

# Make Millions and Make Change!

## Strategies for Success

A Practical Guide to Job Skills and Social Entrepreneurism



*By Grassroots.org*

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Please send comments, questions, ideas, and suggested edits to  
(mail1 @ grassroots.net)

## Intro

The authors of this book operate a charity called Grassroots.org, whose goal is to spread valuable social information and resources throughout the world. Grassroots.org also provides free services to charities, so that they can save money, gain efficiencies, and serve more underprivileged people and causes. Moreover, Grassroots.org publishes social action web sites like Relief.org, Crime.org, Homeless.org, Lobbyists.org, VoterRegistration.org, Shelters.org, PlanetEarth.org, Diseases.org, etc. The authors are able to pursue this charitable work due to their successful past business practices. Now, they have come together to teach you the same valuable skills, so that you too can make millions in your business of choice. It is our hope that given your newfound wealth, you will be able to help society by contributing additional time and money to the causes you favor.

Below we will take well-established and proprietary business concepts and try to explain them in simple language. No single idea offers a quick path to wealth. But, considered in whole, they will truly empower you to go out in your chosen marketplace and make millions! The more good ideas that you employ simultaneously, the more overall efficiency and financial benefit will result. For the most part this book focuses on high-growth small business theory, which is an area that is often shortchanged in business class.

What you have before you is a living document which is essentially our collective code for "getting rich and saving the world". It is imperative that you add to it constantly, fine-tuning the elements that work best for you and eliminating those that don't.

There is no reason to accept all of our ideas as gospel. Just select the parts you like most and mix them with the other "Best Practices" you have adopted in your business life. In this way, you and your team will always have instant access to the best methods of conducting your business. And that's how you will get paid. Good business methodology need not be reinvented every day, just improved upon.

So get going! Read this book, start a business or improve the one you already own. Then begin your own cycle of wealth and charity that will inevitably make the world a better place. Good luck!

# Chapter 1: Be an Entrepreneur

All songs are improvised initially, just like all new businesses and industries. The musicians who invent and perform this original content generally earn more than imitators. Similarly, those who develop a company or invent an industry are likely to be paid more, for a longer period than those who are copying. Certainly, one could successfully copy other people in business and improve on their products and services. But to make even more dough it's preferable to be the first to operate within your niche and then to remain the best.

## **Be Focused**

The most successful businesspeople are focused on a clear business plan practically around the clock. In order to perform at this level, they make sacrifices that ordinary workers might not find acceptable. Sacrificing for your business means you may get less sleep than your weaker competitors, or less family and social time, or all three. Without making sacrifices, your business will weaken, and your competitors will ultimately increase their market share at your expense. But if you think you can handle the challenge and want to make serious money, and become an effective philanthropist, you may decide it's worth the sacrifice. If you don't have interest in competing at the highest levels and just want to make a little extra scratch, this document will still provide you with many profitable strategies.

For starters, consider the plight of the average worker who reports to a superior forty hours a week, at a company for which they have no long-term passion. We think this tradition of working nine-to-five for someone who will employ you for life is unlikely to be a common reality in the future, and is irrelevant to an entrepreneur anyhow. Nowadays the shareholders and CEOs of most corporations change regularly. So what good are their promises if they might not be around to fulfill them? Working for someone else is a great way to get started in the business world, but most likely not where an aspiring entrepreneur wants to stay. Your high level of output as someone else's employee will ultimately help you ascend the corporate ladder, if that is your goal. Also, the more hours you produce high quality work over the long term, the more money you will be able to put away - either via base salary, overtime pay, raises, bonuses and/or promotions. With that padding, you can invest in a business and provide your family some extra security in case you have to skip a paycheck. Your extra savings can be invested carefully and will compound.

Getting started in business is the hardest part. Ideally, to have had the very best start, you'd have been lucky and smart all along, and able to start

collecting extra money earlier in life than your potential competitors. In that best-case scenario, you would be more adept at going out on your own because you are starting ahead of the game. Moreover, your competitors may have had fewer financial successes at a young age, and therefore have lower confidence and self-esteem. You, conversely, may have been training yourself to take on the economy, and saving to take on the business environment in which you have no choice but to compete. Hopefully, you've come to this venture prepared. If not, don't worry. We have plenty of ideas to help you catch up.

Ultimately, if you want to maximize your take-home pay, you need to work your way up to become the person who is in charge, i.e., the boss—the one who determines how the money is spread around. To be considered a success you will have to make sure there is ample profit at the business you operate, or at least to sell your company for a profit. If someone else is the boss, they probably will not be inclined to help you make big bucks, since that money would come out of their own pocket. However, if you are the boss (or at least a partner) the sky is the limit. You get to keep all the excess money generated from your activities.

Running a business is a for-profit venture. As long as what you are doing is legal and doesn't violate any of your morals then the only object is to maximize your return. With the vast profits you can make from such a straightforward business approach you will benefit the State via tax contributions, you can buy the items you desire, and you can give generously to charity. When you find you can afford to free up some of your time, you can also volunteer to work on charitable endeavors for the benefit of our broader society.

We are not suggesting giving away all of your time and money to charity. Instead, we encourage you to use a generous portion on activities that you feel passionate about – like tutoring disadvantaged children or illiterate members of your community, or fundraising for your kids' school via a bake sale, or running a charity ball for a disease that afflicts your family, or feeding disaster victims in Africa, etc. Nobody wants to restrict anything. We hope you will make loads of money legally, buy whatever you feel you need for your family, and then help causes that help those less fortunate. It's a win-win-win situation.

### **Be Confident**

To be a truly successful entrepreneur, there can never be any doubt in your mind that you can and will accomplish your business and charitable goals, even if you have to alter your plans occasionally to hit the same targets. Your success is as much a matter of your willpower as it is of the skill you will

develop on your journey. There are hardly any successful businesspeople, athletes, community leaders, or artists who did not feel certain of their ability to adapt and succeed. Your work process has to be as if it is a matter of survival; you need to fight and evolve in order to achieve the results required to be a success.

Eventhough your attitude is focused on winning, you should not be emotionally attached to the outcome of any one transaction or activity. Cut your losses if you are certain you've failed. This is because, as you will learn below, you need to achieve the highest volume of transactions possible in as automated of a process as possible, while maintaining a clear head. This calm, confident mindset will help you focus on your exponentially expansive, efficient and evolutionary money machine. Reliving past trials and tribulations is a drain on your mental resources and should be avoided. You must learn from everything you do, failed or successful. Don't allow the final outcomes of attempted sales, deals, problems, employee issues, etc to harm your forward momentum and general ability to execute your plan. Focus on getting the targeted outcome from each business situation, not your emotional response to all the difficulties in the process. Your job is to make logic out of chaos, and to tell people how to act quickly to solve problems, not to dwell on the confusion and problems themselves.

To achieve your highest goals, it is imperative to be at practically a military state of readiness--never letting your guard down until the game is over. All the most successful people in virtually all industries got that way by continually believing in themselves, toiling around the clock, and testing out every promising business angle in their industry. It's a self-fulfilling prophecy: if you decide to be a success, you can be.

