

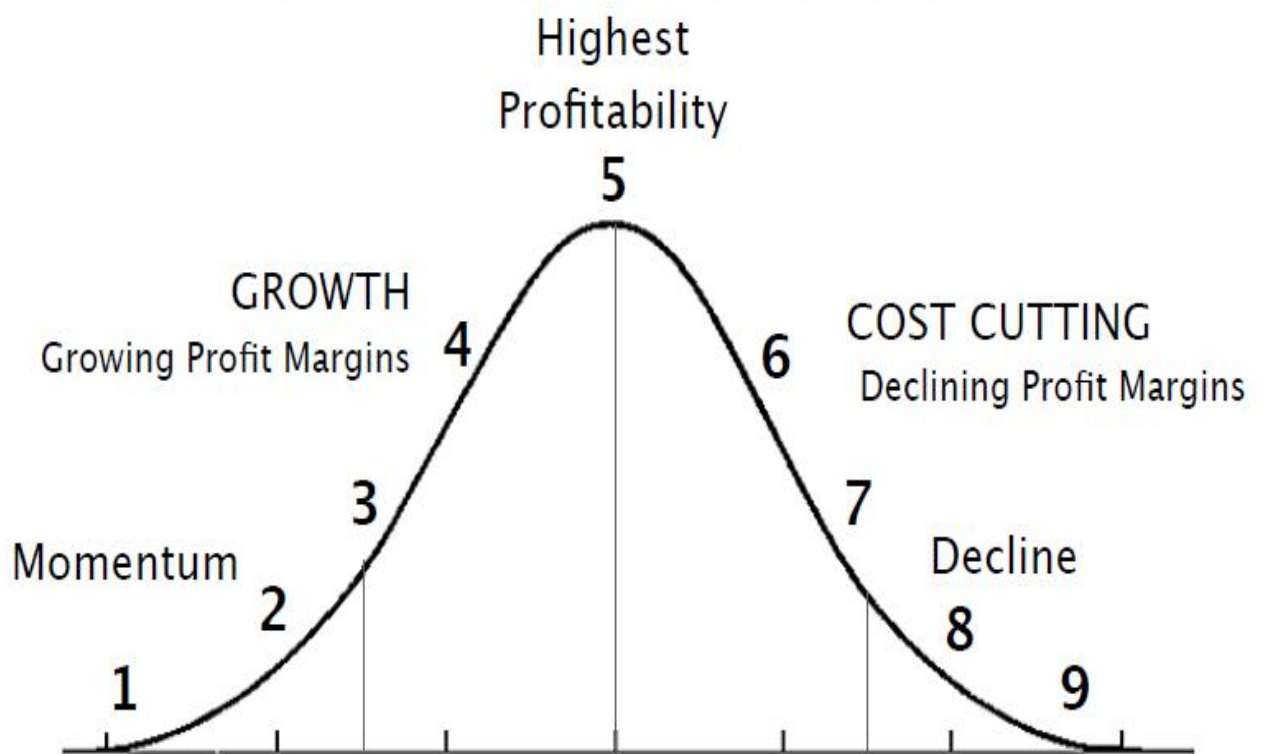


WORKSHOP 1 - ENTREPRENEURSHIP

A G E N D A

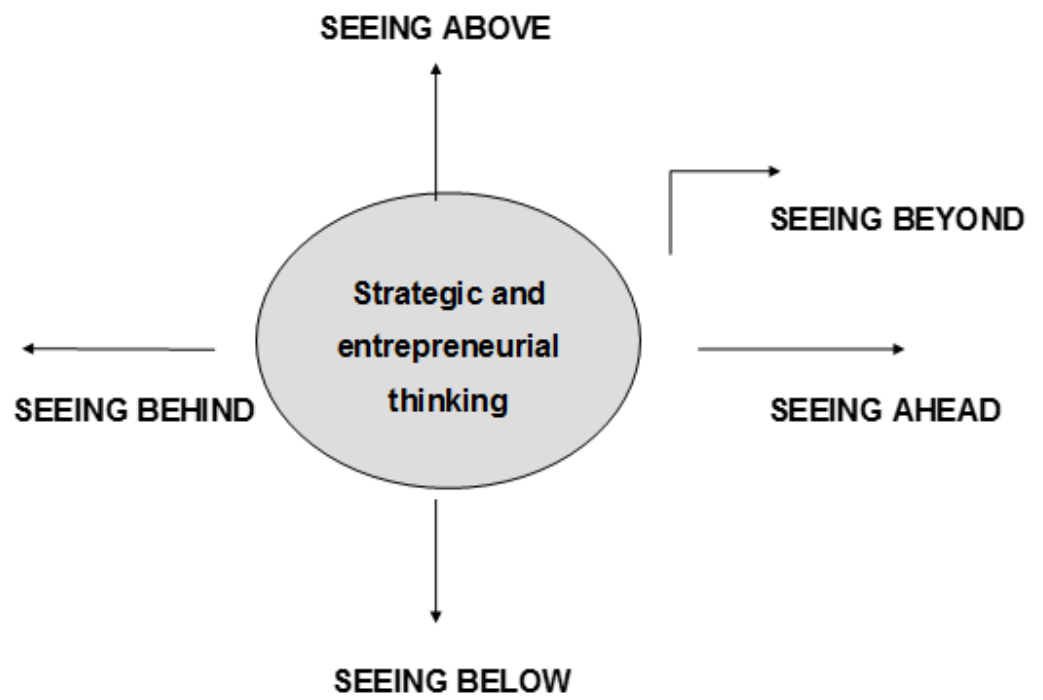
- ∅ Introduction and the business growth lifecycle
- ∅ Entrepreneurial and strategic thinking
- ∅ Spotting Opportunities
- ∅ Challenges for Business Growth
- ∅ Innovation and developing new ideas
- ∅ Options for business growth

