours schedule displayed at the entrance door. Unfortunately, you will never learn about this loss because you simply will not see that client again and you are not aware of the great chance you missed. You can easily imagine other scenario of a similar disastrous consequence to you business if you don't manage your time properly.

Stock keeping

Stock keeping is a technique which is centrally important for shop owners having larger stocks of goods. These goods need to be ordered before you run out of stocks. Hence, you would need some device to monitor your stocks.

Also technicians who utilise a certain number of spare parts would be well advised to keep similar records because when you run out of stocks of a certain spare part, the customers may go to another workshop. And your client is lost! If he is better served in another workshop, the client tends to go there. One stock keeping mistake can result in heavy losses of clients. And it's always wise to have several suppliers because one of them may run out of stocks, too. In this case you simply switch to another supplier to get your spare parts before you sell the last one.

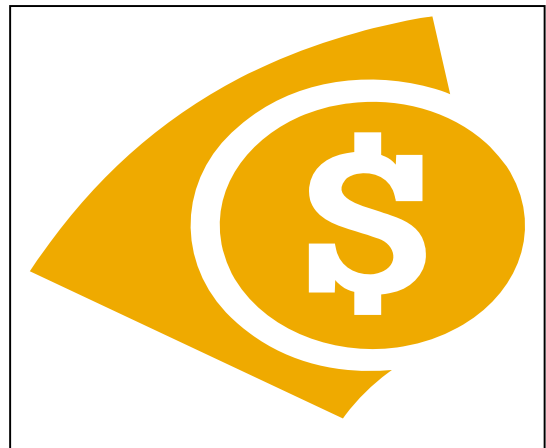
Money management (salary, discipline)

A killing factor for many small enterprises in Africa and elsewhere in the world (Guyana is no exception!) is the missing distinction between your enterprise and you, the entrepreneur. You may think that your enterprise is all yours. Right! But without the required discipline to determine a salary for you as entrepreneur and to live only on that salary during any given month, you may not get very far. Why?

Any post in larger enterprises corresponds to a certain salary with the entrepreneur making no exception. If you always take out all the money from the cash box which you have earned during a day or a month, then you will never have any financial reserves to buy new stocks, to substitute small tools or machines, to invest in raw materials or new facilities and so forth.

I give you an example: many entrepreneurs work with machines which have a certain life span. At some point in time you will have to buy a new machine. If all income is now eaten up, you may not be able to buy that machine (which more often than not is more expensive than a couple of years ago!). You will have to run to your parents, friends, etc. to borrow money for the purchase of the machine. So, you restart your business with a nice large debt.

If you would have put all the money aside which exceeded your own salary, then you could have easily done the purchase with your own financial means. And entrepreneurship is also about independence and anticipation! Fix your own salary in a way that you can appropriately live. If your business fares well, you may adjust your salary to a larger amount. But make sure that you never ever empty all funds for your own fun. It might be your last fun for a long time. Basically, you will be killing your own business if you are not sufficiently disciplined in this respect.



It is always advisable to open a bank account so that all surplus money (income exceeding your salary) is put in a safe place where it even produces interest. When necessary, you may use that account to do the investments required.

Technical know-how

There is absolutely no business where you don't require some technical know-how in a larger sense. For example: auto mechanics who don't master their subject will never get enough clients to survive. But even as a simple retailer you need some know-how regarding the products you sell. If you can't advise your clients on the use of your products, their origin and other specificities, you should rather change your profession!

As a rule of thumb you may recall that the more technical the subject the more specific know-how you require.

PEC Self Rating Questionnaire*

Instructions

1. This questionnaire consists of 55 brief statements. Read each statement and decide how well it describes you. Be honest about yourself. Remember, no one does anything very well, nor is it even good to do everything very well. Besides that, your rating of the individual questions remains your secret and you may take this questionnaire home.
2. Select one of the numbers below to indicate how well the statement describes you:

5	Always
4	Usually
3	Sometimes
2	Rarely
1	Never
3. Write the number you select on the line to the right of each statement. Here is an example:

I remain calm in stressful situations 2

The person who responded to the item above wrote a "2" to indicate that the statement describes him very little (the person is rarely calm in stressful situations).
4. Some statements may be similar but no two are exactly alike.
5. Please answer all questions without exception!