The idea that companies have individual products that fail at all is really a stretch, just as a failed company as a whole cannot be attributed to inanimate objects and services. Products and services don't have lives of their own, they are ongoing concerns of their creators. Only humans have products and services that fail, and they mostly fail due to the state of mind of their handlers. The moment someone lacks confidence in his or her ability to make a product evolve to a successful point is the moment it really is on the path to failure. That's not to say all products can be saved, but failing products and services are generally derived from confused states of mind. You have to make each product work by using your head to deliver what your plan calls for, using the procedures your company has predetermined will lead you toward your goals. So you need to have confidence in your plan; and that will be reflected in your products and services, and then profits. Building your confidence is an evolving process that starts by merely saying to yourself, "I believe I can succeed." If you haven't tried a logical business concept to the best of your ability you shouldn't assume the idea

itself won't work. In fact, most concepts are sound in theory but not executed according to the original plan. When this happens, no excuses will suffice—nor will they help to solve the problem or reverse the failure. Rational, decisive action is the only option that will work.

If you start modestly and evolve your business concepts steadily, you can ultimately figure out how to get well paid. A key to your small, slightly risky tests is to get the process rolling quickly and get through all the embarrassing mistakes, so you can improve rapidly. It is important to realize that failure and rejection are absolutely required for success. You have to dare to fail every day. Keeping too safe isn't really a safe long term strategy – granted it will spare you some loss and embarrassment (i.e, from going one step back) but at the expense of the compounding growth you require (two steps forward). Tempered risk mixed with good decision making is the path to high rewards. At the end of the day, your mind is your only barrier to success. You can decide to break down that barrier any time you choose.

There are few secrets in business. Nothing is being hidden from you. The methods of developing better business practices are clear if you are looking for them. And it's also clear that a lot of failed business ideas could actually have worked if they had been properly optimized and leveraged. For example, Google and Yahoo are still thriving while AltaVista fell by the wayside long ago. At one point in history they were on par, but AltaVista apparently didn't have enough confidence or ability to execute on their own business model. In hindsight we know it would have worked if they had moved forward confidently like their now billionaire peers.

### **Be a Machine**

Those who work harder will be more profitable overall. We are not suggesting that working "smarter" isn't more advantageous than working "harder;" what we are saying is you need to work smarter (using your continually evolving best practices) AND work harder (more hours) to maximize your financial gain. For illustrative purposes, a person who works 80 hours a week instead of 40 is not twice as profitable, but is likely three times as profitable, due to economies of scale gained from focused work time. In the charitable world, someone who works twice as many hours could help three times as many people as his or her "competitor." They could even be more than three times as effective if they are a better worker to begin with.

Working excessive hours is the main reason why winning in the business world is not necessarily worth the sacrifice. To undertake the responsibility of business management can and should only be a personal decision. We are merely trying to disclose methods of those who have been successful, without qualification as to whether it's a good idea to follow in their footsteps.

If you are trying to evolve your business faster than your competition, one way to produce more, to be more efficient, and to get a critical jump on those competitors is by putting in longer, harder hours of labor. Aside from a good work ethic, you will need a realistic general plan or a serious business plan that, if followed closely, will produce positive results. A huge portion of American society is already working hard. If they were to work more hours and apply themselves to a serious plan, they could often achieve the life of their dreams.

Fledgling businesspeople often don't realize how close they really are to a major success. In most cases success is just around the corner with a few years of hard work applied properly to the economy. Some people might not realize the weaknesses or complacencies in their competition; or they could easily underestimate the size of their global market. And they might not realize that with a couple more hours per day of work they could uncover and develop ideas that would produce large new advances in corporate productivity.

Competitors often work just hard enough to barely stay above the rest. So if your team makes an aggressive push forward in the marketplace, the competition could readily be blindsided and fall behind. Top competitors might feel they don't need to try their hardest because too many other possible competitors, like you, don't step up to the plate. But once you are ahead, there is no turning back. Stay at full speed until you exit your market. The compounding effects of your efforts will bring you more money, faster, thereby creating more leverage and freedom to use how and when you choose.

The more hours you work, the more money you will be able to put away in order to invest in a new business, or to provide cash flow for your family. In a new business you might not be getting paid for a while so the padding created from long hours at your last "job" is critical.

The extra money you put away year after year from all your overtime labor will compound if invested carefully. Compounding produces a snowball effect because interest earnings grow from an ever-increasing baseline each year, as long as you reinvest the distributions and dividends. The effect of compounding is that earnings rise each successive year, unlike monies that don't compound.

Lawyers, doctors, and other high-end professionals make more money than most partly because they've put in more hours in school and at work. Hard work might not be the only disparity separating the rich from the poor, but it

certainly enhances any other advantages that the average professional brings to the economic table.

Working hard isn't easy by definition. But understanding the processes that lead to success is right at your fingertips. Pay attention to the ideas that are being offered informally all around you--by mentors, in books and periodicals, and especially all over the Internet. Prior to indulging yourself, make sure you have filtered out only the best information out of the masses of potential. Most of what you need is freely accessible if you put in the time to do the research.

Spending peaceful time contemplating all of your options to see how they fit together and then "gaming" out every possible success scenario will help you make better decisions. Gaming lets you consider what could happen in each foreseeable scenario, often in a flow chart format. In theory, this will allow you to understand all the possible decisions and feedback loops, and help you to pick the best paths to pursue.

Doing the actual work involved in running your business entails a lot of long hours and stress, but doing so could allow you to retire in a third the amount of time it would normally take. And that could facilitate a relaxing second half of one's life. Here's how: If you are working twice as many hours and gaining the added efficiency that scale offers, you are likely three times as productive. Therefore you should make three times as much money in the same time period, and possibly retire in a third of the time you would ordinarily. One successful businessman was quoted as saying, "You get to work half days the rest of your life. Any 12 hours will do." We think you can do the same but instead possibly work just half the days of a third of the rest of your life.

Being successful in business is not necessarily an easier life for you. But it could be more rewarding and fun in the long run. So get to it – don't procrastinate on the difficult projects ahead. Hopefully, your competitor is doing just that, but in any case, you will be better prepared for the future if you take hold of the present.

### **Be Charitable**

It is our belief that charities should be run like businesses. The main difference should merely be that the metrics (key data displayed in user-friendly formats) that are being tracked should be related to the number of people and causes helped, rather than the amount of revenue gained. In business one only has to count cash to know how well they are doing. Helping people is harder to quantify and track, but should be approached with the same vigor nonetheless.

Charities do not distribute any profits or have stock shares. All of what ordinarily would be profit from their business-like activities must be redirected into the organization. In a properly run 501c3 charity there are generally staffers who receive modest salaries and other ordinary business expenses. Other sorts of charities (like churches and political organizations) fall into different tax and business classes, but we are focused here on fully tax-exempt 501c3 charitable organizations, which are essentially charitable businesses whose monies flow internally after raised or earned, and are not distributed to any shareholders.

No one should ever truly profit from charitable activities. However, we know of many pitiful cases where there have been executive excesses on the charity's bill. This anomaly is not in the spirit of charity and should be prosecuted to the extent that it is a violation of law. Regardless, it's a moral violation to use charitable donations on anything other than modest expenses to run and grow an organization.

With Grassroots.org we are trying to use a variety of strategies to grow and expand. We seek leverage, much like a business does, but instead of money, we will count how many people are positively affected by our actions. The more people we have helped, the better we've done at the end of the day.

One way we try to gain leverage is by encouraging volunteers to help us with both time and donations. In this way, the organization requires less cash to develop and can therefore help more people faster. In other words, we can successfully meet our "business" goals by "employing" volunteers.