THE BUSINESS LIFE CYCLE

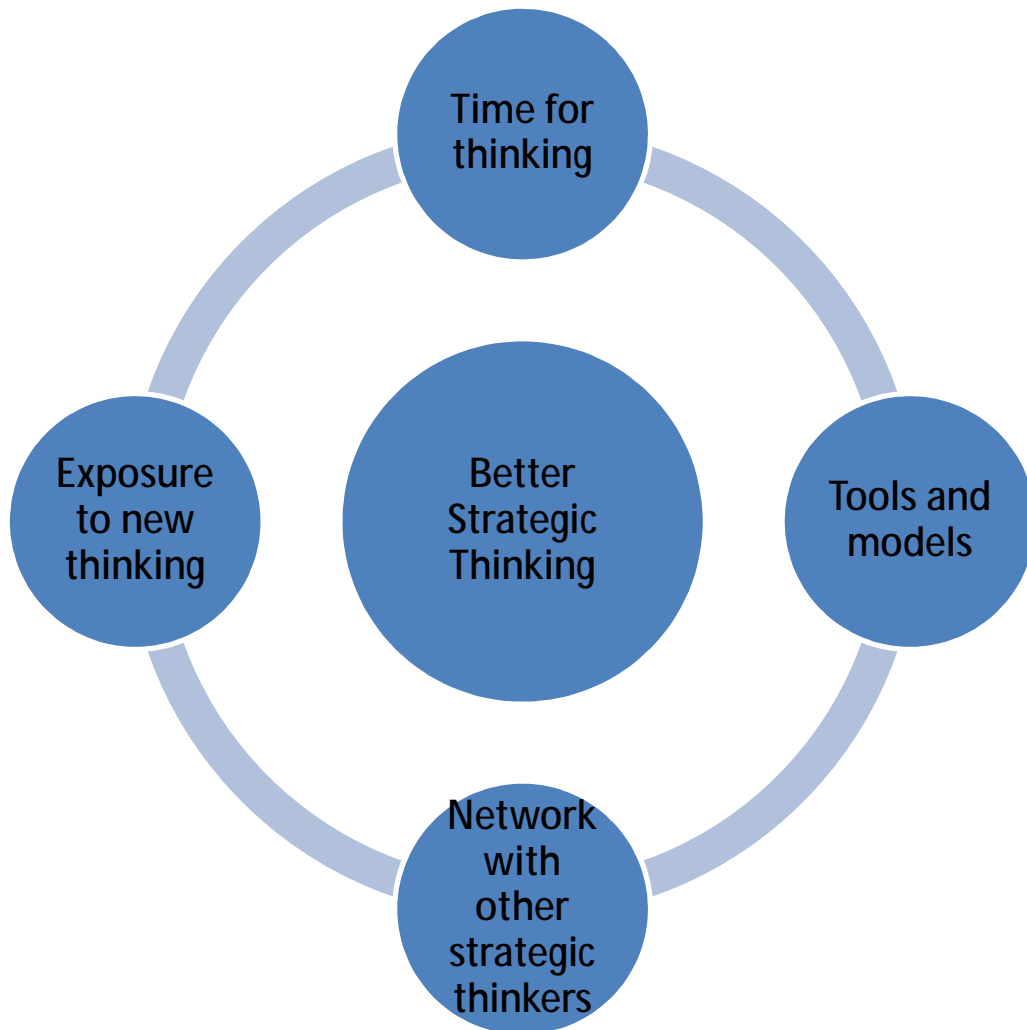


ENTREPRENEURIAL AND STRATEGIC THINKING

Entrepreneurial Thinking



IMPROVING ENTREPRENEURIAL THINKING



PERSONAL ASPIRATIONS

What are your personal drivers?

- Secure your retirement?
- Grow the value of the business to sell it?
- Make a better return on your efforts?
- Make more profit now?
- Pass something on to the next generation of the family?
- Provide more secure employment for more people?
- Give something back to society/the community?
- Make the most of your potential?
- Do something no-one else has done?
- Achieve something that no-one else thought was possible?
- Be remembered?
- Have fun?

WHAT IS STRATEGY?

***Positioning your business in a way
which beats the competition and
builds value***

THE BUSINESS PLANNING PROCESS

The Planning Process



SWOT ANALYSIS

SWOT Analysis

<u>Key Strengths</u> Technology is unique Covered the “hard yards” Confidence that machine works on a commercial scale Motivated team – know-how Broad range of applications Profitable – very healthy margin Credible validation	<u>Critical Weaknesses</u> Under-resourced – funding Reliance on sub-contractors for elements of design Scale – this is a big investment for customers Having to educate market Equipment reliability
<u>Exciting Opportunities</u> Companies pursuing lean manufacturing Possible income streams from maintenance, licensing, etc Other sectors	<u>Killer Threats</u> Can't easily defend against copying Validation required in some countries Micro-filtration technology Big players deciding they don't want this happening Slow-moving risk-averse customers

1. Initial SWOT Analysis

Under “**Strengths**” list those helping items that are internal
i.e. in your control