* Source: *Management Systems International*; adapted for use in *CEFE training*.

PEC Self Rating Questionnaire

Rating

1. I look for things that need to be done. _____
2. When faced with a difficult problem, I spend a lot of time trying to find a solution. _____
3. I complete my work on time. _____
4. It bothers me when things are not done very well. _____
5. I prefer situations in which I can control the outcomes as much as possible. _____
6. I like to think about the future. _____
7. When starting a new task or project, I gather a great deal of information before going ahead. _____
8. I plan a large project by breaking it down into smaller tasks. _____
9. I get others to support my recommendations. _____
10. I feel confident that I will succeed at whatever I try to do. _____
11. No matter whom I'm talking to, I'm a good listener. _____
12. I do things that need to be done before being asked to do so by others. _____
13. I try several times to get people to do what I would like them to do. _____

- | | Rating |
|--|--------|
| 14. I keep the promise I make. | _____ |
| 15. My own work is better than that of other people I work with. | _____ |
| 16. I don't try something new without making sure I will succeed. | _____ |
| 17. It's a waste of time to worry about what to do with your life. | _____ |
| 18. I seek the advice of people who know a lot about the tasks I'm working on. | _____ |
| 19. I think about the advantages and disadvantages or different ways of accomplishing things. | _____ |
| 20. I do not spend much time thinking about how to influence others. | _____ |
| 21. I change my mind if others disagree strongly with me. | _____ |
| 22. I feel resentful when I don't get my way. | _____ |
| 23. I like challenges and new opportunities. | _____ |
| 24. When something gets in the way of what I'm trying to do, I keep on trying to accomplish what I want. | _____ |
| 25. I am happy to do someone else's work if necessary to get the job done on time. | _____ |
| 26. It bothers me when my time is wasted. | _____ |
| 27. I weigh my chances of succeeding or failing before I decide to do something. | _____ |

	Rating
28. The more specific I can be about what I want out of life, the more chance I have to succeed.	_____
29. I take action without wasting time gathering information.	_____
30. I try to think of all the problems I may encounter and plan what to do if each problem occurs.	_____
31. I get important people to help me accomplish my goals.	_____
32. When trying something difficult or challenging, I feel confident that I will succeed.	_____
33. In the past I have had failures.	_____
34. I prefer activities that I know well and with which I am comfortable.	_____
35. When faced with major difficulties, I quickly go on to other things.	_____
36. When I'm doing a job for someone, I make a special effort to make sure that the person is happy with my work.	_____
37. I'm never entirely happy with the way in which things are done; I always think there must be a better way.	_____
38. I do things that are risky.	_____
39. I have a very clear plan for my life.	_____
40. When working for a project for someone, I ask many questions to be sure I understand what the person wants.	_____
41. I deal with problems as they arise rather than spend time to anticipate them.	_____

	Rating
42. In order to reach my goals, I think of solutions that benefit everyone involved in the problem.	_____
43. I do very good work.	_____
44. There have been occasions when I took advantage of someone.	_____
45. I try things that are very new and different from what I have done before.	_____
46. I try several ways to overcome things that get in the way of reaching my goals.	_____
47. My family and personal life are more important to me than work deadlines I set for myself.	_____
48. I do not find ways to complete tasks faster at work and at home.	_____
49. I do things that others consider risky.	_____
50. I am as concerned about meeting my weekly goals as I am for my yearly goals.	_____
51. I go to several different sources to get information to help with tasks or projects.	_____
52. If one approach to a problem does not work, I think of another approach.	_____
53. I am able to get people who have strong opinions or ideas to change their minds.	_____
54. I stick with my decisions even if others disagree strongly with me.	_____
55. When I don't know something, I don't mind admitting it.	_____

PEC Self Rating Questionnaire Scoring Sheet

Instructions

1. Enter the ratings from the completed questionnaire on the lines above the item numbers in parentheses. Notice that the item numbers in each column are consecutive. Item No. 2 is below item No. 1 and so forth.
2. Do the addition and subtraction in each row to compute each PEC score. Watch carefully the plusses (+) and minuses (-) to come up with the correct computation. Check twice or thrice if you have obeyed this rule!
3. Add all the PEC scores to compute the total score.