We also sign people up for our newsletter, blogs, and discussion forums, which spreads knowledge of our free resources, and of the social messages we put forth. Because we usually deliver our information electronically to a broad audience, we are able to reach a wider population, in less time, for little money.

Once we have contacted our targets, we try to sign them up as new "members." Since we have a mission that is compatible with many nonprofits, the individuals and businesses we target should have a positive predisposition towards our programs. Our prospective members essentially serve the same role as sales prospects to a traditional business. To further entice them to be our members (and more importantly, so that we can help them) we give away a variety of free valuable services. In exchange our friends and business partners are encouraged to link their web sites to ours. This helps to expand the ever-increasing network of visitors to our site, and the number of people who see our logo (just like regular business branding).

The increasing traffic to the web site generates more people who can then sign up for our newsletters, post messages on our discussion forums, volunteer to help our clients with their missions, and on and on in a virtual business cycle, leading to success. The same general processes can be applied to your business in order to gain a critical mass of prospects and customers for your products and services.

In short, businesses and charities should basically be run the same. The main difference is in how you count success. Although this is a business book, we truly believe that a life with family and charity as its core is more beneficial than a life focused mostly on business. Our goal is to teach you to get the best out of both—we want you, and as many other people, companies, and organizations as possible—to produce as much output as possible, so that you have more money and time to help other people and critical causes when you aren't spending family time.

Some people need extra motivation to make more money than what's required for their family. For those people, it is important that they learn to appreciate their ability to help the helpless by choosing a charity or cause to help that can make a real difference in the world. Here are a few facts to consider in your search for the right cause: Millions of people around the world are dying of AIDS (see [AIDSinfo.org](http://AIDSinfo.org)); a huge portion of society is illiterate and unemployable (see [KnowledgeisPower.org](http://KnowledgeisPower.org)); raw sewage is dumped in oceans around the world, (see [MarineConservation.org](http://MarineConservation.org)); thousands of homeless are on the streets, even just blocks from the U.S. Capitol (see [Shelters.org](http://Shelters.org) and [Homeless.org](http://Homeless.org)); congress is often wasting your money, taking dirty money, and getting elected via an antiquated system (see [CampaignReform.org](http://CampaignReform.org)). If you visit <http://www.Grassroots.org/> you will read about other critical, time-sensitive, global issues. Of course the point is that you can help work on these issues, or other issues that touch you personally, as soon as you have some extra time and money.

If you need more convincing, consider how extra income can help you to send your kids to better colleges; how it can allow you to take an extra week per year of vacation, or renovate part of your home; or even allow you to buy a new iPod if that's your thing. Once you get past the thrill of attaining material possessions, give as much away to your favorite nonprofits as you feel you can safely afford, or put it in a charitable trust or foundation for later. For a person who successfully follows our advice and scores big we recommend to put aside 15-35% of your wealth for nonprofit interests, as well as 50% of your time.

If you have extra money you can essentially buy your time back, and if you so desire, donate some of your spare time and cash to whatever charities

you choose. The only two realistic ways to make this extra money are by earning it or inheriting it. Since most regular hard-working folks don't have the luck of inheritance, the most accessible way for them to earn significant cash is by owning part of a business.

### **Be a Success**

Stanford graduate Charles Brewer of the Internet provider Mindspring said in 1999 that his success was due to, "honesty, integrity, frugality, and adherence to the golden rule. It is essential that you too create and maintain core values like Brewer to have the most cohesive organization and make your image appear more trustworthy to the outside world. Expressing your values openly also makes your employees feel more secure, which in turn truly makes your company more secure.

Avoid blaming other people or external forces for problems that are in your own best interests to solve, irrespective of how they emerged. Blaming the economy will never help you; nor will blaming the government, the administration, your mom, your teachers, your competitors, your boss, etc. Claiming that you have bad luck or that others are at fault for your shortcomings will never help you achieve a winning attitude or create a winning business. The world offers an enormous and ever-expanding global economy. All you need is a miniscule piece of that economy to succeed, or a slightly larger slice of your local economy. Nobody and nothing can stop you from getting your share if you maintain a long term focused effort on your goals. Also, if you are out of work and you think there is an external force to blame, then at the very least you should be actively working to change that force every day as opposed to merely complaining about it.

Very few people who start a business from scratch and succeed can have their success attributed to luck. Some people may have been born into a family business, or undeservedly promoted in a bigger company. But overall, successful people are those who are focused on proactively performing a single goal, at the highest level, for the most hours, over the longest period. The good news is that all the rich people that surround you have 99.9% the same DNA that you do. The difference is not in their DNA or in their luck; it's just that something in life made them choose to succeed in business. And you can too.

Don't get lost with intangible plans and tasks. Instead, stay focused on tangible longer term goals while understanding what's truly happening around you minute-by-minute, and how you can positively affect it.

### **Be There**

Just being in the game and being serious about trying to succeed wins half

your battle and can account for half your success. Most able-bodied workers are apprehensive and are not well suited or well prepared to conduct competitive commerce on a daily basis. Working long, hard hours every day accounts for about another 40% of success. And picking the right industry is probably responsible for another 8%. We think luck accounts for about 2% of the success of proactive entrepreneurs.

What does this teach us? Mainly, that you need to get over any notion of good luck being the reason that others can beat you in business. Even if luck is an element, it is an uncontrollable one, and a minor one. So focus instead on the majority of factors, which can truly be affected by your best efforts every day. Businesses run by hard workers who show up every day ready for their tasks and pay attention to the business details and emerging opportunities have a much higher chance of long-term success than could be attributable to luck.

The smartest people aren't always on top. Rather, it's the person who believes in him or herself the most. Have you ever heard the expression, "he's real smart but he doesn't apply himself"? Well in school you will fail like that. In business, however, if you aren't the smartest you can make up for it by changing the rules – which could be analogous to getting a new teacher, a new book, new classmates (teammates), changing the hours, getting leveraged student financing, merging the small class in to a bigger class, beating up on those who were born with better IQs but are complacent, hiring new classmates, etc. If you could have changed the rules like this in class you could have attained straight A's. In business you are allowed to change all the rules to get top grades, just not the laws. You don't have to be the smartest to dominate your business niche. But you do have to be among the most assertive and confident.

Attention to detail, furthermore, is one of the most essential qualities you can develop as you become a leader. Anything that isn't done completely and correctly will have to be reworked, thereby wasting time and money. If you are not detailed, you are likely to cause yourself major problems that could put you out of business before you have a chance to recover. Bad detail in accounting could land you in tax court. Bad detail in law could land your client in jail; and if you are a doctor you could accidentally kill someone. Bad detail reviewing references could leave you with an employee that embarrasses you and drains your profits. Bad detail with security could get your store robbed or could facilitate the theft of credit card numbers from your e-commerce web site. Harmful patterns perpetuate in all business areas that are not studied and managed in detail.

Next, it is crucial that you have a sincere respect for time in every sense.

Having a short time horizon in business is myopic, since a chance for quick success is slim. Trying to target your exit strategy to a short calendar window is equally wrongheaded. Companies should run, or appear to run, like they intend to be in business for a hundred years, not as if the management is ready to run out the door (even if that is really the case).