Under “**Weaknesses**” list those hindering items that are internal
i.e. in your control

Under “**Opportunities**” list those helping items that are external
i.e. not in your control

Under “**Threats**” list those hindering items that are external
i.e. not in your control

INITIAL SWOT ANALYSIS

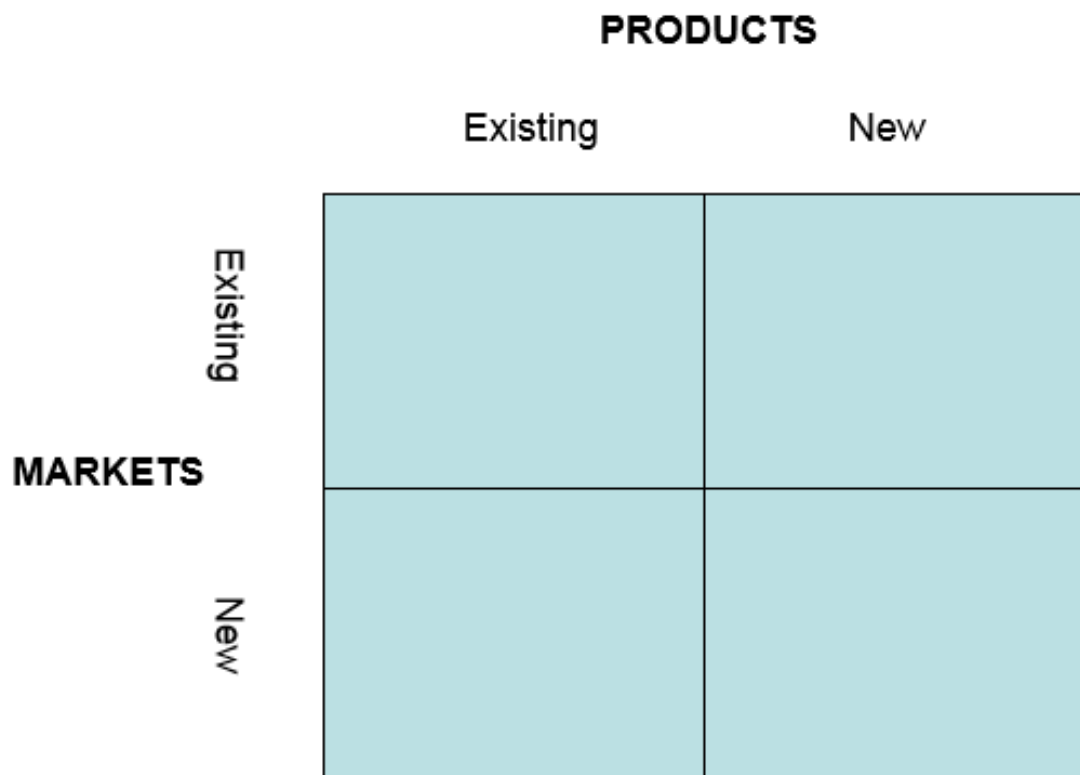
Strengths	Weaknesses
Opportunities	Threats

Use the SWOT and these questions to identify the key strategic issues you are facing:

- Ø How can you build on strengths to differentiate the business?
- Ø What strategic weaknesses are barriers to growth
- Ø What major external changes are taking place?
- Ø What threats are imminent and pose a major risk?
- Ø Which opportunities are most attractive?
- Ø Where should you focus your resources?

ANSOFF'S GRID

Ansoff's grid



ASSESSING THREATS

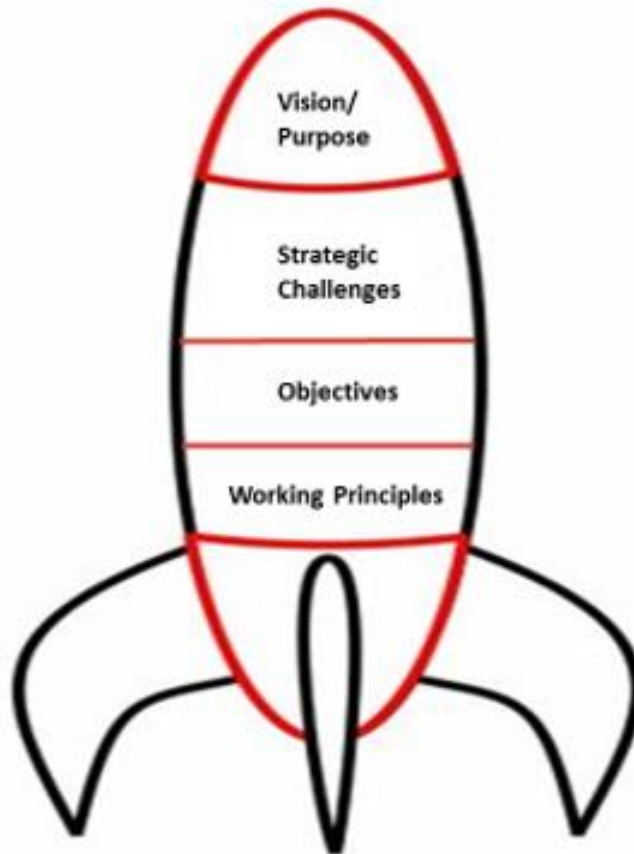
IMPACT	3) critical	(D) medium	(G) high	(I) CRITICAL
	2) major	(B) low	(E) medium	(H) high
	1) manageable	(A) low	(C) low	(F) medium
		1) remote	2) possible	3) likely
		LIKELIHOOD		

BIG CHANGES

What are the big external changes which are taking place in the industry – economic, legislative, technological, competitors?