Rating of Statements	Score	PEC	
$\underline{\hspace{1cm}} + \underline{\hspace{1cm}} + \underline{\hspace{1cm}} - \underline{\hspace{1cm}} + \underline{\hspace{1cm}} + 6 = \underline{\hspace{1cm}}$ (1) (12) (23) (34) (45)			Opportunity Seeking
$\underline{\hspace{1cm}} + \underline{\hspace{1cm}} + \underline{\hspace{1cm}} - \underline{\hspace{1cm}} + \underline{\hspace{1cm}} + 6 = \underline{\hspace{1cm}}$ (2) (13) (24) (35) (46)			Persistence
$\underline{\hspace{1cm}} + \underline{\hspace{1cm}} + \underline{\hspace{1cm}} + \underline{\hspace{1cm}} - \underline{\hspace{1cm}} + 6 = \underline{\hspace{1cm}}$ (3) (14) (25) (36) (47)			Commitment to Work Contract
$\underline{\hspace{1cm}} + \underline{\hspace{1cm}} + \underline{\hspace{1cm}} + \underline{\hspace{1cm}} - \underline{\hspace{1cm}} + 6 = \underline{\hspace{1cm}}$ (4) (15) (26) (37) (48)			Demand for Quality & Efficiency
$\underline{\hspace{1cm}} - \underline{\hspace{1cm}} + \underline{\hspace{1cm}} + \underline{\hspace{1cm}} + \underline{\hspace{1cm}} + 6 = \underline{\hspace{1cm}}$ (5) (16) (27) (38) (49)			Risk Taking
$\underline{\hspace{1cm}} - \underline{\hspace{1cm}} + \underline{\hspace{1cm}} + \underline{\hspace{1cm}} + \underline{\hspace{1cm}} + 6 = \underline{\hspace{1cm}}$ (6) (17) (28) (39) (50)			Goal Setting

$$\frac{\quad}{(7)} + \frac{\quad}{(18)} - \frac{\quad}{(29)} + \frac{\quad}{(40)} + \frac{\quad}{(51)} + 6 = \frac{\quad}{\quad}$$

Information
Seeking

$$\frac{\quad}{(8)} + \frac{\quad}{(19)} + \frac{\quad}{(30)} - \frac{\quad}{(41)} + \frac{\quad}{(52)} + 6 = \frac{\quad}{\quad}$$

Systematic Plann-
ing & Monitoring

$$\frac{\quad}{(9)} - \frac{\quad}{(20)} + \frac{\quad}{(31)} + \frac{\quad}{(42)} + \frac{\quad}{(53)} + 6 = \frac{\quad}{\quad}$$

Persuasion and
Networking

$$\frac{\quad}{(10)} - \frac{\quad}{(21)} + \frac{\quad}{(32)} + \frac{\quad}{(43)} + \frac{\quad}{(54)} + 6 = \frac{\quad}{\quad}$$

Self-Confidence

Total PEC Score

Correction factor computation

$$\frac{\quad}{(11)} - \frac{\quad}{(22)} - \frac{\quad}{(33)} - \frac{\quad}{(44)} + \frac{\quad}{(55)} + 18 = \frac{\quad}{\quad}$$

**Correction
Factor**

Note, that the correction factor is very important for the calculation of the final score.

PEC SELF-RATING QUESTIONNAIRE Corrected Score Sheet

Instructions

1. The correction factor (the total of items 11, 22, 33, 44, and 55) is used to determine whether or not a person tries a very favourable image of himself. If the total score on this factor is 20 or greater, then the total score on the ten PECs must be corrected to provide a more accurate assessment of the strengths of the PEC score for that individual.