Ordinary people are generally focused on their next paycheck, not necessarily what they could accomplish over longer periods. While this is understandable, it is also the mindset you need to get out of to be a successful businessperson. You should be looking out over a long time frame, even though you are working day-to-day and minute-to-minute on your high priority tasks. You should still be thinking about what will happen if you reinforce a sound business strategy consistently over time. Usually a long-term, focused effort will pay off, but short-term get-rich-quick schemes definitely will not. Respect the fact that leaders put in many dedicated years to reach their positions – and you can too if you so choose.

Finally, it is essential to know how to multitask. Time is everything. The clock is ticking and every second counts. You have no choice but to attempt to overlap your tasks. This can be tricky, since you may not have enough attention at the right place at the right time. The need to focus contradicts the need to overlap. However, you have no choice but to work at creating an optimized balance after careful practice. Overlapping might be as simple as wearing a headset when you are on the phone, so that if you are on hold you can do other work while you wait, or talking on speaker phone while you drive (carefully, of course), or working while you are on the plane and in the airport, or typing notes in a contact manager while you talk. Or even worse, you could read contracts while your family sleeps on vacation, if you're up to it.

The idea behind multitasking is that you can accomplish two or more goals simultaneously, ever optimizing your time, not accomplishing one task at the expense of others. Multitask where it can be effective and won't harm your other initiatives. It's a great way to assist your competitors in falling behind.

### **Be The Edge**

The best ideas are the ones that are not contrived. They just make sense. Which is why people always say, "Why didn't I think of that?" In order to achieve a winning edge, the element that separates you from the rest of the pack and ensures your success in business, you have to find ways to identify good ideas and develop them quickly and effectively.

Once you've selected or invented a business idea, you want to keep reviewing it from many simultaneous angles. You can create multiple small

profitability tests including those that are risky mixed with those that are generally tried and true money-makers. This process will help identify future profit centers to pursue. If you are trying out many angles simultaneously and reinforcing ones that work best in an upward spiral, then you will be creating downside protection. For example, if your competitor is more adept than you, she might be able to wipe out one of your profit centers. However, if you have spent many years growing and reinforcing several, then losing in one area will not make your competitor superior nor ultimately harm your business. You knew all along that she was going to try to "take you out." That's why every day you have improved and prepared for the inevitable commercial war. You've been working harder and smarter and aligning yourself properly with good partners, employees, and suppliers all along. You will survive at the expense of, or in cooperation with, all those who compete.

Don't let other naysayers get you down either. They are predictable obstacles in an obstacle course that your competitors have to navigate too. Jealous, doubtful or unmotivated people will always try to get in your way, break you down, and challenge you. Your job is to produce in the marketplace, while these challengers remain distracted by your productivity. Like athletes in the Olympics, the people who train the hardest on one goal and are the most adept will win, or at least get to share the prize. The others, who can't manage to get past the competition, will get run off and knocked down. But if you maintain your focus, you will make sure that distractions and detractors are harming your competitor's business more than your own.

Everything that is difficult in business is ultimately for the good, because it's yet another obstacle for your competitor that you intend to overcome more effectively than they can. You will constantly discover new, difficult, and unpredictable challenges in the quest to grow your businesses. Whether you find those challenges to be blessings or curses is a matter of perspective. Were there no obstacles there would be no barriers to entry for competitors, and your market could become saturated and unprofitable quickly. Obstacles allow you to practice and learn from each task in context and to learn how to hurdle obstacles in general, which is leverage you can use for the future. The more obstacles there are in your industry the more areas there are for you to master better and faster than others, placing you ever further in front of the pack. Were there fewer industry obstacles, competitors would have a better chance at stealing market share at your expense. Obstacles are good for proactive entrepreneurs like you.

## **Chapter 2: Pick Your Plan**

### **Choose or Lose**

When choosing what sort of company you want to run, your best bet is to

pick something with which you are already familiar from past jobs or from school training. This could save you considerable time and is more likely to be in line with your interests. However, if such an area does not offer the highest long-term financial gain, you might decide to look elsewhere.

In a perfect world, your parents encouraged you at a young age to study hard in a select occupational area, positioning you to succeed in a lucrative industry. For example, your parents may have provided you with math tutoring and math camp as a kid (instead of soccer practice and soccer camp) if they had aspirations for you to be in the engineering field. If you then took extra credit in high school in math and engineering, then applied to the best colleges for engineering, interned at a top engineering firm, and started working for the same sort of firm, you'd be setting yourself up perfectly to start a company in an engineering related field one day. This kind of "career path" setup is optimal for any line of business. You could set your own children up for a better chance at business success by employing this same theory.

Peter Lynch of Fidelity Magellan Fund fame preached the mantra of investing in what you know or what is near to you, since those are in fact the ideas that are likely to be the least contrived and should make the most sense to you. Investing in things that you don't understand is folly. It therefore follows that training to work in a field that is close to your heart is ideal from a business perspective.

Spending your life training for one sort of business is not easy or fun, and may not have been the right path for you, but doing so is usually of significant financial benefit. And, of course, there is no guarantee, since even if you were to have spent much of your life training in one specific area, there is no assurance that you wouldn't have abandoned that field for a variety of reasons. Fortunately, there are additional great options below.

Your second best bet is to go into a line of business that matches your personal interests, even if you don't yet have experience in that area. For example, if you have always loved motorcycles and you have identified an under-served market for them, then motorcycle dealing might be a good choice for you. Choosing an area of personal interest is likely to be fulfilling and as a result you will want to learn more, work harder, and stick with the industry longer.

A third option, which fits most new business candidates, is to choose a line of business after exhaustively reviewing research and financial projections on emerging industries, even if, in this case, you have no personal interest or history in the area. Try to be creative and pick an industry that is not fully

developed but has a lot of potential. Think about less sophisticated or glamorous business niches because they are more likely to be overlooked by potential competitors.

We recommend that you read profusely to get a handle on your opportunities -- business periodicals, trade journals, Fortune Magazine and Business Week, the local business sections of major city newspapers, and even the fluff magazine Entrepreneur. You also want to specifically study many issues in the industry publications that deal with the business areas you are considering pursuing. Financial television shows can also uncover some emerging business concepts worthy of review. You should keep your eyes and ears open for all sorts of ideas over a long period of time if you are already gainfully employed. This sort of informal research could lead to some ideas worthy of further, more intensive research. Don't forget the value of market surveys prior to entering a specific business area. Then, as you conduct research and meet a variety of people who could help you, through the process of elimination you will eventually be left with the best plan of action. In that manner your risk will be an educated, not random, one.

There are a few classic sales books and tapes that we recommend you look at during your research phase. They include: Jeffery Gitomer's Sales Bible, Mark McCormick's What They Didn't Teach You at Harvard Business School, Harvey MacKay's Swim With Sharks, and Donald Trump's The Art of the Deal. Although some of this stuff is pure ego, you will find many good tidbits of information throughout.

Another book that is treated like the bible in some circles is In Search of Excellence by Tom Peters. The essential message of his book is to focus on People, Customers and Action. Constant incremental improvement is a treasured theme. He stresses always adding little bits of value in your business and not resting on your laurels. Peter's explains McKinsey's 7-S model for business: structure, strategy, systems, style of management, skills (corporate strengths), staff and shared values.

These are mostly tried and true business authors we refer to but you should read the texts of emerging business minds as well. Once you've done your research and made an informed decision about what sort of business to open, it's time to get to the nitty gritty of putting it all together.