Opportunities	Threats

STRATEGY ROCKET



Which of these elements do you have in place?

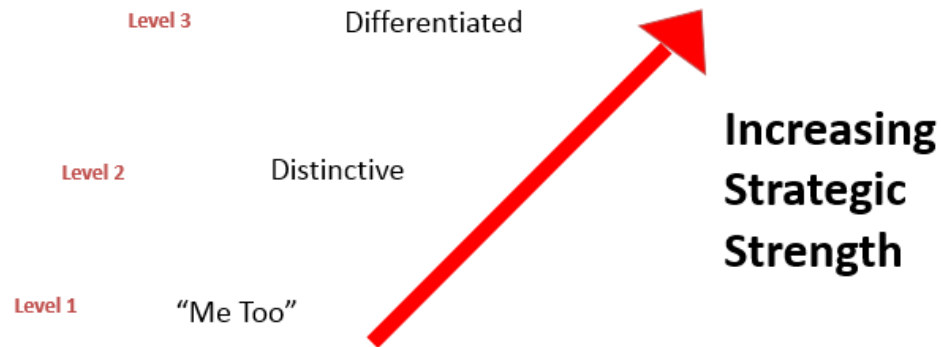
COMMON GROWTH ISSUES

Common growth issues

- Sub-optimal business model – is there a better way for you to be in this business?
- Core offering not sufficiently differentiated – meaningfully unique?
- Operating in the wrong market/segment/niche
- Poor customer experience – product/service quality
- Pricing too low, poor positioning vs competition
- Marketing and sales capability/capacity
- Insufficient delivery capacity for growth
- Inefficient delivery methods – waste
- Lack of resources (skills, equipment, cash)
- Poor information to make good decisions
- Reputation and credibility

DIFFERENTIATION

Point of Difference



The 9x Effect

Companies over-estimate their level of differentiation and/or innovation by:

A factor of 3

Potential customers over-estimate the value of their existing supplier/solution by:

A factor of 3

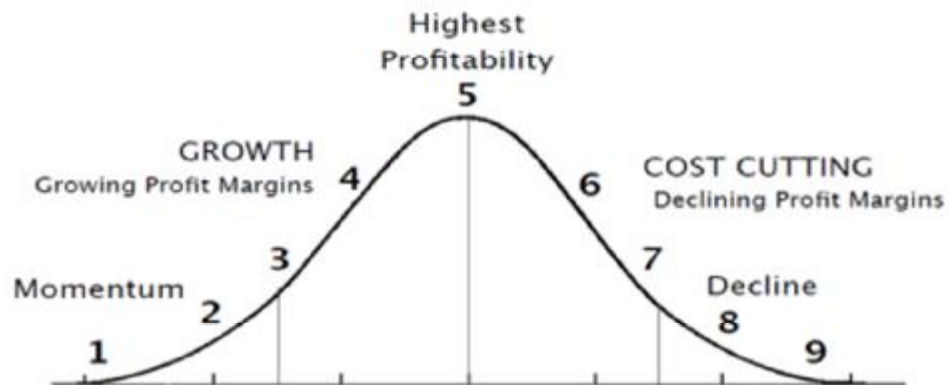
Marginal differentiation doesn't impact!

Eager sellers and stony buyers - Gourville

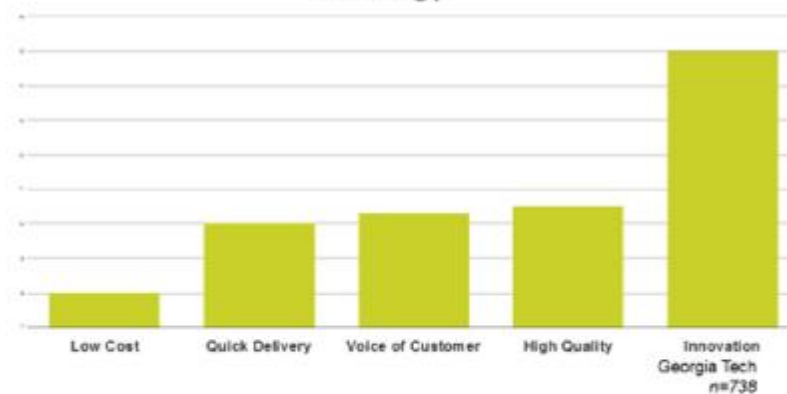
WHY INNOVATION

The Business Life Cycle

CONFRONT REALITY



Average % Profit Margin vs Core Business Strategy



If you're not unique you better be cheap!

THE SHAPE OF A GOOD PRODUCT/SERVICE

Shape of a Good Product/Service

STEP 1: *Solve a customer PROBLEM*

STEP 2: *DELIVER a benefit*

STEP 3: *Be DIFFERENT to competition*

INNOVATION – KEY POINTS

Innovation Key Learning Points

- New products, services, customers and markets that you are **not delivering today** is the best way to deliver profitable growth
- **Meaningfully Unique** products and services are the route to high profit margins.
- Consistently faster, less risky growth from innovation requires an **objective and reproducible** system – human gut feel has a poor record of success.
- Utilise **real world test-and-learn** to reduce levels of unknown and therefore risk. Kill poor ideas quickly. Accelerate and evolve winners
- Focus on the **biggest issues – Death Threats** - first.
- Make good use of **diversity** – involve staff, customers, suppliers, others
- The more ideas you have the more relaxed you can be about killing the bad ones

Options For Growth



Increasing the number of customers



1. Increasing the Number of Customers

Use the following questions as prompts to consider your business strengths, weaknesses, opportunities, and threats.

