

Participant Manual

Table of Contents

Aspire Introduction.....	3
Part 1 : Design Thinking.....	6
Part 2 : The Value Proposition Canavas	7
Part 3 : Business Model Canvas (BMC).....	15
Part 4 : Customer Profiling	17
Part 5 : Marketing.....	20
Part 6 : Finances for Startups	33
Part 7 : Legalities	39
Part 8 : Pitching	55

Aspire Introduction

HOW IT ALL STARTED

In the mid-90s, four friends each on a completely different career course bonded over two things – their passion for creating positive change in people’s lives and their love of sports. Having travelled the world

lessons instead of just hearing about them, they became engraved on a deeper level in their minds.

So, with this knowledge in mind, they went



The rest is history.

Despite its start at a community level, word eventually got out and market need for ‘transformational change’ grew high in demand amongst corporations. That’s when Bassem Emad, Tamer Isaac, Hany Masoud and Maged Fawzi founded Aspire in 2007 with a clear vision that they would champion

WHO WE ARE AND WHAT WE DO

With over a decade of experience, Aspire Training Solutions provides training solutions with proven track records of success. Pioneers in our line of work, our distinct methodology heavily relies on simulating real-life settings and applying practical knowledge so that learnt concepts are firmly grasped over a short period of time. Because we use ‘experiential’ methods we are able to deliver tangible leaps in performance which is hard to achieve using conventional techniques that provide only theoretical teaching. We use creativity and a bold approach to create programs that work for corporates, youths and the communities we live in.

change through ‘experiential training’, a method that would revolutionize how people learned in corporations, among youths and within the community.

VISION

To empower, enlighten and inspire deep lasting transformation in the lives of individuals, teams, organizations and communities to live, lead and prosper

MISSION

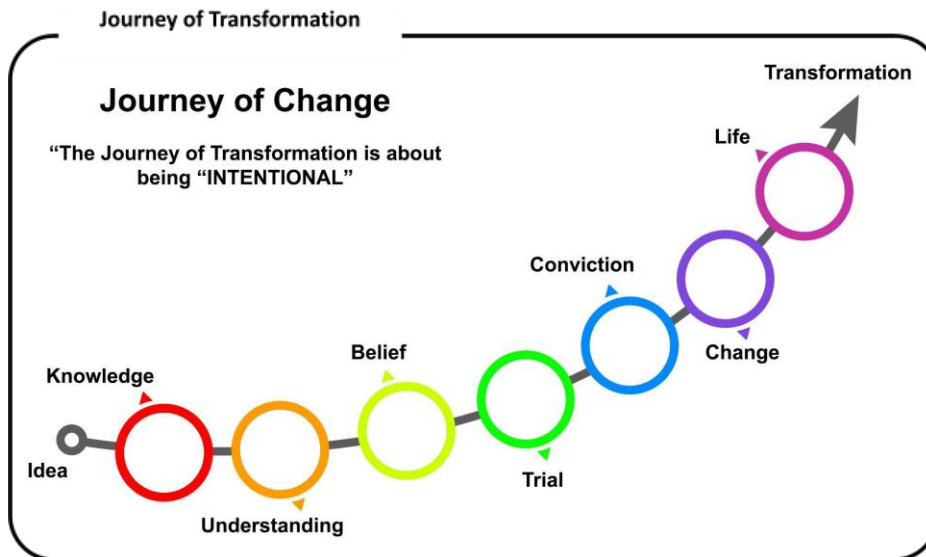
To deliver unrivaled integrated experiences in every training solution we implement using a unique methodology combining knowledge, experience & innovation

Values

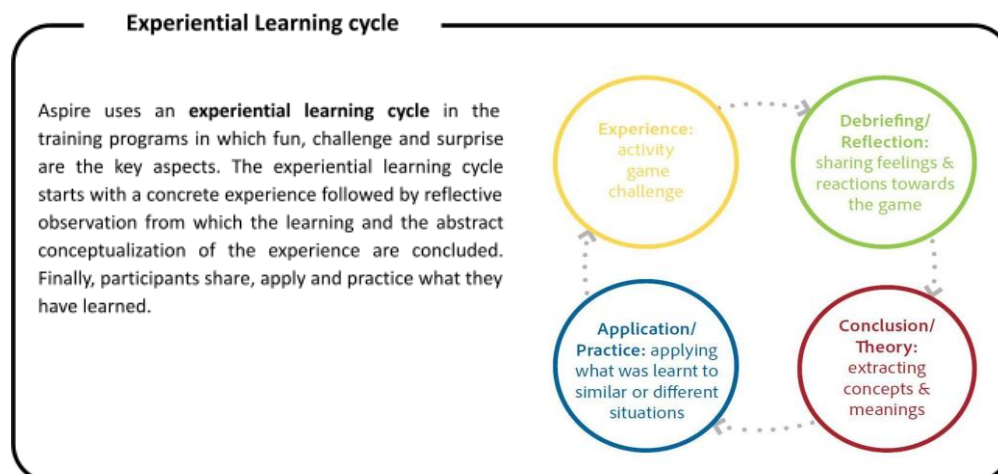


Learning Methodology

People change in behavior or performance in three dimensions; change of mindset, change of direction and change of practice (action). Aspire has its unique methodology for this change to take place.



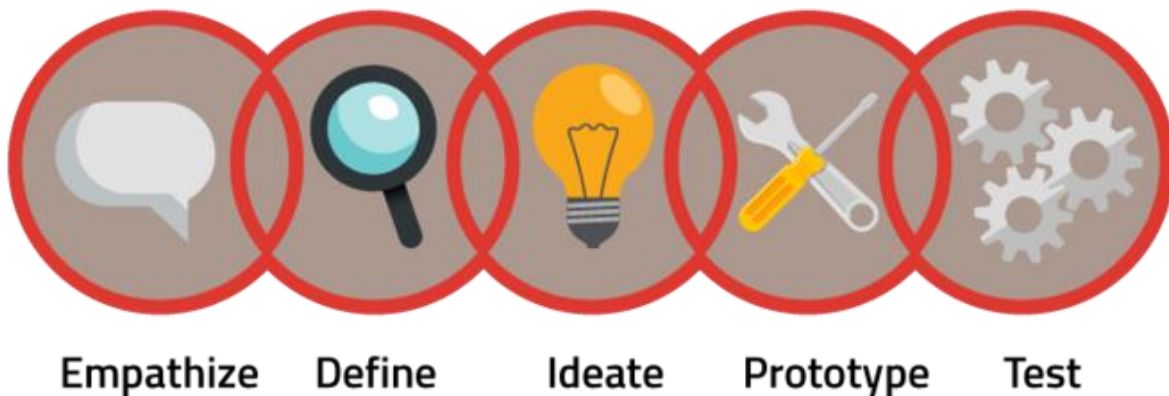
Transformation is a process of profound and radical change, whether in mindset, direction or practice. The journey towards transformation starts with an idea, but it is crucial to understand that this journey is intentional, it can never be forced unless from within.



Part 1: Design Thinking

Design thinking is a non-linear, iterative process which seeks to understand users, challenge assumptions, redefine problems and create innovative solutions to prototype and test. The method consists of 5 phases:

- Empathize—research your users' needs
- Define—state your users' needs and problems
- Ideate—challenge assumptions and create ideas
- Prototype—start to create solutions
- Test—try your solutions out



Idea Convergence

Diverge

Organize

Converge

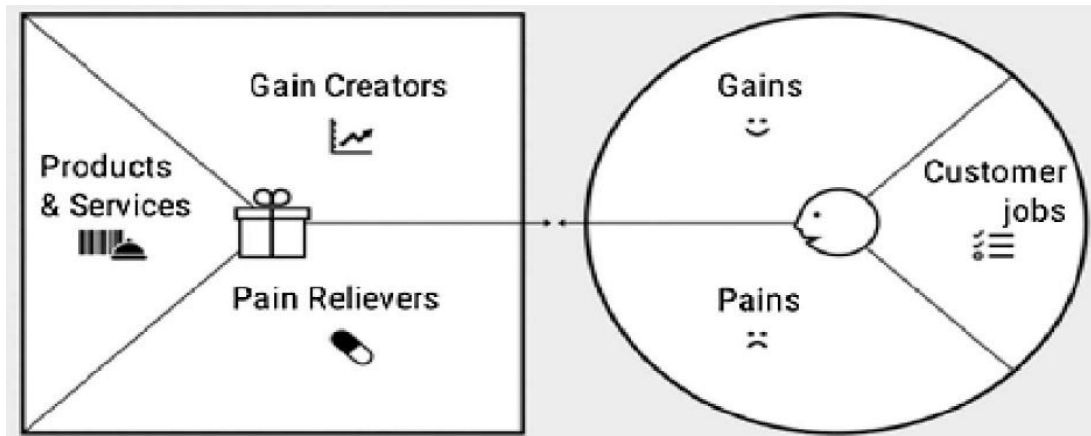
Part 2: The Value Proposition Canvas

What is the Value Proposition Canvas?

The Value Proposition Canvas is a tool which can help ensure that a product or service is positioned around what the customer values and needs.

The Value Proposition Canvas was initially developed by Dr Alexander Osterwalder as a framework to ensure that there is a fit between the product and market. It is a detailed look at the relationship between two parts of the Osterwalder's broader Business Model Canvas; customer segments and value propositions.

The Value Proposition Canvas can be used when there is a need to refine an existing product or service offering or where a new offering is being developed from scratch. The Value Proposition Canvas is formed around two building blocks – customer profile and a company's value proposition.



Customer Profile

Gains – the benefits which the customer expects and needs, what would delight customers and the things which may increase likelihood of adopting a value proposition.

Pains – the negative experiences, emotions and risks that the customer experiences in the process of getting the job done.

Customer jobs – the functional, social and emotional tasks customers are trying to perform, problems they are trying to solve and needs they wish to satisfy. A customer profile should be created for each customer segment, as each segment has distinct gains, pains and jobs.

Value Map

Gain creators – how the product or service creates customer gains and how it offers added value to the customer.

Pain relievers – a description of exactly how the product or service alleviates customer pains.

Products and services – the products and services which create gain and relieve pain, and which underpin the creation of value for the customer.

Achieving fit between the value proposition and customer profile

After listing gain creators, pain relievers and products and services, each point identified can be ranked from nice to have to essential in terms of value to the customer. A fit is achieved when

the products and services offered as part of the value proposition address the most significant pains and gains from the customer profile.

Identifying the value proposition on paper is only the first stage. It is then necessary to validate what is important to customers and get their feedback on the value proposition. These insights can then be used to go back and continually refine the proposition.

Brainstorming and Scamper Tools

SCAMPER technique provides 7 practical tools to generate new ideas or modify old ones in a creative way of ideas' crystallization.

SCAMPER is a mnemonic that stands for:

Substitute.

Combine.

Adapt.

Modify.

Put to another use.

Eliminate.

Reverse.

This tool helps you generate ideas for new products and services by encouraging you to think about how you could improve existing ones.



How to use:

You use the tool by asking questions about existing products, using each of the seven prompts above. These questions help you come up with creative ideas for developing new products, and for improving current ones.

Substitute

- What materials or resources can you substitute or swap to improve the product?
- What other product or process could you use?
- What rules could you substitute?
- Can you use this product somewhere else, or as a substitute for something else?
- What will happen if you change your feelings or attitude toward this product?

Combine

- What would happen if you combine this product with another, to create something new?
- What if you combine purposes or objectives?
- What could you combine to maximize the uses of this product?
- How could you combine talent and resources to create a new approach to this product?