### **Plan Your Success**

Review many theoretical future scenarios for each business area of your interest before actually deciding which business you want to start. Once you've decided what business you will be opening, the first order of the day is creating a written business plan. This should be relatively short and

simple, and any numbers you use (in the spreadsheets you will attach) should be based on realistic assumptions that are explained in notations. In the initial drafting of this business plan, determine its audience. Is it meant just for yourself, or for staff and management, or potential investors? There are standard boilerplate forms for business plans available online which are acceptable for simple plans and small investors, however larger investors will prefer a thorough and clearly-worded original document with ample justification for your assumptions—something that summarizes specific research you have done in your industry. Gear the information in your plan toward whichever audience you are targeting at the time.

Investors need to approve of the proposed staff, the marketplace, the math, and other select criteria in order to actually invest, which is why a customized business plan is best when approaching serious candidates to become investors. Among other things, your business plan should document the expected start up costs and the costs to operate the business until it hits the "break-even" point. This will clarify the expected level of financing you are likely to require.

Finally, in putting together this document, it is essential to truly believe in your mission. Merely acting like you believe in your idea is not enough. Don't start a business unless you are willing to put in whatever effort will be required to make your dream a reality. If you lack enthusiasm and confidence you cannot display those attributes to your potential investors, staff, customers or the community at large. Your competitors would be able to sense and take advantage of any weaknesses you display before you get a chance to acquire your share of the market.

If you have a good written business plan, adequate financing, boundless energy, a willingness to make fast changes in a fluid environment, and you are fanatical about marketing and service quality, congratulations: You have what it takes to be a well paid business leader!

### **Quit Your Job**

After you have determined what sort of business you want to go into, written a business plan, and secured some basic financing, you need to make the next big step and quit your current job. There is practically no way to build a seriously profitable business on a part time basis. Raw man hours often prove to be the key to success. In order to make the best of it on your own, you have to be as focused as possible on your singular business goal.

There are a few important things to keep in mind when you do leave your current position. It's critical to appreciate that you should keep good relations with your bosses or co-workers even after you are gone. Odds are

you will eventually run across them all again as customers, suppliers, co-workers, neighbors, references, or industry competitors. Even if that doesn't happen, you will inevitably run into other people who know them. The last thing you need is a strategic disadvantage, so always end things on positive terms, and keep in touch with any and all contacts who may benefit you or your new company in the future. Keeping the personal relationships positive will help your future.

There will always be some people in your life who will try to discourage you from quitting your secure position and starting out on your own. The truth is, of course, that doing this is a big risk. But what is the worst thing that could happen? If you're smart, you won't let yourself get to the point of homelessness and destitution before you realize that your plan has not worked, and you put yourself back on the job market. We

believe that if you have a solid motivational drive, at worst you can start at the entry level and still make it to the top over time. Just be sure to confirm with your boss before you start that you will get promoted if you work hard and do a great job. Then do just that, and ask for your promotions along the way. If you can't get promoted at your current gig, you can keep looking for better employment until you find the most suitable match. Somebody will ultimately recognize your willingness to work hard and then the results you achieve; and you will be on your way. You could, for example, keep moving up the corporate ladder until your boss becomes your business partner; or until you venture out on your own with your new skills, putting your sweat equity into building a sustainable income.

The point is, you are never out of the game. You can stay motivated and keep picking up the pieces. Persistence and practice will move you in a positive direction financially. It's not desirous to get knocked back often, but it does not ruin your long-term prospects either. Take the stock market, for example. Despite many market crashes in the last century, most long-term investors have profited handsomely. Likewise, if you are a committed long-term entrepreneur and follow rational business practices day after day you too will succeed, despite the business environment often appearing to work against you. There is no doubt that you will often feel like you are taking a step back, but with your three steps forward approach over time you will still be way ahead.

Finally, you can't be scared to be a capitalist. It's not wrong to profit – to make money from your business peers and your community. They have to make it from you, and your family and peers too ultimately. Everyone deserves to make an honest buck. Profits create a virtuous cycle if you work with virtuous individuals. And this is the way American society and its market

economy is fueled. No capitalism would mean no jobs, no nice cars, no rent money, etc. Capitalism is a key to a healthy democratic society. There is no reason to avoid it or fear it, just dig in.

### **Get Incorporated and Situated**

So by now you are on your way, with a business plan in hand and with newfound free time to devote to starting your company. The next step is to hire a good lawyer and an accountant. There are an excessive number of documents that have to be processed properly, and on time, in order to operate any good company. The bureaucracy could easily paralyze any business. Having a great lawyer to expedite paperwork professionally and to bail you out of some of the complexities in business is critical. You may find that hiring outside counsel hourly is too expensive for your small business at first. In this case you could try to have a multidisciplined lawyer with a business edge directly on your team. This way, he or she, as your "employee", might get a little bit of hourly pay or yearly salary along with stock options or other incentives in your company. Our experience is that in a successful company the stock becomes worth much more than the hourly wages would have been worth. With this in mind, the lawyer on your team gets paid more ultimately and also helps finance the company by not draining the bank account in the early years. Same goes with your accountant or other professionals you may require. You can attempt to help defray some of your other vendor/partner expenses from the formative years in the same manner described above.

Having an aggressive lawyer and other professionals aligned with your financial best interests cannot hurt you unless you overpay. Therefore you should interview a lot of professional vendors and decide which ones might work out best for you. From that list see if any of them are interested in your alternate payment arrangement. (Note: the more success you've had, the more likely they will bite.)

Next comes the very important step of picking the right name for your business. The significance of this decision cannot be underestimated. The best-remembered names are double entendres, phrases with double meanings, often whimsical. One meaning is pertinent to your industry or company, and the other meaning is often silly or otherwise memorable. And it's better if your name also makes use of alliteration, like "TotallyTwisted" for a pretzel company or "WebWave" for a marine related web site. If it's not an alliteration it's great if your name rhymes (like DupreesTrees or MellowYellow). You may not be able to find a name that you like that includes these characteristics, but spend a lot of time working on the naming issue to make sure you make a good decision. Also get votes and opinions on your top name candidates from as many trustworthy people as possible. If you find consensus then most likely it's a great choice.

Before you go forward with the name, though, be sure that you can buy the Internet domain name that is an exact match to your prospective company name. Don't name your company TotallyTwisted if you cannot buy totallytwisted.com to use for your branding reinforcement on the web and for your email, etc. Doing so would be a failure in branding from which you'd never be able to fully recover.

In addition, the name of your business should be easy to spell and easy to remember. You should be able to trademark it via the US Patent and Trademark Office (you or an attorney need to search USPTO.gov). A few things to keep in mind on this end are: (a) to get a trademark, the name cannot actually describe the product (for example, you cannot call your company Hot Pancakes unless you are NOT selling actual pancakes); and (b) there can be no other marks confusingly similar to yours that have already been successfully registered or are in line to be so. Don't name your company TotallyTwisted if you can't get that trademark for your industry.

Now you are ready for your new lawyer to file the basic corporate paperwork (some of which is available online). This includes making a "fictitious name" filing (the name you would like to go by in your state), a federal ID number from the IRS and a corporate seal as well as basic corporate documents like Articles of Incorporation, Shareholder Operating Agreements, Stock Certificates, Subscription Agreements, and Stock Option Agreements if applicable.