Is your market growing?

How much market share would you say you have?

How many more customers would you need to satisfy your growth ambitions?

Do you have capacity to add new customers?

How effective is your sales and marketing?

Is there a potential niche in your market that you could serve more effectively?

Are there other growing markets that you should really be developing?

Are you equipped to take business from competitors?

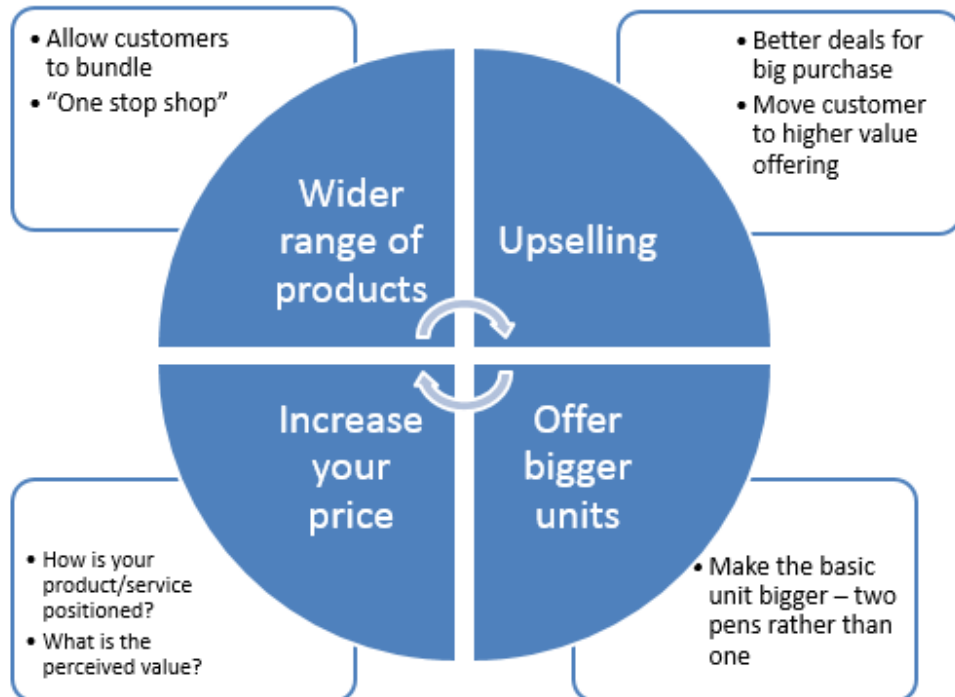
Honestly, is your product/service meaningfully superior to your competition?

Honestly, what is the customer's experience of your product or service? How do you know?

Honestly, why don't more customers buy from you now?

Are you lacking good quality information to help you answer any of these questions?

Increasing Average Purchase



2. Increasing Average Purchase Size?

Use the following questions as prompts to consider your business strengths, weaknesses, opportunities, and threats.

Could you make the unit of purchase bigger than at present?

Are there any opportunities to bundle more products together to make a bigger purchase?

Are you pricing appropriately? Are you charging enough?

How do customers view your offerings compared to the competition?

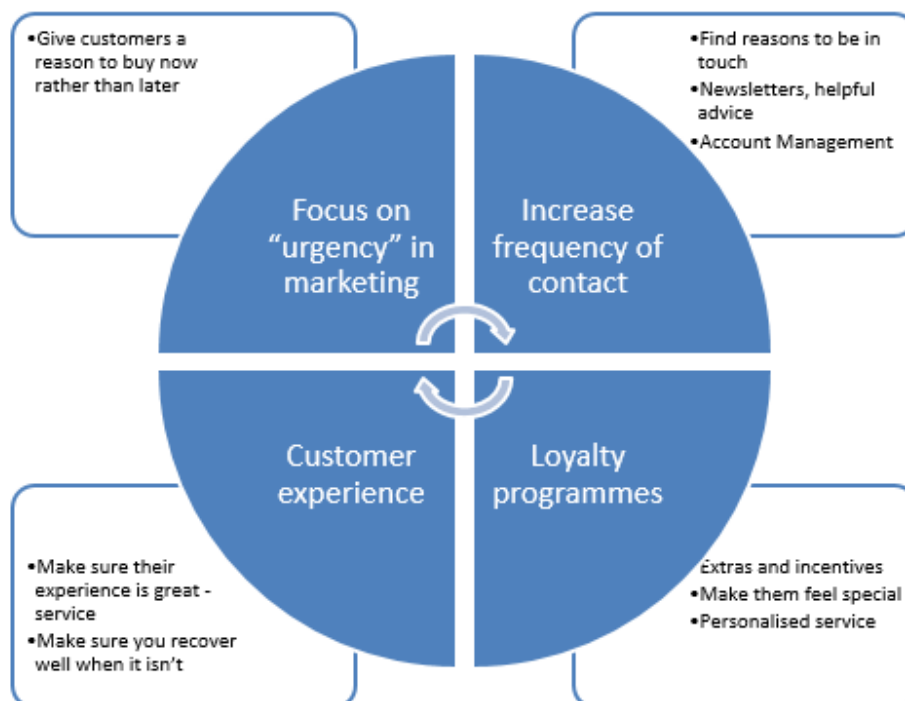
Are you doing enough to position your offerings so you can charge more?