Adapt

- How could you adapt or readjust this product to serve another purpose or use?
- What else is the product like?
- Who or what could you emulate to adapt this product?
- What else is like your product?
- What other context could you put your product into?
- What other products or ideas could you use for inspiration?

Modify

- How could you change the shape, look, or feel of your product?
- What could you add to modify this product?
- What could you emphasize or highlight to create more value?
- What element of this product could you strengthen to create something new?

Put to Another Use

- Can you use this product somewhere else, perhaps in another industry?
- Who else could use this product?
- How would this product behave differently in another setting?
- Could you recycle the waste from this product to make something new?

Eliminate

- How could you streamline or simplify this product?
- What features, parts, or rules could you eliminate?
- What could you understate or tone down?
- How could you make it smaller, faster, lighter, or more fun?
- What would happen if you took away part of this product? What would you have in its place?

Reverse

- What would happen if you reversed this process or sequenced things differently?
- What if you try to do the exact opposite of what you're trying to do now?
- What components could you substitute to change the order of this product?
- What roles could you reverse or swap?
- How could you reorganize this product?

Prototyping & Testing as an Entrepreneur

What's Entrepreneurship?

As per The Business Dictionary, Entrepreneurship is “The capacity and willingness to develop, organize and manage a business venture along with any of its risks in order to make a profit.”

This definition sheds the light on:

1. **Capacity and willingness:** Entrepreneurship is the combination of willingness and capacity, it depends on your desirability and your Knowledge & skills to build and lead a startup.
2. **Develop, organize and manage:** Entrepreneurship passes in many sequential phases, each requiring a variety of skills and different steps.
3. **Risk:** Entrepreneur excellence resides in how he anticipates and deals with risk and how able he is to solve volatile and brusque changes and problems.
4. **Make a Profit:** entrepreneurs must study and have a wide good range of knowledge enough for leading business to profit generation.

Who's The Entrepreneur?

Owning a business isn't for everyone. The stress and hard work that comes with it makes many people unwilling to dive in.

It takes a special kind of person to be an entrepreneur - to come up with an idea and put that idea into action. But not all ideas work out. In fact, the Bureau of Labor Statistics finds that 50% of small businesses fail within the first four years. Not a big vote of confidence for quitting your job and becoming an entrepreneur.

But entrepreneurs don't see the risk: they see the reward. As an entrepreneur myself, I know how to put the time and effort in to make my dream a reality.

If you want to be an entrepreneur, you need to have the right personality and the right attitude. Here are 10 essential characteristics to be successful as an entrepreneur:

1. Creative مبتكر
2. Passionate شغوف
3. Motivated متحمس
4. Optimistic متفائل
5. oriented-Future المستقبل على يركز
6. Persuasive مقنع
7. Flexible مرن
8. Resourceful المصادر متعدد
9. Adventurous مغامر

10. الرأى محدد Decisive

Startup Vs Small Business

A small business isn't in search of a business model that works down the line—they're looking for a business model that works from day one.

A small business is a self-sustaining organization that generates revenue from the first day of opening. They don't require major investments and time to formulate a company that works. Typically, a small business brings in a relatively small amount of sales, enters a local or regional market, and has a small number of employees. The official definition of a small business is set by the size standards by industry from the SBA.

The Key Differences between a Startup and a Small Business

Now that you know the definition of a startup and a small business (and how they're different from large corporations), the differences between the two entities begin to make a lot more sense. Namely, startups and small businesses are different in the following important ways.

The Growth Intent

The intent of the startup founder is to disrupt the market with an impactful business model. They want to take over the market. But for startups, that's not going to happen overnight. They require initial investments, and those investments won't return immediate results. Therefore, a startup probably won't be profitable in its first, second, or even third year (and some startups never even reach profitability). But startup founders set out to search for the right business model that scales to enormous heights in a massive market— as fast as possible.

This distinction also speaks to the industry in which you find the most startups: the tech industry. Startups are typically online or technology-oriented businesses that can easily reach a large market. To operate a small business, on the other hand, you don't need a big market to grow into. You just need a market and you need to be able to reach and serve all of those within your market in an efficient way.

Ask anyone to name a small business and they might name their local deli, coffee shop, plumber, or electrician. They're not disrupting an industry, but are attempting to be profitable within it.

The Funding Methods

One commonality that small businesses and startups do share is the challenge of finding financing. Giving money to both a small business and a startup is a risky endeavor. And if you're starting your own business or startup, it's important to know what you're getting yourself into when it comes to financing.

Startups typically look for major investments right off the bat. And they work with investors who are also looking to make major investments—but are picky about who they put their confidence in. Venture capitalists and angel investors typically invest a minimum of \$1 million in what's called "rounds." And in exchange for the capital, founders give away equity in the company to the investors—diversifying the ownership structure.

On the other hand, small business owners typically turn to debt financing through small business loans to meet their funding goals. Traditional banks and online lenders offer smaller amounts of capital, and charge interest for the funding. While small business owners have to pay more in the end for the capital, the integrity of their ownership stays completely intact.

When it comes down to it, startups partner with their financiers, and small business owners treat funding on a more transactional level.

Different "End Visions"

Every small business owner has a different intention of what they hope their small business will become—but generally speaking, small business owners intend to create self-sustaining and long-lasting small businesses. Startups, however, are intended to be temporary. If all goes well, that startup turns into a massive company—experiencing an IPO (initial public offering) event. Another common reality of a startup is a buy-out from a larger company.

Part 3 : Business Model Canvas (BMC)

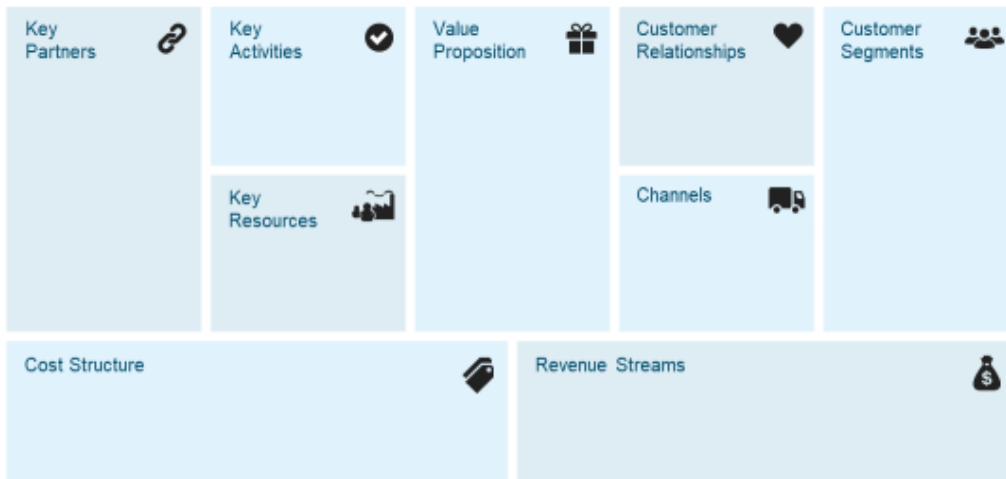
The Business Model Canvas (BMC) helps entrepreneurs understand, design, and communicate the logic of how their startup creates, delivers, and captures value. It is a visual framework that summarizes key elements of a business model on a single page. The goal is to clarify your idea, test assumptions, and design an innovative approach to market.

The Nine Building Blocks of the BMC

Component	Your Notes
Customer Segments (Who are your most important customers?)	
Value Proposition (What value do you deliver to your customers?)	
Channels (How do you reach and communicate with them?)	
Customer Relationships (How do you build and maintain connections?)	

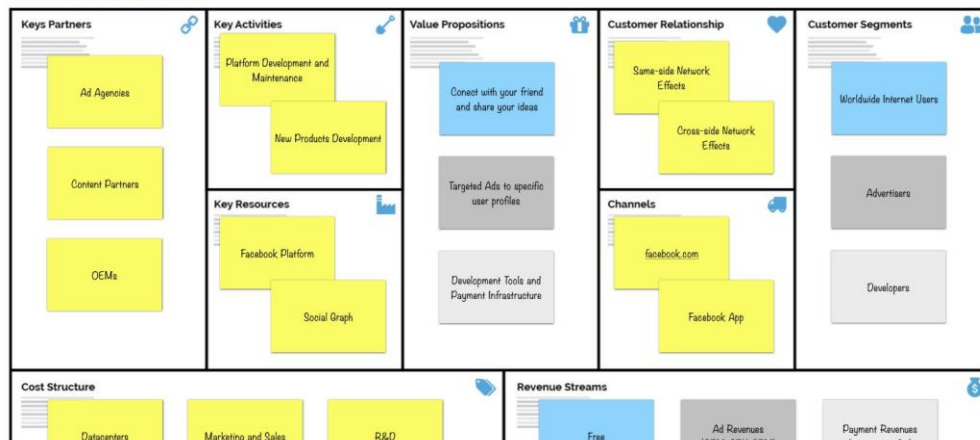
Revenue Streams (How does your business earn revenue?)	
Key Resources (What resources are essential to delivering your value?)	
Key Activities (What core activities make your model work?)	
Key Partnerships (Who helps you succeed?)	
Cost Structure (What are your major costs and fixed expenses?)	

Business Model Canvas - First and Quick Version



<http://www.businessmodelgeneration.com>

facebook - Business Model Canvas



Reflection Points

- What assumptions in your BMC are untested?
- Which customer segment feels most uncertain?

Part 4 : Customer Profiling

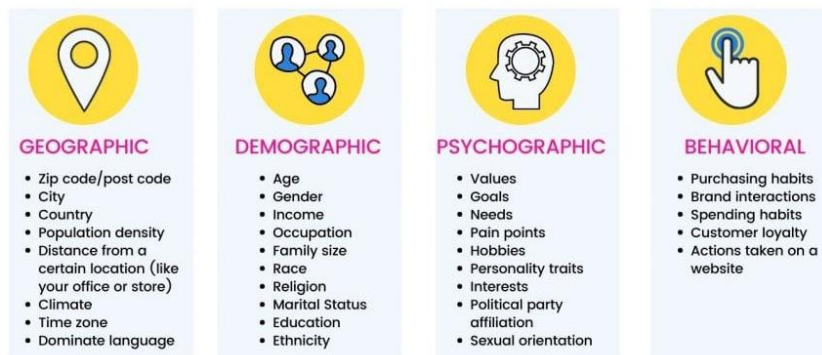
Customer profiling:

involves creating detailed descriptions of your ideal customers. It helps you design targeted solutions and effective marketing strategies.

Customer segmentation:


divides your audience into smaller, more specific groups based on demographics, needs, and behaviors.

MARKET SEGMENTATION



Customer Persona:

USER PERSONA ASSIGNMENT

 <p>PERSONA PHOTO</p> <p>QUOTE</p> <p>NAME</p> <p>AGE</p> <p>GENDER</p> <p>LOCATION</p> <p>OCCUPATION</p> <p>JOB TITLE</p> <p>KEYWORDS</p>	<p>HOPES & DREAMS</p>	<p>BIG FEAR</p>
	<p>REASONS TO TARGET THIS USER</p>	<p>SALES OBJECTIONS</p>

Here are the

- Photo: A photo helps users of the persona to make an immediate and memorable connection with the profile.
- Name: Giving your persona a name is a way to connect with the representation.
- Demographics: Demographics help you target ad platforms or fine-tune copy, as the information can help you write to your persona. For example, geographic location and salary can be important differentiators.
- Keywords: Use keywords to summarize each persona. Add them to a traditional persona page, or consider creating a page that makes fun use of a photo and keywords.
- Introduction: Personas can focus on numbers, statistics, and isolated facts, but include an introductory paragraph to contextualize the information and create a three-dimensional image of the persona.
- Quote: This may be an actual quote from a customer that represents the perspective of many customers in their segment. Or, this could be a summation of thoughts expressed through multiple users.
- Hopes & Dreams: Why would this person want or need your product?
- Big Fear: What is preventing the persona from achieving their goals?