2. Use these following numbers when figuring the corrected score:

If the correction factor is		Subtract the following number from <u>each</u> PEC score (correction factor):
↓		↓
24 or 25		7
22 or 23		5
20 or 21		3
19 or less		0

3. Use the next page (**Annex A.4**) to correct each PEC score before using the Profile Sheet (**Annex A.5**).

PEC SELF RATING QUESTIONNAIRE

Corrected Score Sheet

PEC	Original score	Correction factor *	Corrected score
Opportunity Seeking			
Persistence			
Commitment to Work Contract			
Demand for Quality and Efficiency			
Risk Taking			
Goal Setting			
Information Seeking			
Systematic Planning and Monitoring			
Persuasion and Networking			
Self-Confidence			
	Corrected score total		

* see Annex A.3

PEC SELF RATING QUESTIONNAIRE

PEC Profile Sheet *

PEC	0	5	10	15	20	25
Opportunity Seeking						
Persistence						
Commitment to Work Contract						
Demand for Quality and Efficiency						
Risk Taking						
Goal Setting						
Information Seeking						
Systematic Planning and Monitoring						
Persuasion and Networking						
Self-Confidence						
	0	5	10	15	20	25

Mark the corrected scores per PEC on the each line and join the dots to get your profile. The more the dots are on the right side, the more you avail of the respective entrepreneurial characteristic.

Regarding those more on the left side (below 12) sit back and reflect why these scores are so low, and try to figure out what you can do about it.

If you have individual scores below 8, then you should think twice if you are fit to start / maintain a business. You have a severe need of improving your record on that PEC!

Annex B.2

Book keeping - (example sheet small boutique)

Year: 2005

N°	Date	Income	Expenditure	Balance	Operation/remarks
1	03 Jan	10,000		10,000	Cash opening input
2	03 Jan		2,000	8,000	Purchase tea bags
3	03 Jan		1,500	6,500	Electricity / water bill
4	03 Jan	6,000		12,500	Daily sales (invoices)
5	04 Jan		2,500	10,000	Purchase biscuits
6	04 Jan	5,000		15,000	Daily sales (invoices)
7	05 Jan		2,000	13,000	Daily helper's pay
8	05 Jan	1,500		11,500	Daily sales (invoices)
9	06 Jan	4,500		16,500	Daily sales (invoices)
10	07 Jan		15,000	1,500	Multiple purchases (inv.)
11	07 Jan	3,500		5,000	Daily sales (invoices)
12	10 Jan		3,000	2,000	Toilet repair
13	10 Jan	5,000		7,000	Daily sales (invoices)
14	11 Jan	3,000		10,000	Daily sales (invoices)
15	12 Jan		2,000	8,000	Daily helper's pay
16	12 Jan	8,000		16,000	Daily sales (invoices)
17	13 Jan	3,000		19,000	Daily sales (invoices)
18	14 Jan		2,400	16,600	Taxi Georgetown
19	14 Jan		14,600	2,000	Purchase GT (invoices)
20	14 Jan		2,000	0	Daily helper's pay
21	14 Jan	8,000		8,000	Daily sales (invoices)
etc.					

Daily invoices and receipts are kept separately

How to convince people to become entrepreneurial

- a success story -

Once upon a time there was a fisherman sitting idle under a palm tree looking at the nice blue ocean and enjoying life.

A business advisor passed by and looked at this man who was seemingly lost in his thoughts, and he asked him: *“Hi, nice chap, what are you doing?”*

The man replied: *“Well, I’m sitting here and enjoying life, don’t you see, MAN?”*

“Of course, I can see. But wouldn’t you like to work like all the others in your village?”

“What for?” the man replied.

“Well, you could earn some money!”

Again the man replied: *“What for, MAN?”* with a rising anger in his voice.

“Isn’t that obvious? If you earn some money you could for example buy new things, a TV or a radio or anything else.”

“What for, MAN?” the ocean watcher grumblingly answered.

“If you keep on investing in your business, you can even expand it and earn more money!”

“Oh MAN, leave me alone with that nonsense. Why the hell should I expand any business, for God’s sake? You’re stealing my time!”

“Well”, the business expert answered and he looked very excited at the ocean watcher, *“with a growing business, you may be able to do nice trips, to watch different countries and to relax under palm trees watching at the blue ocean.”*

“Oh, MAN!”, our ocean watcher replied with silent satisfaction, *“that’s what I’m doing right now. Why should I go to work and undergo all that stress and pain?”*



The business advisor silently went away in deep, deep thoughts!