Are your sales team doing enough to upsell at the point of purchase?

Have you got the right products/services that would attract a higher price tag?

Are you lacking good quality information to help you answer any of these questions?

Increase frequency of purchase



3. Increasing Purchase Frequency

Use the following questions as prompts to consider your business strengths, weaknesses, opportunities, and threats.

How loyal are your customers just now?

Honestly, how often would a typical customer have any contact from your company just now?

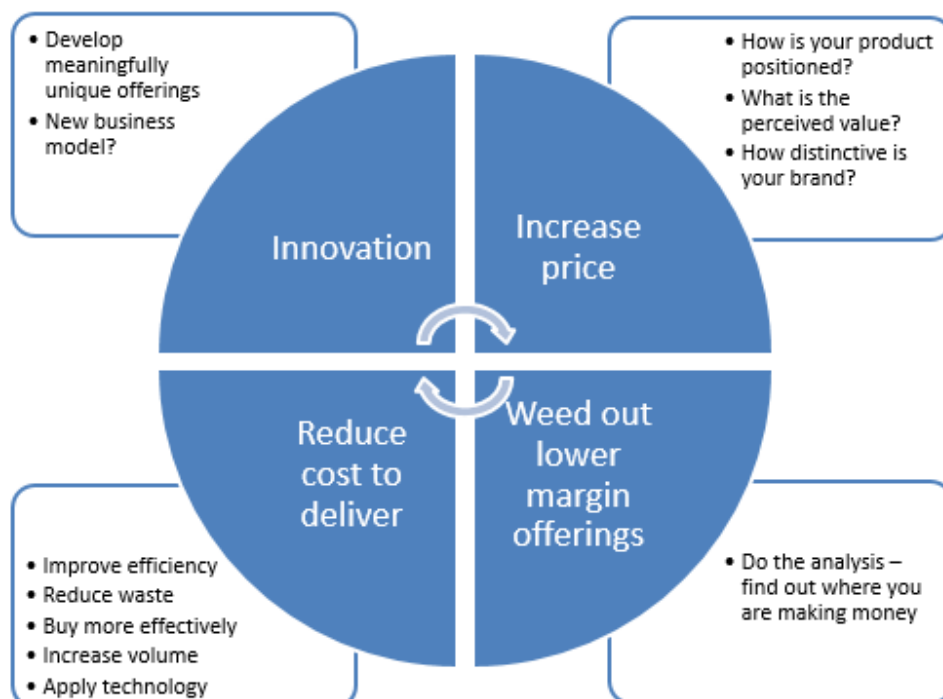
What is your approach to retaining customer loyalty?

How do you increase “urgency to buy” with your customers?

Honestly, what is the customer’s experience with your product/service? How do you know?

Honestly, how do you rate your product/service quality?

Increase average margin



4. Increasing Average Margin

Use the following questions as prompts to consider your business strengths, weaknesses, opportunities, and threats.

Are you charging enough for your product/service?

How would customers view the quality of your product/service? How do you know?

Are you selling to the right customer group who would value what you are offering?

Are there other obvious markets where your offering would be more valuable?

How meaningfully unique are your offerings?

How efficient is your method of producing/delivering you product or service?

What is the source of your differentiation?

Could you be overestimating your uniqueness?

Are you selling to a niche market?

Do you have the right business model for your business?

How much waste occurs in your key processes?

How well are you using technology to improve efficiency?

Can you increase your sales volume to give you economies of scale?

Are you buying your materials and supplies cost-effectively?

Are you lacking good quality information to help you answer any of these questions?

APPENDIX 1 – TRENDS IN PLANT HIRE

Trends and Changes

The Plant Hire sector has historically focused on providing customers with a lower capital solution to sourcing equipment, with providers differentiating themselves on pricing, resulting in increasingly tight margins and the pursuit of lower cost of capital funding. Over the last few years, the market has developed into one where the major players now differentiate by a combination of niche products, international capability and the provision of supporting services such as training. The successful players embed themselves in their clients' organisations, creating bespoke solutions which deliver genuine cost savings and efficiencies, providing niche and often business critical products and services which are fundamental to their clients' operations.

Many companies see possibilities in differentiating themselves from the competition. Speedy Hire is concentrating its activity on higher volume customers – which usually means larger contractors. Corcoran says his company is “very close to the typical rule of thumb where 20% of our accounts make up 80% of our revenue”.

“Many smaller SMEs will price ahead for each job, rather than continue to hire, so the volume is not always there,” he says, “And we still have to process those accounts, so the price cost per sale is still there.”

This contrasts with Brandon Hire, which is focusing instead on the smaller contractors – a strategy the company has followed since it was formed in a buyout from Wolseley in 2010.

Smith says this has proved a boon because, while the economy is suffering, home owners and businesses, rather than move premises, have been left to “make do, mend and where necessary extend. “This has kept smaller builders busy,” he says.

Other companies have sought to differentiate themselves by significantly extending or renewing their product offer.

Mark Rooney, managing director at Mabey Hire, says his company has brought 13 new products to market in the past two years, “all suited to the requirements of our customer”. “We have invested £500,000 on new technology last year,” he says.

So for example there is Q-Kap, a universal trench sheet-driving tool that fits directly onto the quick hitch of an excavator, eliminating the need for working at height when positioning a drive cap.