- Reasons To Target This User: the reasons behind focusing on such customer segments to serve.
- Sales Objections: Consider why users might reject your project.

Customer Interviewing

To conduct an interview, firstly prepare a question script as a guide. During the interview, if something comes up that is not on the script, you can explore the idea on the fly. The interview process should be recorded by an observer who will document and take the interview notes on the below templates.

Interview Flow:

1. Introduce yourself
2. Clarify the purpose of the interview
3. Warm-up questions
4. Ask for stories
5. Clarify statements
6. Thank you and wrap-up

Interview Tips:

- Immerse: experience what users experience.
- Observe: view users and their behaviors in the contexts of their lives.
- Always have a beginner’s mindset.
- Think about the problem. Don’t ask for solutions.
- You’re not there to judge. Keep an open mind.
- Encourage stories.
- Observe non-verbal cues, such as use of hands, facial expressions.
- Explore emotions like “Why do you feel..?” “What do you feel about..?”
- Take detailed notes. Include quotes and statements.
- Keep questions to fewer than ten words.
- Ask one question at a time.
- If you get stuck, ask “why?” Constantly asking why digs deeper into emotion and motivation.

Part 5: Marketing

Evolution of Marketing

marketing developed from the beginning of last century till this era (marketing 3.0)

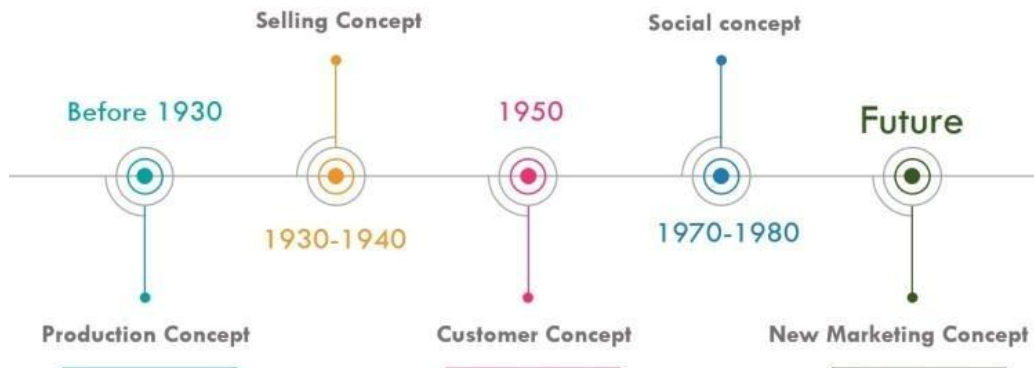
The Production Concept: Up to 1930 The concept was “anything Can be produced can be sold”.

In that period the competition was limited to the product quality, availability and Price which meets the society nature.

Sales Concept: During the 1940s with the grow of the competition it was not just all about cost or quality so the philosophy changed to “Goods are not bought but sold” Companies understood that they should reach to customer through Promotion.

Customer Concept: By 1950 the concept has changed again and it wasn't right just to push the products you have to the customer rather that produce the product which exactly meet the customer needs. Now the Start point is not the Product anymore, it is Customer’s needs, requirements and desires and here the marketing researches became important.

Social Concept: In the 1970 and 1980 With the raise of the huge and big companies and the big role of the IT in this period that generation concerns was not to fulfill the basic needs of food, safety or education which have been already secured through their parents.



in today's digital age, marketing has entered a new realm of possibilities with the advent of Artificial Intelligence (AI). By leveraging AI technologies, businesses can tap into vast amounts of data, automate processes, and deliver personalized experiences like never before. In this article, we will explore critical tips for successfully harnessing the power of AI in marketing, helping you navigate the AI era, and driving remarkable results.

In the era of AI-powered marketing. With personalization, chatbots, predictive analytics, voice search optimization, and more, businesses can unlock new levels of customer engagement and success. Embrace the potential of AI and stay adaptable in this ever-evolving landscape

1. Embrace Personalization with AI:

AI opens the doors to unparalleled personalization capabilities. By utilizing machine learning algorithms, you can analyze customer data to gain valuable insights into their preferences, behaviors, and pain points. Leverage AI-powered tools to segment your audience effectively and create tailored marketing campaigns that resonate with individual customers. Moreover, AI can help you deliver relevant product recommendations, enhancing customer satisfaction and boosting conversion rates.

2. Implement AI-Powered Chatbots and Virtual Assistants:

In an era where instant gratification is paramount, AI-powered chatbots and virtual assistants have emerged as invaluable assets. These intelligent tools can provide seamless customer support, answer queries, and guide users through their buying journey, all while enhancing efficiency. By implementing chatbots and virtual assistants, businesses can improve customer satisfaction and

free up human resources to focus on more complex tasks.

3. Leverage Predictive Analytics:

With AI algorithms and predictive analytics, marketers can gain powerful insights into consumer behavior and market trends. By analyzing vast datasets, AI enables businesses to anticipate customer needs, identify emerging patterns, and make data-driven marketing decisions. Harnessing the power of predictive analytics can lead to more effective targeting, higher customer engagement, and improve overall marketing performance.

4. Optimize for Voice Search:

As voice assistants like Siri, Alexa, and Google Assistant become increasingly popular, optimizing for voice search has become essential. AI technologies allow marketers to adapt their SEO strategies by incorporating long-tail keywords and conversational phrases. By aligning with the way people search using voice commands, businesses can capture a larger audience and drive more organic traffic to their websites.

5. Streamline Content Generation with AI:

Content creation is a time-consuming task, but AI-powered tools can streamline the process. AI algorithms can assist in writing blog posts, generating social media updates, crafting email campaigns, and creating product descriptions. By utilizing these tools, marketers can save time, improve consistency, and focus their energy on more strategic aspects of their campaigns.

6. Gain Insights through Sentiment Analysis:

Understanding customer sentiment is crucial for effective marketing strategies. AI algorithms can analyze social media conversations, customer reviews, and feedback to gauge sentiment accurately. This invaluable insight allows businesses to identify areas of improvement, address potential issues promptly, and enhance brand reputation. By leveraging sentiment analysis, marketers can make informed decisions that resonate with their target audience.

7. Optimize Pricing Strategies with AI:

Dynamic pricing optimization powered by AI algorithms has become increasingly popular in the AI era. By analyzing market demand, competitor pricing, and customer behavior, businesses can optimize their pricing strategies in real time. This dynamic approach helps maximize revenue, improve competitiveness, and provide customers with a personalized pricing experience.

8. Embrace Augmented Reality (AR) and Virtual Reality (VR):

AI-powered AR and VR technologies present exciting opportunities for immersive and interactive marketing experiences. Businesses can allow customers to visualize products in their own environments, provide virtual tours of their premises, or offer engaging brand experiences. By harnessing the power of AI in AR and VR, marketers can create memorable interactions that captivate their audience and drive brand loyalty.

9. Enhance Fraud Detection and Cybersecurity:

As digital transactions become more prevalent, AI plays a crucial role in enhancing fraud detection and cybersecurity measures. AI algorithms can identify potential fraudulent activities, detect anomalies in user behavior, and strengthen online security protocols. By safeguarding customer data and ensuring secure transactions, businesses can build trust and maintain a strong brand reputation.

10. Embrace Continuous Learning and Adaptation:

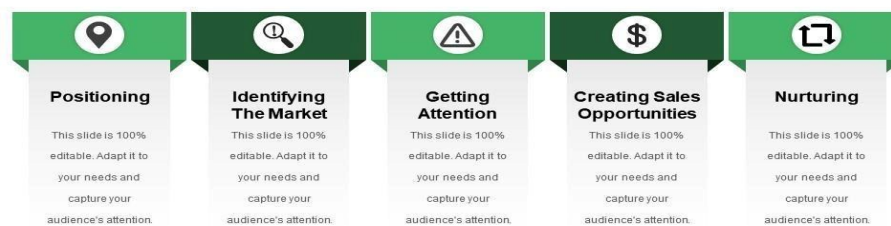
In the AI era, staying updated with the latest advancements is essential. AI technologies continuously evolve, and marketers must invest in learning resources and training programs to keep up. By continuously expanding their AI skills and knowledge, businesses can adapt their marketing strategies, experiment with new AI tools and techniques, and stay ahead of the competition.

B2B VS B2C Marketing

There are differences between B2B and B2C search marketing are significant. For marketers or digital marketing agencies serving both types of businesses, understanding these differences is crucial to developing a high-performing marketing strategy for a business. Whether it's relationship building or communication strategy, marketers must take different approaches to maximize the effectiveness of their marketing tactics.

B2B	VS	B2C
Lower volume, higher price		Higher volume, lower price
Education, efficiency		Entertainment, convenience
Interpersonal relationships		Transactional relationships
Logic and features		Desires and benefits
Long term goals		Short-term goals
Long sales cycle		Short sales cycle

B2B Marketing Strategic Framework Positioning Identification



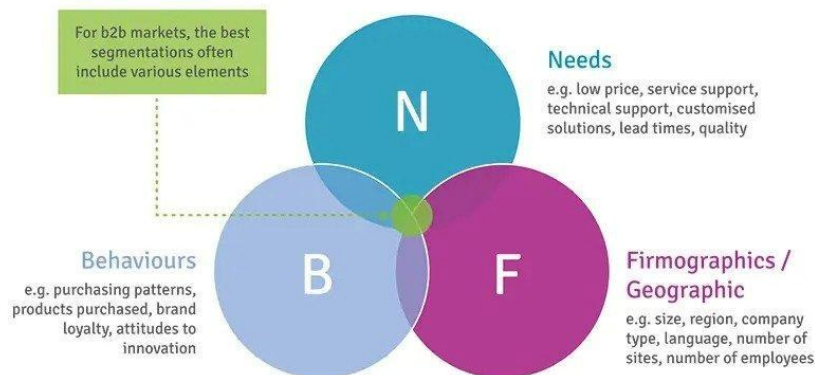
- **Positioning** - Developing effective positioning for your products and services is the first initiative to focus on as a marketer. To start, define the answers to these four questions: What problem are you solving? Who has the problem? How much are they willing to pay to solve it? How does it differ from other potential solutions?
- **Segmentation and Targeting** - You must identify and define the most lucrative markets for your product/service. The narrower the market, the more compelling your solution will be. The more targeted the messaging, the more effective it will be. Neither your product nor your messaging can be all things to all people. Focus!
- **Marketing Communication** - Get the attention of your market through effective marketing communication. From website SEO to case studies to webinars, explore and test all the avenues

at your disposal. Choose the most effective channels and invest in them. Above all: Content rules! Without high-quality content, even the best channel strategy will falter.