You need to choose an appropriate slogan to go with your name too, like "Twist and Shout" for a pretzel company, or "Ride the Wave" for a marine company. And you need a logo, a graphical representation of your brand, like the Nike swoosh. In the vetting process for branding each logo, slogan and font, etc. should be carefully reviewed and then selected from as many options as you can afford. You must have a first class logo, and then make sure that that logo makes its way out into the world. Your marketing material should be exposed in as many and as wide of a variety of venues as possible--referrals, press articles, sales messages, affinity groups, and materials via fax, mail, newspaper ads, radio, online, and so forth. Your brand is everything, so don't short-change it. Pay to build it in the beginning by leveraging the right image, logo, slogan and domain and stick with it – you'll discover that branding reinforcement over a long term pays out for a long term.

### **Make Progress**

Often you can tell which companies are successful without seeing any numbers at all. Taking a look into the offices of a small, young business is

often revealing. If there is a lot of activity going on, it's a good sign. It may take a while to make hard profits, but if the phone is ringing and you have important meetings regularly, most likely you are on the right path. Any office where there is energy, where people are being hired and lots of meetings are taking place, is an office moving in the right direction.

That kind of activity probably means that a company is doing everything it can to make sure its products and services are getting as much exposure as possible, and in the greatest varieties of ways possible. Referrals, press articles, fax, mail, newspaper ads, radio, affinity groups, friends and online exposure are crucial to getting you off the ground.

As Tom Peters preached, the former McKinsey business guru, constant incremental improvement is the best method for advancement. Peters stressed adding little bits of value in your business very day and not resting on your laurels. There are always means to improve an already good product, and everything is a work in progress.

To illustrate the exponential power of improvements, consider if you were to improve one thing in your operations every day for 5 years – you would have over 1500 improvements. Presumably, some of those tweaks to your business will be significantly profitable if you have stayed focused on improving the items that offer the highest yield, or the "lowest hanging fruit" which can be readily converted to cash. Conversely, if one of your competitors who wants a more relaxed lifestyle decides to improve one item, merely every third day, at the end of 5 years he will only have only 500 tweaks. So with 1000 additional improvements to your business over your competitor you will have much more profitable operations due to added efficiencies.

## **Chapter 3: Best Practices**

Congratulations! You've successfully started your own company! Now it's time to learn how to produce more profits for your business than the average businessperson of your background.

As we see it, there are four main strategies for success: (1) Delegate tasks. (the bigger and more profitable the better, and the more people working on those the better) In this way you can keep saying "yes" to all the great opportunities you are being presented or discovering and pass them off to others who will help deliver you the profits; (2) Build efficiencies into all parts of your business. In this way you can provide the same services as a larger corporation but on a lower budget, enabling you to offer lower prices too if you so decide; (3) Learn more. If you know your products, the economics of

your industry, and your sales prospects the best, you will be able to make more deals faster at the expense of your wannabe competitors and (4) Work more. As you recall from above, maxing out raw man hours can provide exponential value.

From Day One, it's important to document what works best for you and your company. We call this a set of "Best Practices." This book is our shot at documenting our own Best Practices. You should adopt as many of our Best Practices as you see fit, and add whatever else you develop or discover independently. There is no set limit to your Best Practices arsenal. It is a fluid document that should be continually evolving. Old ideas should be thrown out now and again while new ones are added as rapidly as possible. It's possible that you may be so overworked that some great new ideas cannot easily be implemented as they come up, while others might be easy to add into your normal business flow.

After organizing extensive documentation of the Best Practices that drive your industry and your particular company, you should create Standard Operating Procedures explaining how to do all the tasks that have been done before in an organized manner, as well as a very fluid To-Do list of up to a hundred things of all sizes to manage over a given period. Your list should be constantly reprioritized, and preferably much of the tasks within delegated as part of your plan to scale the organization. Then higher-level tasks can be added, and the cycle repeated - in an ever-expanding upward spiral. All tasks however difficult they may be must be well-documented and prioritized for future implementation. It's ok to put something on hold, but don't leave it off your list and skip it altogether since if it has made the To-Do list you've prequalified it as a viable idea.

We can't stress enough how important it is to document the procedures you use for each part of your business. As you strive for constant incremental improvements in your processes, update the documentation accordingly. By following this method you will create an easy path for training people under you as you delegate profitable tasks and focus your own time on creating new opportunities. You are starting at the top of the ladder, while each person to whom you have delegated is taking off the tasks at the bottom. The object is to delegate as much as possible so that your staff can rise toward the top and hire new helpers to replace themselves, while you are able to raise the bar and focus on only the most profitable, highest priority closing activities.

The Best Practices information and the Standard Operational Procedure manuals you will develop, which outline step-by-step procedures to all the business tasks that can be broken down in that manner, then need to be

combined into a Training Manual for all new and continuing education employees. Creating the manual may be as easy as copying and pasting the best text you have been compiling over time. You can't reduce the many creative processes required in the business world down to steps in your Standard Operating Procedures. However, it is necessary to attempt to document what works to the best of your ability and thereby add to the body of work. These Best Practices and Standard Operating Procedures documents will be instrumental in training new employees and communicating the unique methods of your business.

One can just about mathematically prove that working on an evolving model committed to Best Practices produces more profits than a more random process.

### **Don't Deny Better Opportunities**

You have to be willing to do the math with regard to possible business improvements or you will find yourself in denial about your opportunities. Don't bury your head in the sand. If there is overwhelming evidence that there is a better method, you need to find that better, new way.

It's amazing how frequently entrepreneurs, who otherwise appear to be concerned about their business and personal profits, are able to overlook or ignore the mounds of Best Practices that are being exposed by associates, industry leaders, the scholarly press, etc. Oftentimes pride and ego lead us to believe that we already know it all, and get in the way of rational, proactive decision making. But if you are working smarter, that means you can work less to get the same results (or the same amount to get better results). Unless you are being stubborn and ignorant (even if subconsciously) you can access extra profits by employing best practices and pushing forward.

If there is too much on your plate and you can't proactively pursue and develop new ideas, at the very least you should still be able to do a cursory review of fresh business concepts that happen to cross your desk. The more free time you have, the more time you can study these ideas before dismissing or accepting them. Dismissing anything outright without even giving it a glance means you are likely to be mistakenly passing on many profitable deals or ideas. It's OK if you don't fully pursue some good ideas or plans. In fact, you are supposed to be looking at and rejecting a lot of ideas in your active vetting process. But there is really no reason not to give yourself at least a little time to look over almost any potentially good idea, and figure out if it would appropriately enhance your arsenal of strategic business ideas and assets. Keep in mind that one day down the road you may want to be in one or another type of business or adopt such and such an idea. If you start reviewing your options early on, even if in a rudimentary

way, you have an opportunity to follow and understand the concept before some possible competitors, and even place early strategic bets if you choose. Getting involved in good ideas sooner rather than later is always more profitable.

You are always either pushing forward from status quo to profitability or being pushed backwards towards financial loss. You can't stand still because you are being measured based on moving targets, the performance results of your competitors. You have to be proactive just to stay even with the competition. And that doesn't even get you very far. The big thing you need to know is how to turn all the theoretical Best Practices into actual strategic advantages to get permanently above and beyond the others. Hopefully, you can create more and better operational tactics and can therefore wear down the competition over time, leading you to top industry position.