Latief claims that as A-Plant is part of the publicly quoted Adshead Group it can afford to invest in new product to a much greater extent than some of its competitors. It has just bought over 800 new machines in a deal worth £27m. The micro, mini and midi excavators and Loadall telescopic will all be made in JCB's British factories.

But a key point in differentiation, of course, comes with improving customer service. All the new products in the world won't make much of an impact if that isn't in tip-top condition.

Hewden Hire's marketing director Jeff Schofield says his company has recently moved to "take the hassle out of hire" by offering next day delivery on a core fleet of the 30 most hired plant and access product lines.

"After analysing over 100,000 hire transactions, we were able to identify our 30 most popular plant and access product lines," he says. "Any orders on these placed before 12pm are guaranteed to be delivered in the morning on the following day, anywhere in the UK. Orders placed between 12pm and 5pm will be delivered before 5pm the next day. If we fail to deliver within the guaranteed times, customers will automatically receive a £100 credit."

The company has plans to roll the service out to other items soon. A-Plant has also been concentrating on improving its deliver times – within reason. "We will make sure we will deliver when we say we do," says Latief, "but at the same time we will not promise that we will have everything ready for 8am, because that is unrealistic."

The company has also been using mystery shopping services, in addition to recording all customer phone calls, to improve on its customer satisfaction rating. "We already have a customer satisfaction rating – among people who would recommend us to other people – of 98%," says Latief, "but we stick with the view that 2% is not enough."

Mabey Hire, meanwhile is looking at extending its reach by offering equipment for sale as well as hire. The company has now launched Mabey Sales, a new division headed by industry veteran Richard Hinkley, to spearhead such a move. "We recognise that we deal in some commoditised projects that do not really suit the hiring model, particularly non-engineered items," says Rooney.

He insists that the new venture will not be taking any business away from its existing hire business. "We have a business development team who are working out what products to sell, and what works best from a selling perspective, but we will be offering this in many different sectors," he says.

Another key element to focus on when it comes to improving customer service is training. Rooney says offering free training wherever possible to customers "makes them more efficient, and means they can get the job done as quickly as possible, which is a key consideration for them".

For the past 18 months Speedy Hire has been looking to expand its managed service contracts under a banner of test, repair, inspect and maintain (TRIM). Corcoran says TRIM is "for people who want to have standard plants and don't want to make the capital investment in such things as training and repair".

As with Mabey, it also allows the company to move outside the traditional hiring model, as the service can also apply to a customer's own products. But Corcoran says training is a fundamental part of the offer. "The trouble with not having people properly trained is that at best they can damage the machinery, at worst cause injury or death," he says.

As a further example of working with the customer, Speedy Hire has also been helping many of its customers with their sustainability reporting, to help with their PQQs. (Builder and Engineer Magazine)

APPENDIX 2 - CASE STUDY AGGREKO



Aggreko's strategy is founded on the belief that through building a business with global scale that operates consistently worldwide, we can secure a significant competitive advantage. Homogeneity in fleet, infrastructure, processes and skills will continue to deliver significant operating efficiencies while providing excellent service to customers, and so allow Aggreko to deliver long-term value to shareholders. This, combined with its aim to provide rewarding careers to its employees, underpins Aggreko's sole objective: to be the leading global provider of modular, mobile power and adjacent products.

Our Competitive Advantage

We have hard-to-match competitive advantages:

People and culture: we have a depth of talent with our unique "Orange Blood" culture.

Expertise: we have over 50 years of operational experience, including sector specific and complex project expertise, which combined with our in-house manufacturing and engineering capability allows us to fully understand our markets.

Scale: we are a global business and our network of depots and hubs allows us to quickly respond to demand. We have a lower capital cost / MW and lower operating costs than our competitors allowing us to deliver superior returns, whilst sector and geographic diversity delivers a diversified portfolio.

Technology: through proprietary product development our fleet is optimised for the varied rental environment.

Group Strategic Objectives

Our objective is to continue to be the number one global provider of power and related products that are modular and mobile.

In order to achieve this, we have three clear priorities which require specific actions in each of our business units:

- The customer
- Our technology
- Our efficiency

In delivering on our strategic priorities, we expect to **grow faster than our markets and deliver a Group operating margin and ROCE of around 20% in the medium term.**

Rental Business

The Rental Solutions business rents power and adjacent products, such as temperature control, ranging from small generators up to large industrial cooling towers, to customers who are typically within a few hours' driving time of our service centres. We have an unrivalled hub-and-spoke distribution network, serving customers from 139 service centres located in 19 countries across North America, Europe and Australia.

This is a business with high transaction volumes: average contracts (excluding major events) have a value of around £20,000 and last a handful of weeks. In 2014 it represented 40% of group revenue and 35% of trading profit (excluding pass-through fuel).

The key elements to our strategy for the Local business are:

Improve customer service: Aggreko is one of the world's best-performing companies for customer satisfaction and we are determined to maintain this reputation for premium service, maintaining a clear differentiation in our product offering.

Enhance processes and systems: high quality systems and robust processes across the group underpin our operations, enabling us to provide superior customer service at a competitive price. We plan to further invest to improve the way we manage and use our fleet, better support our sales teams and improve the service that we provide.

Bolt-on acquisitions as a growth opportunity: we have the ability to further maximise our depot distribution network and grow through acquisition.