- **Create Sales Opportunities** - If you're in a consultative sales environment, develop initiatives, events and programs that get your salespeople in front of customers (trade show presentations, proprietary sponsored events, symposia, etc.). If your product line is more transactional and sells direct via web, focus on what drives traffic and sales (SEO, Pay-per-click, advertising, etc.).
- **Continuously Improve** - Test. Measure. Adjust. Be bold. Push the envelope and test new things. If you're risk-averse, do it in small batches. Remember, you'll never move the needle by doing the same stuff that got no results before. Note: by measuring everything, you get the upper hand in difficult conversations where people bring gut-feelings and unproven hypotheses. In the battle between opinion and facts, facts win every time.

Segmentation in B2B businesses

There are four main ways in which business market segmentation is approached: segments based on geography, firmographics, behaviors, and needs.



1. Geographic

A geographic segmentation is one based purely on where customers are located. It assumes that all customers in a particular region or country behave and act in a similar way, which can be true to an extent. However, such a method is crude, easily replicated and it is unlikely that all customers within a geography truly act and behave the same.

2. Behavioral

A step up from the firmographic method, this segmentation attempts to group customers according to similar buying behavior or patterns such as buying frequency, brand loyalty, products purchased, attitudes to innovation etc. This approach can be considered a half-way house to a needs-based segmentation, as customer behaviors are highly linked to needs. However, these behaviors can often change depending on the circumstances and customers, especially in b2b markets, do always not always act in the same way when transacting with a supplier.

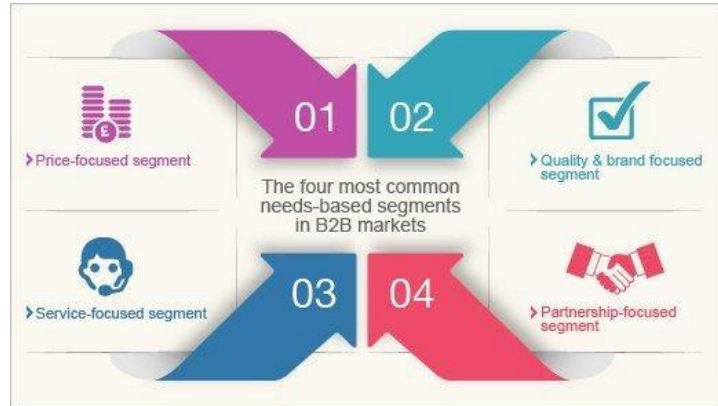
3. Firmographic

Firmographic segmentations are segments based on shared company or individual attributes such as company size, location, revenue, customer type, age, spend etc. This approach is often the most common in b2b markets, as larger spending customers will often think and behave differently to smaller customers. However, a firmographic segmentation does not necessarily give a competitive advantage in that it can easily be replicated by others.

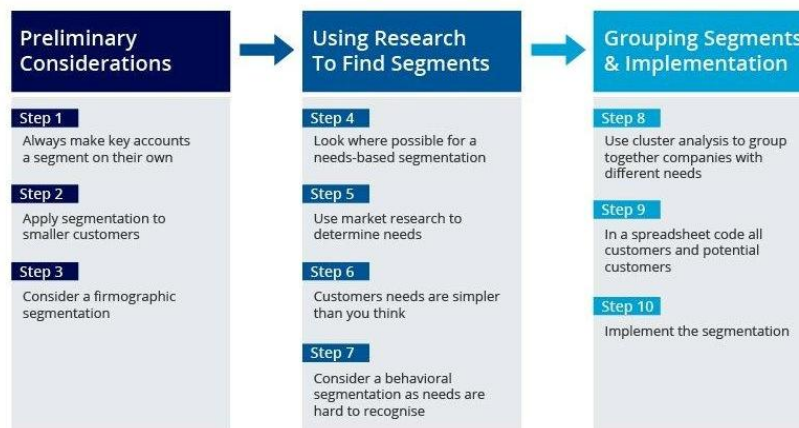
4. Needs-based

The final approach, which is said to be the most sought after of segmentations, is those which are based on customer needs such as low price, service support, customized solutions, ease of use, short lead times etc. By segmenting according to specific needs, an offer can be tailored solely to what that segment values most, and as such sell more to them, keep them satisfied and increase their loyalty. Such segments while difficult to do, are also hard to replicate by competitors. However, the needs-based approach is open to criticism in that while they work well in theory, in practice they are difficult to administer and apply to wider b2b markets due to the complexity of the b2b decision making unit and the inability to measure needs outside of existing datasets. Segmentation is considered the heart of marketing. To satisfy the needs of all your customers, you need to understand how their specific needs differ from one another. In B2B markets, there are far fewer behavioral and needs-based segments to work with compared to consumer markets. On average, a b2b study will reveal only 3 or 4 distinct segments. The four most common needs-based segments in B2B markets are listed below:

- **Price-focused segment:** Favor a more 'transactional' way of doing business, placing less importance on 'extras' in order to keep costs down.
- **Quality and brand-focused segment:** Seek the best possible product or service and is willing to pay a premium for it.
- **Service-focused segment:** Place high importance on customer service, such as aftersales care and fast, reliable delivery.
- **Partnership-focused segment:** Typically represents a company's key accounts, this segment places huge importance on trust and reliability with the supplier.



Guiding steps for successful segmentation



Step 1: Always Make Key Accounts A Segment on Their Own

Every company needs to segment its customers. Customers aren't all the same and they shouldn't be treated as such. Virtually every business to business company has key accounts and these are recognized as different and given special treatment.

The 80/20 rule which determines that 20% of customers account for 80% of turnover focuses special activity on those large accounts which determine the future of a business. For many businesses to business companies these key accounts amount to just a couple of handfuls of customers. It is quite reasonable therefore that such large and crucial customers should be

treated as individuals, scoping products and services to exactly meet their needs. This is segmentation at its best – segments of one.

Step 2: Apply Market Segmentation Analysis to The Smaller Companies

However, the corollary of the 80/20 rule is that 80% of customers account for only 20% of revenue. Eighty per cent of customers are, by definition, relatively small accounts and they dominate the customer population. Clearly, they should not be treated in the same way as the key accounts. Since this tail end of customers can run in too many hundreds of accounts, some sort of segmentation is needed. Without a segmentation these companies will either be treated as all the same (in which case many will be disappointed by an offer that does not suit them) or, equally unsatisfactory, an attempt will be made to treat each and every one as a special account, swallowing up a huge resource and yielding very little in the way of profit.

Segmentation enables us to group together customers with similar needs so that we can bring together limited resources to best serve them.

Step 3: Consider A Firmographic Segmentation

The question is, “how to segment?”. One of the simplest ways is to group together companies with a common physical attribute such as they are in a certain region, or classified in a particular industry. This is the equivalent of demographic segmentation in a consumer company. The classifications are important as they are often critical to understanding their needs. Demographics in consumer markets and firmographics in business to business markets is after all an important driver of its needs. A company selling welding equipment knows that welders in shipyards have quite different needs to welders in car assembly plants and so the industry grouping immediately flags up their need for a different offering. The needs for oil lubrication in the engine room of a supertanker are quite different to the needs for lubrication in the engines of the cars you and I drive. A segmentation according to industry grouping is therefore one of the most obvious and often most useful we can employ in business to business markets.

Written by Paul Hague

Step 4: Look Where Possible for A Needs-Based Segmentation

However, there are potential problems with segmentations based on industry. A company selling accountancy software may find that there is little difference in the needs for its products in a food company compared to one that makes steel. A company selling office copiers is unlikely to find much help from an industry segmentation that separates out manufacturers of safety pins from manufacturers of safety products. In many markets the needs of customers have a good deal of

crossover. Customers in a segment made up of heavy manufacturing companies could have the same need for customer service as companies making light electronic goods.

Furthermore, the segmentation based on industry groupings is so obvious that the chances are that this is how everybody does it. In other words, there is no competitive advantage to be achieved in doing what everyone else is doing.

A segmentation based on needs is, in theory, the ideal as it gets to the heart of marketing; that is the identification and satisfaction of customers needs' – at a profit of course. There are however, a number of practical problems in achieving a needs-based segmentation in business-to-business markets.

Step 5: Use Market Research to Find Out Needs

The first and very obvious problem is that needs are difficult to recognize. Market researchers are able to help in this regard. Certainly, it is possible for market researchers to devise questions which ask people what they require from suppliers, though this is not without some difficulties. How do we decide whose needs are to be satisfied? Is it the needs of the company, or the needs of the department that is involved in choosing the supplier, or is it the needs of the individual within the department who is a key decision maker?

All three of these needs must be addressed but there could be conflicts. At a company level, there could be an overriding need to choose suppliers that offer quality products, suppliers that are committed to the market, and suppliers that can be trusted. And yet, at a personal level, the purchasing manager may think he has to drive down prices to demonstrate that he is doing an excellent job. A market research question addressed to the buyer may elicit an answer that leads us to believe that the company is price driven when in fact the company demands quality products with full service.

The decision-making unit in many businesses comprises no less than two or three people. The professional buyers look after the day today procurement of supplies. The same company may also have chemists, engineers or technicians who play an active role in screening products and suppliers before they are approved list. A production manager could have a say in which suppliers are used as the choice could materially affect output levels on his production line.

Another problem in classifying companies according to their needs is that they can change quite quickly. When products are in short supply, deliveries are critical and many businesses to business markets have a large segment expressing a need for suppliers to deliver full orders, on time, every time. If the same market takes a downturn and frees up the supply of products, delivery may not be the issue that it once was. In a recessionary environment the company purchasing the products may be fighting for its life and be driven by the need to get costs as low as possible. A needs-based

segmentation would have to be capable of recognizing the shift that can take place in a company's needs if they change or if the personalities involved in the decision-making unit change. If these changes cannot be recognized an offer could be pushed to a group of customers who simply are not interested in it.

These cautionary notes do not mean that needs-based segmentations are inappropriate in business to business markets. Quite the opposite. They are the ultimate segmentation if they can be achieved. Indeed, it is healthy for every company to constantly be reviewing its customers' needs and responding to them. If a company has a mechanism for recognizing the needs and making adjustments when they change, this focus on customers and what they want will pay huge dividends. Sales forces will become skilled and practiced at asking customers what they want and ensuring that the right offer is directed at them, so satisfying them and achieving the maximum profit. A needs-based segmentation is the best means by which business-to-business companies can change from being product orientated to marketing orientated.

Step 6: Customers' Needs Are Much Simpler Than You Think

The starting point of a needs-based segmentation is to have a heart-searching review of what these needs may be. It is wise to keep the list of possible needs relatively short. Although we like to believe that buying decisions are a sophisticated synthesis of the many attributes in an offer, the reality is that there are usually just one or two factors that drive the choice of which product to buy or supplier to use. This is the action of cognitive misers. People are economical with their mental resources and make decisions based on just one or two criteria rather than a multi-attribute utility decomposition. Some of these criteria could be in the following list

- Quality products
- High levels of sales service
- The excellent reputation of the company
- Low prices
- High levels of technical service
- On time and reliable delivery
- Ease of doing business with the supplier

The list could be extended and modified according to the market but there will almost certainly be many of the above criteria that look and feel similar. And there should never be more than 10 factors on the list – eight is better.

It is now necessary to find out how important these different criteria are to our customers. We can do this in general conversation but that would make it difficult to analyze the results from

hundreds of conversations with customers. Also, customers may say that something is important and fail to mention others factors which they take for granted. It is helpful therefore to remind respondents of the different criteria by showing them the list or reading it out.