The friction and market conflict you are creating in your evolutionary process is a sign of progress, not problems. Those with no friction are stagnant and ready for corporate slaughter. A disruption of the status quo can potentially enhance the market, its presence, and margins for everyone.

Somebody out there is getting paid big bucks. If it's not you, you should try to imitate the leaders of your select industry by adopting their Best Practices as your own and then adding additional items to create ever more strategic advantage. Those who pay attention to, and further develop, the Best Practices that dominate their industry, and who follow through with each detail, will always get the best results. The best results equate to wealth for your family if you want it.

Every time you fail to assertively take advantage of all opportunities and employ all Best Practices, you are essentially throwing cash right in the garbage (or, even worse, into the hands of your competitor). This cash is called Opportunity Cost. Controlling opportunities requires careful setting of priorities. If you spend 10 hours to make \$100 but you could have chosen a better business option and spent 10 hours to make \$200, then the opportunity cost is \$100. You lost \$100--the cost of making the wrong decision.

The opportunity to improve in all areas of business is always at hand if you pay attention to details, proactively make good decisions, and work long hours. If you aren't willing to be efficient and effective in building your set of Best Practices, you may choose to stick to your less profitable path - but don't blame us if you're not satisfied!

One way to help you see your business in context is to envision the outcome

you are looking for first and then work your way backwards to consider what can be. Look for the end result and prioritize all the tasks it will take to get there. Most likely someone has done something similar before and you can see what actions and characteristics lead them towards success. Replicate the activities of those who have had a similar outcome before you. You can attempt to take all the shortcuts you want, but they probably won't work.

If you follow Best Practices the only disadvantage you should ever have is related to education and background. You may have to make up for lost time if you are behind, but eventually you can catch up to your goals if you seriously focus on it for an uninterrupted stretch.

### **Do Zero-Based Budgeting of the Mind**

Some politicians recommend "zero-based budgeting" when determining future years' government appropriations. Nothing is sacred in this situation. There are no programmatic "entitlements" to funds just because funds were appropriated in a prior period.

Similarly, we believe companies are not "entitled" to do business the old way. Instead, you should be constantly checking to see if that old way still makes sense, and rid yourself of any commercial preconceptions; so that you can maintain an open mind and be prepared to change the way you think. Even if you are strongly attached to every aspect of your business, it can't hurt to see what other options exist as if you had no concern for the old ways.

Even though much of what you have learned in the past, particularly from your parents, can be applied to your business, you have to be eager to rid yourself of any ideas that no longer make good business sense. You have to leave brain space for ever newer and better ideas and not get stuck on the way things used to be, or the way you wish they were. We call this beneficial brainwashing effect "zero-based budgeting of the mind." Take nothing for granted, and re-examine what will really allow you to accomplish your goals. Details of your industry and your business are what they are. You need to understand them and the effects you can have on them. The main thing holding back business people is not paying attention to real facts and details, and instead getting stuck on false ideas about what will make them successful. If you get stuck on the wrong track you could fail. But, of course, failure isn't one of the options with our method. Like business leaders, military leaders are expected to make risky decisions every day during wartime to advance their cause. Every day it's wartime in the business world unless you are just playing role of the victim of aggressive competitors. Some people become paralyzed with fear as a result and have a hard time moving forward diligently. But if you approach your opportunities with good information, knowing the approximate level of risk involved with each

possible decision, then you need not hesitate. If you are in business, you are in the business of taking calculated risks. As long as you understand the key risks and opportunities on each possible deal, you can hedge by placing many bets. Presumably if you do proper due diligence they will all have a greater than average chance of going in your favor, and you will have safely spread your risk. Those who hesitate, or get scared or paralyzed lose the opportunity at hand, and industry deal leaders are onto the next big thing.

### **Get First Mover Advantage**

If possible, you should be the first player to enter your industry, the first to invent all the products, services, and processes that make your industry tick; the first person with access to the best employees; and the first with the best marketing ideas. Unfortunately, you can't have it all. But as long as you are trying to get it all you are on the right path. So go for it. Try to be first to enter new markets or niches. Being first means you will remain ahead if you are merely on par operationally with your competitors. However, if you are better overall AND the first to market then you will capture a sustainable long term advantage.

You are always moving either forward or back and so are your competitors. To the extent your operations are similar you will advance and decline at roughly the same rate. That's why you want to start first in each market and keep pushing further ahead. If ever you think you are standing idle, you are wrong. For your business, standing still means that you are actually going backwards relative to your competitor.

Being first to market entails accessing and understanding information and then applying what you have learned quickly in many small, calculated risk trials. So make sure that you are really researching every possible angle of relevance to your mission. This includes reading every trade magazine within your realm of interest, attending all the conferences, calling all the industry players, etc. It only makes sense that you'd have something to offer in return for those who share resources and information with you. If you are starting out with sound business theory, your tests have a much higher likelihood of success. If you are paying attention to the trends in your industry of choice, you will know as much as anyone else with the same amount of preparation, and more than anyone else with less.

While it is usually better to be involved in the beginning of an industry's development, it isn't possible, or preferable, in every case. But you can still enter almost any small mature industry if you want, or at least a niche area surrounding it. Hesitation in your mind can be overcome with ample research, planning, and self confidence.

It is great if you are fortunate enough to be the first person to think of a good business idea, but you can't prove its worthiness without testing it. The cost and time of testing leaves an element of risk that can be avoided by borrowing the best ideas already in the public domain. And those best ideas are all around you. If you study what others are doing, you can discover a great business area that interests you and is generally profitable. Apply that same model to another geographic market if possible (since you are best off not trying to beat them at their own game and in their own market until you are very polished). Once you have stabilized this model in the new market, by breaking even or matching the ordinary industry profit level, you can then begin to improve on each of the parts independently, and continue to take the best new ideas from across your industry.

You could accidentally be too early to a market if you are the inventor of the product or market, particularly if patents or safe secrets do not protect you. In this case there might not be enough paying customers just yet, or at least not enough to make a profit. If the trends show this to be a promising long-term business, then aggressive competitors could invest heavily in the market, potentially blindsiding you and creating a new paradigm. Conversely, you could be using your great idea to get financing and secure attorneys, employees, patents, etc. to get a head start. There is no right answer to this dilemma. But before making any decision as to when to enter the market, be sure to study your options carefully.

### **Embrace Natural Selection**

Business success mimics evolution. For example, cavemen had to be efficient when they hunted for mates or food, in order to preserve their genetic code (i.e., stay alive and have children). Self preservation is the very essence of life. The life expectancy for cavemen was probably about thirty years. If they were not effective at hunting, they would not have had the strength to fight their competitors for food and mates. It's a matter of survival to be efficient; natural selection insists on it. It may not be pretty, but natural selection works the same way in business as in nature, like it or not.

Video games are a modern example of natural selection. They teach kids hand-eye coordination, which is a skill that can later be used in war, sports, hunting, etc. Games also help with concentration. Kids are inadvertently being trained to hunt and survive when they play video games, which is why it comes so naturally to them and why they like it so much. Interest in survival training is built into our genetic code in order to help us compete and evolve. Presumably there are some rewards for being the best gamer, as there are for being the best caveman hunter, or possibly the best businessperson. In any case, they all follow the same basic precepts of self preservation.