Over the medium term we believe that our business offers attractive opportunities for growth, particularly in emerging markets where structural issues will increase demand for temporary power.

Product innovation will continue to be an important source of growth; the market for gas will grow faster than diesel and deliver better pricing.

A reduction in the cost of temporary power compared to permanent power and further group efficiency improvements will help Aggreko grow, whilst maintaining its prized agility.

(Excerpt from Aggreko Annual Report)

APPENDIX 3 – CASE STUDY – BIGRENTZ



BigRentz Is Transforming the \$52 Billion Equipment Rental Industry

Dallas Imbimbo is a well-practiced entrepreneur. Having grown up in the Bay Area, he was surrounded by people starting companies and even had one of his own by the age of 12. He was a DJ who, by middle school, had locked down a number of school dances to show off his mixing skills. While attending college at University of California-Davis, Imbimbo launched Pack My Dorm, a [platform](#) designed to connect moving companies with students moving into and out of their dorms. After running that company for while, Imbimbo sold it to one of his regional moving and storage providers. Now, he's based in Orange County and making moves to change the game for equipment rentals with his latest entrepreneurial endeavor, [BigRentz](#). He met his business partner, Stephen Jesson, who pointed out how no one was renting heavy equipment online. His response?

"Let's do it."

From there, with the help of his longtime friend and high school basketball teammate, Nick Kovacevich, the trio bought domains such as [forkliftrental.com](#), [scissorliftrental.com](#), [discountliftrental.com](#), and many more, aiming to own the online space for equipment rental.

Over the course of the next year, they fulfilled rental orders using local companies in order to validate their concept. They knew they were onto something huge when they started scoring national-level contracts with the top rental companies.

Shortly after, Imbimbo moved to scale the business. The domains and business units were consolidated into what is now known as BigRentz. The company hired its first engineer in 2014 to begin building the technology required in scaling, more than two years after it was founded.

Seizing the Right Moment

Fortunately for the BigRentz team, they were capitalizing on a massive trend. Owning large equipment like lifts and cranes is capital intensive and involves a lot of additional service costs, such as maintenance, transportation and a yard for long-term storage. Instead, heavy equipment users found it was much more feasible to rent, rather than own.

Yet, despite the consistently high margins the industry has enjoyed, Imbimbo observed a tremendous generational divide between himself and the rental companies; their strategies and approaches simply weren't evolving with the change in user preferences.

To start, the market is extremely fragmented: 25% of the market is owned by the top five firms in the vertical, 8% by the next five, and more than 2,500 make up the remaining two thirds. This scattered system means that the serious players haven't identified the right strategies for domination.

And, most importantly, almost the entire industry wasn't using technology and offering little to no transparency, which suggest low-quality service and frequently disappointed customers. The entire vertical is in dire need of [digital transformation](#).

"Why can I order a \$10 pizza from Domino's and know when it's ready and on the way to my doorstep, but, when I order a million-dollar piece of equipment, I don't receive a confirmation or know when it's arriving?" asked Imbimbo.

A fair question indeed.

BigRentz moved to solve just that problem. It offers equipment rental customers the ability to order equipment online, track the order and manage it all in one portal, something completely fresh for the industry.

The beauty of BigRentz's business model is that it has built a network of more than 7,500 rental yards to fulfill its orders, without owning any of the equipment or yards. By comparison, the largest construction equipment rental company owns about 900 yards. This is the hallmark of a platform: connecting providers and consumers of a given value and facilitating transactions.

A Big Deal

Using BigRentz is a cinch for its customers; it's built as a seamless one-stop shop for renting scissor lifts, boom lifts, forklifts, excavators, and so much more: a single point of contact and self-service portal.

On top of the rental marketplace is a rating system which enables the best equipment providers to rise to the top. Prior to this offering, the customer base largely made purchases in the dark,

relying on existing relationships and word of mouth. Now, customers are being paired with equipment suppliers that best fit their needs, and suppliers are benefiting from the customer feedback.

In fact, the rating system is so effective, it's boosted rental yards that otherwise would have had a harder time growing.

"Our first supplier has tripled his fleet since working with us," said Imbimbo. "And that's simply because we're sending more business his way because he provides 5-star service."

For equipment suppliers, joining the BigRentz network is a no-brainer. After signing on, they're able to receive demand data in their location and obtain better utilization on inventory, optimizing their supply to match with demand. And, according to Imbimbo, the best suppliers are seeing significant increases in incremental revenue.

Building Momentum

BigRentz is actively doing business throughout North America, with plans to take the model to new markets in the near future. As well, the team is looking to establish efficiencies wherever possible and reach escape velocity before any new entrants can hit the market and offer detrimental competition.

Currently, the company is in a very good position. For the last four years, it's supplied equipment for the World Series and captures a large swath of re-renting from the larger players. Even when their equipment supplier partners run out of equipment, BigRentz is ready and waiting to help them fulfill orders.

BigRentz has grown to 90 employees, with 25 working in engineering and product to appropriately scale the business. Growth has been achieved year-over-year and BigRentz earned the distinction of #48 on Inc's list of fastest-growing companies. Next steps for the company include building high-quality partnerships with rental yards and looking into raising a Series A to continue scaling upward.

The equipment rental space is a \$52 billion industry and largely populated by companies either too small to take over or too stagnant to truly innovate. It's exciting to see BigRentz apply the platform business model so deftly to the vertical and with such a positive attitude.

As Imbimbo put it, "We're not trying to disrupt. We're here to empower the equipment rental industry."