Some researchers use scales (from 1 to 10) to indicate the importance of the criteria to the customer. The trouble with this approach is that all the factors are seen to be important generating scores of 7, 8, 9, or 10. It is more useful to use a simple tradeoff question in which the respondent is given 20 points and asked to spend these points to indicate what they look for in a supplier. This forced choice is getting closer to how decisions are made for, as has been said, most people have just one or two criteria that are really important.

Step 7: Consider A Behavioral Segmentation If Needs Can't Be Recognized

There is a half-way house between a firmographic segmentation and a needs-based segmentation and this is behavioral segmentation. In some markets identifying needs can be truly difficult for the reasons discussed earlier in this paper. The decision-making unit is made up of many people; the needs are always changing. If this is the case, an alternative segmentation could be to find a measure of behavior that provides a good clue as to the hidden needs.

For example, some companies exhibit considerable loyalty to suppliers while others are constantly switching. This simple classification based on behavior may be a good indication of the needs of the customers. Some preferring a long-term partnership and being prepared to pay for this while others roam the market seeking cut price deals wherever they can.

Another example of buyer behavior could be to divide the market between companies that go out to tender with a closely scoped brief of their requirements versus companies that talk about their requirements with suppliers, asking for suggestions as to how their needs can best be satisfied. Not surprisingly, companies that exhibit the behavior of a tightly scoped brief are more likely to be driven by price and basic transactions whereas those that are more open to suggestions could value service and be prepared to pay for it.

Behavioral segmentation is therefore a strong option if it is too difficult to find a segmentation based directly on needs.

Step 8: Use Cluster Analysis to Group Together Companies with Different Needs

Once customers have been asked the trade-off question or their behavior has been successfully determined, the answers are analyzed using cluster analysis to group the respondents with similar answers. SPSS or some other statistical analysis tool is used to generate two, three, four or five clusters. It is unlikely that a segmentation with more than five clusters will be useful as each segment requires a distinct and different offer. The whole aim of a good segmentation is to find a

result which meets the needs of the market but reduces the number of offers so as to improve the efficiency of the supplier.

It is not unusual in segmentation analysis of this kind to find that a significant proportion of the population (often around 50%) requires the full package of criteria. They want a bit of everything from the list. However, there will be groups of customers who are strongly driven by just one or two of the criteria. For example, some will for sure want low prices and be prepared to forego other elements of the offer. Others may value the quality of products to the point where price is of little consequence. Quite clearly these groups of customers require different offers with different pricing scenarios.

Having achieved a segmentation based on customers' needs, a procedure is required for placing new customers into an appropriate segment. This should not be difficult as the points spend question can be asked of new customers and their answers will enable them to be classified accordingly. The points spend question should also be repeated every six to twelve months with current customers to ensure that any changing needs are recognized and addressed.

Step 9: In A Spreadsheet, Code All Customers and Potential Customers

Almost every business-to-business company has its customers listed in some sort of spreadsheet. This record of customer activity could be a sophisticated customer relationship management system or in most cases a simple Excel file. In the segmentation process, every customer on the spreadsheet must be located in one of the segments.

The starting point for grouping companies on the spread sheet is to use the answers to the points spend question. This should not be without some debate. It is conceivable that the answers to the trade-off question (or behavior questions) do not fit with the actions of the respondent company. It would not be the first time that the answers given in the interview were wrong, either because they were not given sufficient consideration by the respondent and answered glibly, or it was someone other than the key decision maker who answered, or that the respondent was simply being mischievous and trying to make a point (such as saying they were looking for lower prices in order to drive prices down).

Each response must pass a review and debate until there is sufficient confidence to allocate it to a particular segment in the spreadsheet. This spreadsheet will then be used to group companies, to direct messages and mailings, and to measure sales and profitability. The ultimate test of a good segmentation is that it brings in business which is profitable. The spreadsheet is the control mechanism by which this is measured.

Step 10: Implement the Segmentation

Having established a segmentation based on either customers' needs or behavior, the final and arguably one of the most difficult tasks is to implement it. Each segment by definition requires a different offering. The offering, or as we prefer to refer to it the customer value proposition (CVP), must be recognizably different and distinctive for each segment. Where claims have been made for the value proposition, these must be defensible in that it should be possible to demonstrate and prove to customers that the wonderful claims that distinguish it really are true.

Armed with the segmentation and appropriate CVPs that go with them, it is now time to engage the support of the sales force. Winning the cooperation of the sales force is not always easy. Salespeople have a built-in resistance to being told that there are customers in their patch who are not necessarily interested in the lowest prices. In many business-to-business segmentation studies, price fighters usually account for less than a third of all customers and sometimes considerably less. This flies in the face of a salesperson's instinct who believes that all customers are price conscious and therefore driven by price.

Implementing a segmentation study requires the sales force to understand the benefits of segmentation. It also requires them to be trained in asking the "killer questions" that determine which segment customers and potential customers fall into. In the early days of implementing a new segmentation, it is essential to closely monitor the sales force to ensure that they work towards a successful needs segmentation and do not kill it in order to return to a cozy life in which they are given free rein and any offer will do.

Expenditure Tracking

Types of Costs

- Direct Materials (Traceable by the volume of production)
- Direct Labor (Traceable by the volume of production)
- Manufacturing Overhead (Untraceable by the volume of production) (Allocated)

Budget

Budget is a detailed quantitative plan for acquiring & using financial & other resources over a specified forthcoming time period.

The operating budget focuses on the day-to-day running of the company and it usually covers a one-year period. The annual operating budget may be divided into quarterly or monthly budgets.

Financial Statements

Financial statements are documents that convey a company's business activities and financial performance.

"They show you where a company's money came from, where it went, and where it is now."

It's not unusual for government agencies or accounting firms to audit an organization's financial statements for tax, financing, or investing purposes, as well as to confirm and ensure overall accuracy and regulatory compliance.

Types of Financial Statements

GAAP: Generally Accepted Accounting Principles

IFRS: International Financial Reporting Standards

For-profit businesses use four primary types of financial statements: the balance sheet, the income statement, the statement of cash flow, and the statement of retained earnings.

Income Statement

Also called a profit and loss statement, indicates the amount of profits generated by a firm over a given time period. Its main purpose is to convey details of profitability and the financial results of business activities. Investors rely on the income statement to indicate how well management is controlling expenses, which can, of course, help increase profits. In its most basic form, the income statement may be represented as follows: Sales - expenses = profits

The operating income is the result of management's decisions relating only to the operations of the business and is not affected at all by how much debt the company owes. Rather, the operating income of a firm reports the results of the following important activities:

1. Sales (revenues), which is equal to the selling price of the products or services to be sold times the number of units sold (selling price * units sold = total sales).

2. Cost of goods sold, which is the cost of producing or acquiring the goods or services that were sold.
3. Operating expenses, which include:
 - a. Marketing and selling expenses (the expenses related to marketing, selling, and distributing the products or services).
 - b. The firm's overhead expenses (general and administrative expenses, and depreciation expenses).

We next determine the earnings before taxes, or taxable income, by deducting the interest expense paid on the firm's debt. Next, the firm's income taxes are calculated based on its earnings before taxes and the applicable tax rate for the amount of income reported.

The next and final number in the income statement is the net income, or earnings available to common stockholders, which represents income that may be reinvested in the firm or distributed to its owners—provided, of course, the cash is available to do so.

After completing the income statement. The firm's owners (common stockholders) like to know:

- How much income the firm made on a per share basis, or what is called earnings per share (EPS). We calculate earnings per share as net income divided by the number of common stock shares outstanding.
- The number of dividends a firm pays for each share outstanding, or the dividends per share (DPS).

What conclusions can we draw from an income statement?

- To answer this question, it is helpful to look at each item in the income statement as a percentage of sales.
- Such a revision is called a common-sized income statement.

The common-sized income statement allows us to express expenses and profits on a relative basis so that we can more easily compare a firm's income performance across time and with competitors.

The profits-to-sales relationships are defined as profit margins.

Balance Sheets

Also called a statement of financial position which provides a snapshot of the firm's financial

position at a specific point in time, presenting its asset holdings, liabilities, and owner-supplied capital (stockholders' equity).

In its simplest form, a balance sheet is represented by the following balance sheet equation:

Total assets = total debt (liabilities) + total shareholders' equity

Where total assets represent the resources owned by the firm, and total liabilities (debt) and total shareholders' equity indicate how those resources were financed. The conventional practice is to report the amount of a firm's various assets in the balance sheet by using the actual cost of acquiring them. Thus, the balance sheet does not represent the current market value of a company's assets and consequently does not reflect the value of the company itself. Rather, it reports historical transactions at their cost. Therefore, the balance sheet reports a company's accounting book value, which is simply equal to a firm's total assets as listed in its balance sheet.

On the balance sheet, assets are listed from the most liquid to the least liquid, that is, in the order of decreasing liquidity. Liquidity refers to the ability to quickly convert an asset into cash without lowering the selling price. A highly liquid asset can be sold quickly without causing a decrease in the value of the asset, whereas an illiquid asset either cannot be easily converted to cash or can only be sold quickly at a significant discount.

For example, cash is much more liquid than a building. Liquidity is important because holding liquid assets reduces the chance that a firm will experience financial distress. However, liquid assets usually generate less return than illiquid assets. For example, holding cash would earn no return at all. Therefore, financial managers must choose a reasonable percentage of liquid assets so that the company can enjoy the benefits of liquidity without significantly hurting a firm's profitability.

Cash Flow Statement

You need to be aware that the profits shown on a company's income statement are not the same as its cash flows! In the words of author Jan Norman, "Even profitable companies can go broke." That's a difficult truth for start-up business owners to swallow. Many a profitable business on paper has had to file bankruptcy because the amount of cash coming in did not compare with the amount of cash going out. An income statement is not a measure of cash flows because it is calculated on an accrual basis rather than a cash basis. In accrual basis accounting, profits are recorded when earned—whether or not the profits have been received in cash—and expenses are recorded when they are incurred—even if money has not actually been paid out. In cash basis accounting, profits are reported when cash is received, and expenses are recorded when they are paid.

Profits Versus Cash Flow

For a number of reasons, profits based on an accrual accounting system will differ from the firm's cash flows. These reasons include the following:

We need to understand that changes in a firm's balance sheets have implications for its cash flows.

1. Sales reported in an income statement include both cash sales and credit sales. Thus, total sales do not correspond to the actual cash collected. A company may have had sales of \$1 million for the year but has not collected all these sales. If accounts receivable increased \$80,000 from the beginning of the year to the end of the year, then we would know that only \$920,000 of the sales had been collected ($\$920,000 = \$1,000,000 \text{ sales} - \$80,000 \text{ increase in accounts receivable}$).
2. Some inventory purchases are financed by credit, so inventory purchases do not exactly equal cash spent for inventory. Consider a business that purchased \$500,000 in inventories during the year, but the supplier extended credit of \$100,000 for the purchases. The actual cash paid for inventories would only be \$400,000 ($\$400,000 = \$500,000 \text{ total inventory purchases} - \$100,000 \text{ additional credit granted by the supplier}$).
3. The depreciation expense shown in the income statement is a noncash expense. It reflects the costs associated with using an asset that benefits the firm's operations over a period of multiple years, such as a piece of equipment used over 5 years. Thus, if a business had profits of \$250,000 that included depreciation expenses of \$40,000, then the cash flows would be \$290,000 ($\$250,000 \text{ profits} + \$40,000 \text{ depreciation expense}$).

Return on Investment (ROI)

How to Calculate Return on Investment (ROI)?

ROI can be calculated using either of two methods.

First method:

- $\text{ROI} = \text{Net Return on Investment} / \text{Cost of Investment} \times 100\%$
- $\text{ROI} = \text{Cost of Investment} / \text{Net Return on Investment} \times 100\%$

Second method:

- $\text{ROI} = \text{FVI} - \text{IVI} / \text{Cost of Investment} \times 100\%$
- $\text{ROI} = \text{Cost of Investment} \text{ FVI} - \text{IVI} \times 100\%$

Where:

FVI=Final value of investment

IVI=Initial value of investment

Income Statement Example

Menielle, Inc. is a wholesale distributor of electronics. It sells laptops, cameras, and other electronic gadgets.

Use the scrambled information below to construct an income statement, along with a common-sized income statement. Also, calculate the firm's earnings per share and dividends per share.

- Interest expense \$ 35,000
- Sales \$400,000
- Cost of goods sold \$150,000
- Common stock dividends \$ 15,000
- Selling and marketing expenses \$ 40,000
- Income taxes \$ 40,000
- Administrative expenses \$ 30,000
- Depreciation expense \$ 20,000
- Number of shares outstanding 20,000

EXAMPLE 3.1 Constructing an income statement

Menielle, Inc. is a wholesaler that distributes electronics. It sells laptops, cameras, and other electronic gadgets. Use the scrambled information below to construct an income statement along with a common-sized income statement. Also calculate the firm's earnings per share and dividends per share.

Interest expense	\$ 35,000	Net income	\$40,000
Cost of goods sold	\$150,000	Common stock dividends	\$ 15,000
Selling and marketing expenses	\$ 40,000	Income taxes	\$ 40,000
Administrative expenses	\$ 30,000	Depreciation expense	\$ 20,000
Number of shares outstanding	20,000		

STEP 1: FORMULATE A SOLUTION STRATEGY

The following T-accounts provide the format for the income statement:

Income	Sales
Less: Cost of goods sold	
Equals: Gross profit	
Less: Operating expenses (selling and marketing expenses)	
Equals: Operating income	
Less: Interest expense	
Equals: Earnings before taxes	
Less: Income taxes	
Equals: Net income	

Balance Sheet Example

Given the information below for Menielle, Inc., construct a balance sheet and a common-sized balance sheet. As a percentage of assets, what are the firm's largest investments and sources of financing?

- Gross fixed assets \$75,000
- Accounts receivable \$ 50,000
- Cash \$10,000
- Long-term bank note \$ 5,000
- Other assets \$15,000
- Mortgage \$ 20,000
- Accounts payable \$40,000
- Common stock \$100,000
- Retained earnings \$15,000
- Inventories \$ 70,000
- Accumulated depreciation \$20,000
- Short-term notes \$ 20,000

EXAMPLE 3.2 Constructing a balance sheet

Given the information below for Menielle, Inc., construct a balance sheet and a common-sized balance sheet. As a percentage of assets, what are the firm's largest investments and sources of financing?

Gross fixed assets	\$75,000	Accounts receivable	\$ 50,000
Cash	\$10,000	Long-term bank note	\$ 5,000
Other assets	\$15,000	Mortgage	\$ 20,000
Accounts payable	\$40,000	Common stock	\$100,000
Retained earnings	\$15,000	Income taxes	\$ 40,000
Accumulated depreciation	\$20,000	Short-term notes	\$ 20,000

STEP 1: FORMULATE A SOLUTION STRATEGY

The balance sheet can be constructed as follows:

Current assets	Accounts receivable	Equity
+ Long-term bank note	+ Long-term liabilities	+ Common stock
= Total assets	= Total liabilities + Shareholders' equity	

STEP 2: FINDING THE NUMBERS

Your results should be as follows:

Assets	Liabilities and Equity
Cash	Accounts payable
Accounts receivable	Short-term notes
Inventories	Long-term bank note
Total current assets	Common stock
Other fixed assets	Retained earnings
Accumulated depreciation	
Net fixed assets	
Total assets	Total liabilities and equity

Common-Sized Balance Sheet

Assets	Liabilities and Equity
Cash	Accounts payable
Accounts receivable	Short-term notes
Inventories	Long-term bank note
Total current assets	Common stock
Other fixed assets	Retained earnings
Accumulated depreciation	
Net fixed assets	
Total assets	Total liabilities and equity

Cash flow Example

Given the following information for Menielle, Inc., prepare a statement of cash flows.

- Increase in accounts receivable \$13
- Dividends \$ 5
- Increase in inventories 25
- Change in common stock 0
- Net income 33
- Increase in gross fixed assets 55
- Beginning cash 15
- Depreciation expense 7
- Increase in accounts payable 20
- Increase in accrued expenses 5
- Increase in long-term notes payable 28

EXAMPLE 2.2.1 Preparing cash flows

Given the following information for Menielle, Inc., prepare a statement of cash flows.

Change in Balance Sheet Item	Amount	Change in Balance Sheet Item	Amount
Accounts receivable	\$13	Dividends	\$5
Inventories	25	Change in common stock	0
Net income	33	Change in gross fixed assets	55
Depreciation expense	7	Beginning cash	15
Increase in accounts payable	20	Depreciation expense	7
Increase in accrued expenses	5	Increase in accounts payable	20
Increase in long-term notes payable	28	Increase in accrued expenses	5
		Increase in long-term notes payable	28

STEP 1: FORMULATE A SOLUTION STRATEGY

The cash flow statement uses information from the firm's balance sheet and income statement to calculate the net increase and decrease in cash for a specific period of time. Most items on the income statement are recognized from cash flow operating activities, from investing activities, and from financing activities.

Each item from the income statement:

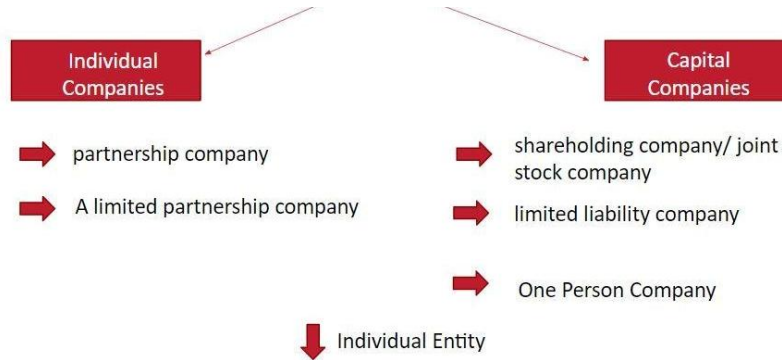
- Revenue: Cash flow from operating activities
- Expenses: Cash flow from operating activities
- Depreciation: Cash flow from operating activities
- Gain/Loss: Change in cash
- Dividends: Cash flow from financing activities
- Change in common stock: Change in cash
- Change in long-term notes payable: Change in cash
- Change in gross fixed assets: Change in cash

STEP 2: CONSIDER THE CHANGES

Net increase (decrease) in cash:

Net income	33
Adjustments:	
Depreciation expense	7
Increase in accounts receivable	(13)
Increase in inventories	(25)
Change in accounts payable	20
Change in accrued expenses	5
Change in long-term notes payable	28
Change in gross fixed assets	(55)
Dividends	(5)
Change in common stock	0
Change in cash	15
Change in cash	15
Beginning cash	15
Ending cash	30

A - Types of Companies in Egypt



Note that a one-person company is different than an individual entity.

Let's take a look into them in detail in this section.

1. Capital Companies

1.1. Shareholder/Joint Stock Companies

- Number of founders: minimum 3 individuals (whether natural or non-natural entities)
- Capital: 250K EGP, at least 10% of which needs to be paid at founding, and the remainder up to 25% needs to be paid within three months from the founding date.
- Share Value: Min 10 piasters and Max 1000 EGP
- Company Name: The company acquires a name derived from its mission and it may include one or more of the names/titles of the founders.
- Company Management: The board consists of at least (3) members, some or all of which can be non-shareholders.
- Foreigners' Share: Non-Egyptians can own 100% of the shares unless the company's area of work is in one of the areas restricted only to Egyptians or that require a min percentage of shares allocated for Egyptians.
- Company Bankruptcy: The company's bankruptcy does not lead to the bankruptcy of its board's individual members or shareholders, and they are only legally liable within the limits of their capital contribution. Therefore, they are not liable for the company

debts in the case of company bankruptcy.

1.2. Limited Liability Company (LLC):

- Number of founders: minimum 2 and maximum 50 individuals (whether natural or non-natural entities)
- Capital: The min capital requirement is determined by the founders in the founding agreement and is divided into equal shares. (There is no set minimum capital requirement)
- Share Value: There is no min or max requirement.
- Company Name: The company can acquire a name derived from its mission or from one of its founders' names. It can also have its own unique name.
- Company Management: The company is managed by one or more managers, not necessarily selected from among the founders, based on the founders' agreement.
- Foreigners' Share: Non-Egyptians can own 100% of the shares unless the company's area of work is in one of the areas restricted only to Egyptians or that require a min percentage of shares allocated for Egyptians.
- Company Bankruptcy: The company's bankruptcy does not lead to the bankruptcy of the partners or managers. Therefore, they are not liable for the company debts in the case of company bankruptcy.

1.3. One-Person Company:

- Number of founders: one individual only (whether natural or non-natural entities)
- Capital: The min capital requirement is 1000 EGP, and the full amount needs to be deposited in a bank prior to founding.
- Share Value: There is no min or max requirement.
- Company Name: The company can acquire a name derived from its mission or from its founder's name.
- Company Management: The company is managed by a manager, who does not necessarily have to be the founder, but the manager has to be a natural person.
- Foreigners' Share: Non-Egyptians can own 100% of the shares unless the company's area of work is in one of the areas restricted only to Egyptians or that require a min percentage of shares allocated for Egyptians.
- Company Bankruptcy: The company's bankruptcy does not lead to the bankruptcy of its founder or manager. Therefore, they are not liable for the company debts in the case of company bankruptcy.

1.4. Individual Entity

- It's a company that is owned and run by one person, who acquires the legal label of a 'merchant'. Therefore, they have to meet the necessary legal requirements to practice commerce, which includes being 21 years of age, or 18 years of age with a judiciary permission to practice commerce.
- This kind of companies is established in accordance with Investment Law 72 for Year 2017, and are engaged in one or more of the activities that are stated in Article I of the executive decree regarding this law issued in accordance with the prime ministers' administrative decision 2310.
- Capital: No minimum requirement and is determined by the owner.
- The company owner/founder can be an Egyptian or foreigner.

2. Individual-Based Companies

These are companies where the individual owner's person is strongly linked to the company's identity, and that link becomes the central factor in dealing with the company. These companies are usually composed of a few numbers of owners who are connected in some way as family or friends that share a relationship of mutual trust in each other's competencies.

The company ends if one of the founders dies, leaves, goes bankrupt, or is put under legal conservatorship.

B - Types of Startup Agreements

1. Shareholders Agreement:

A Shareholders Agreement is a legal document that outlines the rights, responsibilities, and obligations of the shareholders of a company. It is usually longer and more complex than a Founders Agreement and is put in place typically at the time a start-up issues shares to external investors. A Shareholders Agreement provides a framework for the relationship between the company's shareholders, as well as investor rights. It also provides for decision-making and conflict resolution.

What should you include in a Shareholders Agreement?

When external investors come on board, addressing issues beyond the arrangements between the founders becomes essential. Other than details of the business and the shareholders, a Shareholders agreement will typically contain the following provisions.

- Share ownership – The agreement should outline the number and type of shares each shareholder holds. It should also address the rights and privileges of each class of shares, for example, common or preferred shares.
- Management and control/board appointments – The role of the board of directors, who can appoint or remove board members. How will major business decisions be made? Shareholders rights can include the right to appoint a board member.
- Dividend policy/rights – The timing and frequency of dividend payments. Investors may have a right to receive a specific preferred dividend.
- Shareholder obligations – The obligation to maintain confidentiality, the obligation to provide financial information, or the obligation to attend shareholder meetings.
- Shareholders rights – Depending on the class of shares issued to them. Most of the time, shareholders will receive preferred shares. Preferred shares come with special rights and protections. Investors often want these rights to protect their investments.

2. Founder Agreement

A Founders Agreement is a legal contract that governs the business relationships between the founding team. The founders sign it. A Founders Agreement should provide a framework for the relationship between the company's founders, outlining their respective rights, obligations, responsibilities, and liabilities. It also provides a roadmap for decision-making and conflict resolution. A Founders Agreement aligns the founding team and ensures they

understand their role in the venture.

What should you include in a Founders Agreement?

Details of the founders and the equity ownership of each.

- Business information – What will the business of the start-up be?
- Intellectual property – A clear description of the IP; who owns it?
- Transfer of ownership provisions – Is there a lock-up provision, or can founders transfer shares immediately? Is there a right of first refusal? How will the Founders exits be governed?
- Contributions – Who is contributing what? Are contributions in cash or kind?
- Roles and responsibilities – A detailed summary of who is responsible for what and what happens if the person is not performing.
- Decision-making and dispute resolution – Who has the authority to make what decisions? Who has a vote? Is there a veto, right? What happens in a deadlock? What happens at board level? How will disputes be resolved? Arbitration, mediation? Who carries the cost?
- Vesting – How and when each co-founder gets their shares or equity over time rather than immediately, and what happens if they leave or are removed before the end of the vesting period?
- Confidentiality clauses, non-disclosures and non-competes to ensure business ideas and concepts remain confidential. Are founders restricted from joining or setting up a competitor's business?
- Dissolution and Termination clauses – Which events may lead to the venture's dissolution? What is the winding-up process and distributions in case of termination?
- Governing law and dispute resolution – The jurisdiction where disputes will be heard and the method of resolution (e.g., English law and courts, ICC arbitration held in London, etc.)

3. NDA Agreement Requirements for an NDA

NDA's may be customized for any situation. In general, there are usually six major elements that are considered essential to any non-disclosure agreement:

3.1. Participants to the Agreement

Every non-disclosure agreement must specifically designate who every party involved entails. For the individual receiving the sensitive information, this may be a specific individual person, all employees of another specific company, or any representative of the company.

On the other hand, it's very important for a company to appropriately define itself in an NDA. For example, consider companies with complex legal structures. The company must appropriately determine which legal entity has ownership of the information; in many cases, a company may simply list any legal entity under a broad ownership umbrella.

3.2. Definition of Confidential Information

Often among the most difficult pieces to appropriately define, an NDA must state what information is considered to be confidential. A company cannot simply assume that proprietary information will be understood by all, and it is the company's responsibility to identify what information must not be shared.

The difficulty of defining confidential information is the process of not disclosing such information itself within the NDA. For this reason, companies may broadly assign confidentiality to a large group. For example, the company may assess that any information disclosed from or regarding its research and development department may be confidential.

3.3. Exclusions of Confidentiality

In some situations, it may just be easiest to define what is not confidential. In these types of agreements, a company states that all information shared with an external party is to be confidential except specific items determined by that company. The intention of these types of agreements is to allow a company to catch any exceptions that would have otherwise slipped by.

3.4. Appropriate Uses of Information

Sometimes, a company may state that no information is confidential. However, it may simply limit how the external party may use the information that has been given to them. For example, a company may be fine disclosing operating processes to another party.

However, that party cannot use the information to share with a competitor or replicate it for personal financial benefit.

3.5. Time Period

Especially relating to research and development, many proprietary bits of information simply expire or become less valuable over time. Consider the early days of Apple iOS; many components of the operating service were unknown, and the technology was widely unknown by the market. Today, much of that information is replicated by other companies or adapted into newer technologies. For this reason, what was once sensitive information may have lost its luster, and companies often define when the information is no longer confidential.

3.6. Other/Miscellaneous Provisions

As mentioned earlier, NDAs may be customized to serve any need. Different industries may have different requirements, and government agencies may have more stringent requirements on keeping sensitive information private.

In this area, an NDA may also detail applicable state law or laws that apply to the agreement and which party pays attorney fees in the case of a dispute. This may also define the course of action if the agreeing party should fail to comply with the terms.

3.7. Information Protected With NDA

There're endless opportunities for companies to protect themselves with NDA. In general, NDAs are used to protect information including but not limited to:

- Customer information. This includes major customers, major customer contact information, and customer preferences. This may also include any direct communications with customers.
- Financial information. This includes specific financial information relating to any customer or any financial information not required to be publicly disclosed. This type of information is often more related to cost accounting information as opposed to financial accounting information.
- Intellectual property. This includes patents, copyrights, trade secrets, technologies, and anything a company uses as a competitive advantage.
- Marketing information. This includes processes, billing policies, pricing strategies, and advertising techniques.

- Operating information. This includes employee data, supplier information, any information related to payroll, or any aspect of internal costs required to operate the company not required to be publicly disclosed.

3.8. Exclusions to NDAs

NDAs can't contain specific pieces of information if the information is common knowledge or already in the public domain. This includes any information that may be widely known or considered public knowledge, though there may be a discrepancy around how this is defined. This also includes information that becomes publicly known at no fault to the recipient of the NDA.

Information that the receiver of the NDA already knows before receiving the agreement cannot be included in the agreement. In addition, information that can be determined via independent research or rightfully obtained from a third party cannot be defined as confidential as well.

3.9. Advantages and Disadvantages of Having an NDA

The primary benefit of an NDA is that sensitive information regarding your company is kept secret. This can be anything from research and development (R&D), possible future patents, finances, negotiations, and more. Signing an NDA is a way to protect private information from becoming public.

NDA agreements are also clear. They specify what and what cannot be disclosed to avoid any confusion. NDAs can also be created at a low cost as they are really just a signed piece of paper. This is one of the most cost-effective ways to maintain private information.

NDAs also outline the consequences of disclosing prohibited information, which should prevent any leaks. Furthermore, NDAs are a good way to maintain comfort and trust in a relationship.

When entering into a non-disclosure agreement, make sure that confidential information and trade secrets are distinguished from each other. The latter usually has an indefinite period of confidentiality.

One of the primary disadvantages of an NDA agreement is that it starts a relationship off on the idea of mistrust. This can set the tone of the relationship and may not always result in a positive one. Employee NDAs can also prevent top-tier talent from joining your firm, knowing they'd be limited in discussing their job in the future.

Similarly, asking current employees to sign NDAs when working on special projects may sour their experience of working for the company as they will feel less trusted. NDAs can also result in potential lawsuits if breached, becoming a headache for everyone involved.

Pros:

- Information kept private
- Clarity on what information can and cannot be shared
- Low cost to create
- Outlines consequences

Cons:

- Can create an atmosphere of mistrust
- Risk of deterring top-tier talent from joining the firm
- Can possibly sour the relationship with current employees

4. Term sheet

A term sheet is a document that outlines the key terms of a proposed investment in a start-up. If you are planning to raise investments from Venture capitalists, a term sheet will be your best friend. It is a non-binding agreement that sets the framework for negotiating a more detailed investment agreement.

Features and importance of an ideal term sheet:

The important features include outlining the key terms of investment, specifying the amount of investment, and setting the framework for negotiating a more detailed agreement. A term sheet is important because it sets the foundation for the investment and helps ensure that all parties are on the same page before negotiating a more detailed agreement. It also provides a framework for the negotiation of a more detailed agreement.

Clauses:

Here are some common clauses in a term sheet:

- **Company Information:** This clause provides an overview of the company, including the company's name, address, incorporation date, and industry.
- **Investment Overview:** This clause details the amount of investment being offered, the form of the investment (e.g. equity or debt), and the valuation of the company.
- **Capitalization:** This clause outlines the company's current and post-investment capital structure, including the number of authorized and issued shares, outstanding convertible instruments, and other equity.
- **Stock Option Pool:** This clause details the company's stock option pool, including the size of the pool, the strike price, and the vesting schedule.
- **Preferred Stock:** This clause outlines the rights and preferences of the preferred stock, including dividends, liquidation preferences, and voting rights.
- **Board of Directors:** This clause details the composition and responsibilities of the board of directors, including the size of the board, the composition of the board, and the appointment process.
- **Management:** This clause details the responsibilities and compensation of the company's management team, including the roles and responsibilities of the CEO, CFO, and other key executives.
- **Use of Proceeds:** This clause outlines how the investment proceeds will be used, including specific expenditures and the intended return on investment.
- **Closing Conditions:** This clause details the conditions that must be met before the investment can close, including regulatory approvals, due diligence, and the execution of definitive agreements.
- **Covenants:** This clause outlines the obligations of the company and the investors, including restrictive covenants, representation and warranties, and indemnification.

5. Service agreement

A Service Agreement is a contract between a company and an independent contractor or service provider. It outlines the terms of the services to be provided, reduces misunderstandings, sets expectations, and protects Intellectual Property by clarifying ownership and confidentiality obligations. It also facilitates payment and ensures prompt payment as agreed.

5.1. Features

- **Clarity:** A service agreement clarifies the terms and conditions of the services to be provided, reducing the risk of misunderstandings and disputes.
- **Protection:** A well-drafted service agreement can protect a start-up's interests by defining the responsibilities of each party and setting clear expectations.
- **Flexibility:** Service agreements can be tailored to meet the specific needs of a start-up, allowing for flexibility in the provision of services.
- **Evidence:** A service agreement serves as written evidence of the terms and conditions agreed upon by both parties, providing a reference point in the event of a dispute.
- **Credibility:** Having a professional and well-drafted service agreement can enhance a start-up's credibility and reputation.
- **Increases Trust:** Sets clear terms and builds strong business relationships. Supports Legal Enforcement: Provides the legal basis for dispute resolution.
- **Enhances Professionalism:** Demonstrates commitment to high-quality services. Provides Legal Protection: Protects from liability in case of damages or losses.

6. Employment agreement:

An employment agreement is a contract between an employer and employee that outlines the terms and conditions of the working relationship.

An employment agreement is also referred to as an employment contract, contract of employment, job contract, or employee contract.

The agreement is typically acknowledged and signed by the employer and employee after a new hire accepts their job offer. An employment agreement can be applied to part-time or full-time employees in both small businesses and enterprises.

What's the purpose of an employment agreement?

The purpose of an employment agreement is to solidify a working relationship between employee and employer by defining the responsibilities and obligations of both parties. By using this type of contract, employers can improve the employee experience and mitigate legal risks. Provide new employees with a clear understanding of their position and job responsibilities

Offer stronger job security to employees by protecting their employment status with a legally binding contract. Streamline dispute resolution by using the agreement as a source of truth to resolve workplace issues and avoid the rise in workplace arbitration cases. For example, if there's a dispute over the amount of paid time off an employee is entitled to, either party can refer to the agreement for clarification. Protect the company's confidential information, rights to contract

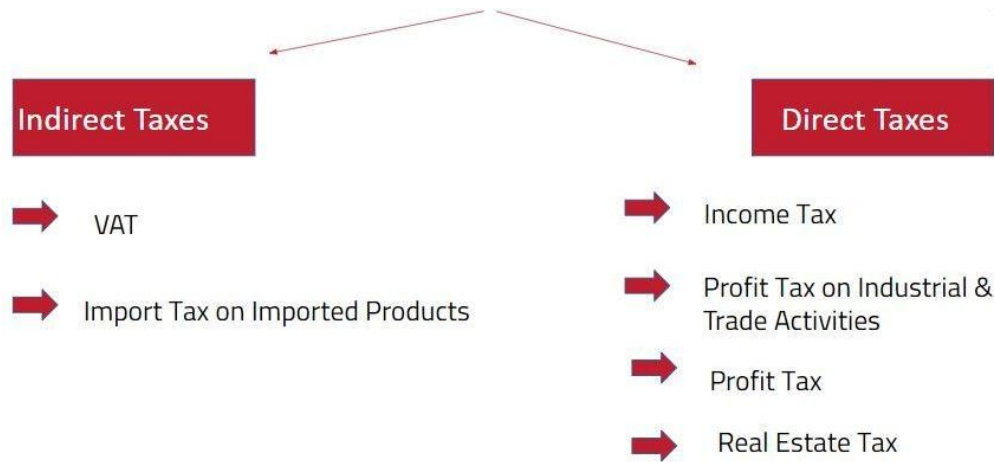
termination, and more

What does an employment agreement contain?

In every agreement, the terms of employment should be tailored to the company, the employee's job responsibilities, and the local employment laws. A member of the human resources team will typically create the employment agreement and include the following information:

- 6.1. ID: Employee's full name and address
- 6.2. Role requirements: Job title and job duties
- 6.3. Employment duration: Contract start date and end date (if contracted), and probationary period (usually 90 days)
- 6.4. Compensation: Pay rate (hourly or annual salary), bonus structure, stock options, and pay dates
- 6.5. Employee benefits: Such as health insurance, paid vacation time, retirement plans, dental insurance, life insurance, or disability insurance
- 6.6. Performance review cycle: Outline when performance reviews are held, what will be discussed, and what rights employees have during the review process
- 6.7. Termination clause: Defines how and why the employer can terminate the employee agreement, as well as the required notice period if the employee resigns. It also includes the best practices for returning company-owned equipment
- 6.8. At-will employment clause: This clause states that the employer can terminate an employee agreement for any reason without warning, as long as the rationale is legal, and employees can resign for any reason without warning, as long as the rationale is legal. At-will employment is not legal in all countries
- 6.9. Confidentiality agreement or non-disclosure agreement: Restricts employees from sharing confidential information, trade secrets, and intellectual property learned during their employment with unauthorized individuals
- 6.10. Non-compete agreement: Employees agree not to work for a direct competitor during their employment or for a specific amount of time (typically one year) after they are terminated or resign
- 6.11. Non-solicitation clause: Prohibits employees from soliciting clients or workers from the company during their employment or after the employee has been terminated or resigns. Applicable for a defined period of time (typically one year)
- 6.12. Other employment terms as required for the role, company, or country

C – Types of Taxes in Egypt



1. As per tax law No. 91 for Y2005, taxes are divided into two types:

1.1. **Individual & Content Creators Tax:**

It is a tiered tax, based on income size, starting from 2.5% all the way up to 25% of net profits, after expense deductions. The table illustrates the tiers.

Income Tax Rate	Annual Net Income Less Than 600,000	Annual Net Income More Than 600,000 And Less Than 700,000	Annual Net Income More Than 700,000 And Less Than 800,000	Annual Net Income More Than 800,000 And Less Than 900,000	Annual Net Income More Than 900,000 And Less Than 1,000,000	Annual Net Income More Than 1,000,000
0%	From 1 To 15,000					
2.50%	From 15,001 To 30,000	From 1 To 30,000				
10%	From 30,001 To 45,000	From 30,001 To 45,000	From 1 To 45,000			
15%	From 45,001 To 60,000	From 45,001 To 60,000	From 45,001 To 60,000	From 1 To 60,000		
20%	From 60,001 To 200,000	From 60,001 To 200,000	From 60,001 To 200,000	From 60,001 To 200,000	From 1 to 200,000	
22.50%	From 200,001 To 400,000	From 200,001 To 400,000	From 200,001 To 400,000	From 200,001 to 400,000	From 200,001 To 400,000	From 1 To 400,000
25%	More Than 400,000	More Than 400,000	More Than 400,000	More Than 400,000	More Than 400,000	More Than 400,000

1.2. **Corporate Tax:** It is 22.5% of total net profit, after expense deduction.

2. According to MSMEs' development law No. 152 for Y 2020:

There are less taxes to pay for MSMEs to help them on their business journey. Here are the different tiers of MSMEs.

It is important to note:

- This is a new law to support MSMEs
- It provides them with more support.
- The law does not automatically apply. Companies must submit an official request and all required documentation.

المعاملة الضريبية المبسطة الجديدة	
الضريبة المستحقة سنويا وفقا للقانون رقم ١٥٢ لسنة ٢٠٢٠	حجم الأعمال (إيرادات أو مبيعات المشروع)
١٠٠٠ جنيه	أقل من ٢٥٠ ألف جنيه
٢٥٠٠ جنيه	من ٢٥٠ ألف جنيه وأقل من ٥٠٠ ألف جنيه
٥٠٠٠ جنيه	من ٥٠٠ ألف جنيه وأقل من مليون جنيه
٠,٥٪ من حجم الأعمال	من مليون وأقل من ٢ مليون جنيه
٠,٧٥٪ من حجم الأعمال	من ٢ مليون وأقل من ٣ مليون جنيه
١٪ من حجم الأعمال	من ٣ مليون إلى ١٠ مليون جنيه

What Is VAT?

- It is an indirect tax on consumption, imposed on all products and services provided across the supply chain.
- The end consumer bears the burden of this tax. However, businesses are the ones who calculate it and collect it for the government.
- VAT is 14% but it varies in some products.

When should you register your company for VAT?

- **Case I:** If VAT applies to your company's industry.
- **Case II:** If your company's sales revenues exceed 500K EGP.

What is the E-Invoice?

It is a digital document that lies proof for your company's sales transactions. An e-invoice has specific characteristics and components. It is prepared and signed electronically and is submitted through the e-invoice system by the taxpayer. An e-invoice is revised and investigated real-time by the tax authority.

E-Invoice System Objectives

1. Trade Transactions Digitization
2. Elimination of the parallel and unofficial market and incorporating them into the official market
3. Identifying illusory transactions by recognizing common transactions between companies.
4. Ease and Speed of tax procedures.

What are the institutions responsible for e-signatures in Egypt?

Your e-signature creation journey starts by issuing a certificate from one of the companies licensed by the ITIDA to grant e-signatures, such as Misr for Central Clearing, Depository & Registry (MCDR) or EG Trust to submit all necessary documentation.

Why should I join the e-invoicing system?

Companies that do not join the e-invoicing system shall be excluded from the top taxpayers list, which will cause all transactions between these companies and the government to be fully suspended.

Part 8 : Pitching

A pitch deck is your company's value proposition in a nutshell. It tells people, along with potential investors, who you are and why you're doing business. Simply put, it tells what problem you're trying to solve and how you're solving it. Most importantly, it says why you believe your startup will be successful.

A number of authors, venture capitalists, startup founders, and evangelists have created different versions of what they consider required elements for successful pitching presentations. Most of them agree on the following Pitch deck:

1. Problem (Size it financially)
2. Solution (What makes you different?)
3. Market (The attainable market)
4. Product
5. Traction (What's the current rate? How was it for the past 6 months? What are the projections? Compare your projections with other companies worldwide to know if they are realistic.)
6. Team (What's the relevance of their skills and experience? What's the relation between your skillset & network & startup?)
7. Competition
8. Financials
9. The amount being raised (Mention the exact amount you are raising because the numbers will be challenged and you need to provide reasonable, accurate data.)

A Picture is Worth a Thousand Words

"A typical venture capitalist or angel investor may see hundreds of startup pitch decks every year. They usually spend 2-5 minutes reading each story before deciding whether to meet with the founder."

-Silicon Valley Bank

This is why first impressions matter! The visual design of your pitch deck is as equally important as the information inside.

Here are a few tips you can use:

- **Use visuals:** Visuals can help convey information more effectively than text alone. Examples include charts, diagrams, infographics, and photographs.
- **Use text:** Text can be used to provide additional context or to emphasize key points. However, it's important to keep text to a minimum and use a large font size for readability. Also, stay consistent with font throughout the presentation.
- **Use multimedia:** Multimedia such as videos and audio clips can help engage the audience and provide additional information.
- **Use animations:** Animations can be used to add interest and emphasize key points. However, it's important to use animations sparingly and avoid distracting the audience.
- **Use color:** Color can be used to highlight key points or to create a visual hierarchy. However, it's important to use color consistently and avoid using too many colors. It would be great, of course, for you to use your brand colors. Your brand colors are usually included in your logo and they reflect your brand personality. Any brand usually has 2-3 primary colors (which you can mostly use throughout your pitch deck) and 2-3 secondary colors (which you can use to accent your visuals or important information).
- **Use whitespace:** Whitespace can be used to create a clean and uncluttered design. It can also help emphasize key points by drawing the audience's attention. This is why no matter how much text you feel like putting in a slide, you need to stick to the 6x6 rule, which means you should not have more than 36 words on a slide. Otherwise, you'll end up distracting your audience.

The 4 Types of Visuals

When using visuals in your pitch deck, remember that not all visuals are created equal.

There are different ways to categorize visualizations, but one common way is to divide them into four types: conceptual-declarative, conceptual-exploratory, data-driven-declarative, and data-driven-exploratory.

1. Conceptual-declarative visualizations are used to convey abstract concepts or ideas. They are often used in presentations or reports to provide an overview of a topic. Examples include diagrams, flowcharts, and infographics.

2. Conceptual-exploratory visualizations are used to explore a concept or idea. They are often used in the early stages of a project to help identify patterns or trends. Examples include mind maps, sketches, and storyboards.
3. Data-driven-declarative visualizations are used to present data in a clear and concise manner. They are often used in reports or dashboards to provide an overview of key metrics. Examples include bar charts, pie charts, and line graphs.
4. Data-driven-exploratory visualizations are used to explore data in more detail. They are often used by analysts or researchers to identify patterns or relationships in the data. Examples include scatter plots, heat maps, and network diagrams.

Delivering Your Pitch

Before delivering your pitch, you need to know a few things about the investor panel you'll be meeting:

- Age Range
- Area of Expertise
- Level of Expertise
- What do they already know about the industry/market/ problem/solution?
- What opportunities may they be interested in?
- What concerns or questions they may have?

Then make sure you start with an attractive opening to establish credibility, keep your points flowing in a logical manner, have proof for your points, and leave a good impression.

Here are a few tips for you as you deliver your pitch:

- Relax.
- Assume good feedback.
- Begin with confidence.
- Enthusiasm is contagious.
- Plan your time.
- Watch your body language.

And these are things that you should avoid:

- Don't talk to the screen.
- Don't make fun of the audience.

- Don't begin your presentation with an apology.
- Don't run out of time.
- Don't be defensive to questions or concerns.
- Don't invent answers when you don't know the answers to questions. (Simply say you can get back with the answer in a day or two, and actually get back with the answer)