Work and business are essentially competitions for market share. It may be a friendly competition at times, but ultimately you are going head to head against others who want the same customers as you. If you evolve and become more efficient and effective than your competitors you can expect to soon show that you've surpassed a break-even point. Next you can prove to the marketplace that your products are relatively better than your bigger competitors. At the next level you will be as profitable as your competition on a marginal basis; and finally you can achieve the same profits if you created even higher margins due to super efficiency, even if you have lower overall revenues. As illustrated, you are striving to be on par with the best profit producers, after which you can continue your assault by operating ever more efficiently. Complete your tasks faster, and be more aggressive--this will ultimately result in enhanced evolution for you at the expense of your competitors.

Even though you are trying to metaphorically "kill" your competitors, it is merely their ability to compete that you need to destroy. You want to be an efficient and effective "hunter" to survive at the top of the food chain. Your weapon can be an endless stream of advantageous transactions. Obviously nobody wants any personal harm to come to the competition. But this is business, and it's really just self-preservation and self-defense to try to "kill" them financially by "stealing" market share.

Keep in mind co-opetition (where you simultaneously cooperate and compete with your competitor) is the order of the day for fast moving modern businesses. So being too abrasive toward your competition might have side effects that prove to be detrimental when it comes time to work together, or it could otherwise hurt your reputation. Ultimately, burning bridges could harm your bottom line too. So be aggressive, but draw the line at unacceptable, anticompetitive, or illegal behavior.

### **Gain Consensus**

The more trusted professionals who tell you that an idea or plan is sound; the more likely it is to be so. While you must not make decisions based on "groupthink" or averages, and while you absolutely can't be slowed down in your evolutionary process, it is always helpful to consult others and take into account if consensus is readily attainable. Determine independently what options you believe are best based on your own in-house research and concept development process, and then talk them through with key friends, consultants and stakeholders.

If you have independently-minded advisors with a broad range of knowledge and experience, and if those advisors are all blessing your major business moves, then the plans will in fact have a higher likelihood of success. If the

advisors all reject your concept or proposal there is a great possibility that it is a dud. If some are in favor and some are opposed then you have to use your best judgment to navigate the gray area. Its similar to movies with mixed reviews, you are best of making an independent verdict. Maybe waiting a little longer, studying a little more, and chatting again with each advisor will uncover a clear answer. Gaining consensus on major business decisions doesn't shield you from any responsibility for bad decisions, but does improve your odds of success. When trying to gain consensus on important decisions make sure you have at least an accountant, a lawyer, a few skilled businesspersons, a friend, and a relative to run it by. Skip any "yes-men," like your Mom

### **Master Efficiency, Leverage and Scale**

You can always produce more and be more efficient than you previously thought. Since you can grow in scale faster than you expect you must prepare infrastructure early on if you aspire to grow. With greater scale, you can accomplish more with less effort, even though it will still take considerable work to achieve anything worthwhile.

The idea behind leverage is that, as you make more and more money, the resources you provide become ever more of a draw to vendors and possibly employees, customers and investors. This means each dollar at a larger company should go farther than the same dollar at a smaller company. The more resource-rich you are, the more attractive you are to the business world. Therefore, you can create leverage, and with that leverage you will be in a position to extract better rates on products and services, find better candidates for job opportunities, and attract more demand from prospective customers - facilitating additional pricing power and allowing further discrimination in your choice of customers.

You can potentially raise rates to new customers if you get too busy, or just start marketing the most profitable niches you have tested - and therefore spend less marketing time and dollars in less profitable areas. Over time you could invest double the money and energy in the best niches you've developed and dump the remainder (double down), in order to create ever more scale and efficiency for your operation. Or you could keep all your niches fully operational and, if they are compatible, all of the time and marketing dollars you will spend forthwith would go even further.

Plan in advance for each task you undertake to be "bankable", i.e., something that will lead to real profits in a reasonable period. Merely filling up time playing instead of spending serious time conducting efficient, measured tests will not help you reach your targets. Every day you should be crossing stuff off your list. Only then can you focus on analyzing the metrics

that best represent key aspects of your corporate performance.

Leverage should be attained, among other things, through your provision of quality service. If you have something of value, people need to know about it so you can use this strategic positioning to your advantage. For example, West Coast Choppers (WCC) is a small custom motorcycle company with clients who are generally mega millionaires. One would assume the client and not WCC would have leverage in this case since they are wealthy and powerful. But, in reality, the service and product quality from the WCC shop is so high (and their customers know it) that they have leverage in every deal and can therefore extract ostensibly high rates and other favorable deal conditions. They likely don't abuse their right to use leverage lest they lose it. If customers were to sense a pompous attitude or price gauging, the WCC brand could easily be diluted and hard earned leverage lost.

Here is an example of how scale can work to your advantage: If I were a real estate agent, I would discover that selling a hundred homes should be more than a hundred times as profitable as selling one. The more homes I sell, the less time, energy, and money is consumed per transaction. This same basic concept works for almost any product or service: making 200 sales is not 20 times harder than making 10 sales. At some points you hit sweet spots where successive transactions are not proportionally more expensive to produce. Added up, these sweet spots show patterns that prove scale offers significantly advantageous financial opportunity compared to chugging along at a steady course.

Similarly, taking a private company public generally invokes a "public premium" due to the perception in the minds of the public purchasers of the advantages of scale; and due to the fact that there is substantially greater liquidity. The public premium gets one a higher share value compared to a private company with the same amount of profits and revenues. Added liquidity is yet another way scale provides companies with extra leverage, which means each additional dollar of profit will come with less effort.

The bigger you are, the more money you should make merely due to your size, and then additionally due to the added efficiencies created by your size. This of course assumes bureaucracy doesn't paralyze your business like it does many larger organizations. Often your competitors don't believe they can effectively scale their organizations. They conveniently think that their current size is their optimal size. So, in this case, your strategic advantage is that you understand economies of scale better than the competition; you believe you can effectively scale, and you are willing to make an assertive try at it. Just as the rich get richer, the bigger companies with more scale, and therefore leverage, get what they need cheaper and faster, leaving them at a

perpetual advantage, and further distancing themselves from the mainstream. Again, incompetence or wasted time in large or small businesses could readily reverse any strategic advantages scale may have offered.

We reject bureaucracy while embracing attention to detail - and therefore scale can only be a good thing in our method. So, really, the mom-and-pop shops that are content with their productivity and profits are at perilous risk in many cases. That's because most small businesses are ripe for the picking by more aggressive small business people operating with efficient guerilla tactics. Its not fair. Its business.

There are other ways to get scale besides becoming a larger company. These include replacing old technologies with newer ones, and sometimes even hiring fewer people in favor of employing more advanced technology. The main expenses of almost any business are payroll, benefits, and payroll taxes. Hiring only the sort of people who, like you, will work harder and longer than the average employee, will go a long way towards your ultimate success as a company. Cutting expenses and growing without incurring additional fixed costs shows more margin, which will be multiplied later with an "industry multiple" in order to assess a fair market value for mergers and acquisitions, where the biggest bucks are likely to be gained or lost.

You don't ultimately need a traditional pyramid-shaped organizational chart for your company to succeed. You might be able to do much of your human resources scaling plan through independent contractors, or even friends, family, and past coworkers; or maybe by hiring a delicate cost-effective balance of telecommuters, employees, and contractors. Either way the idea is to get scale and instill efficiency throughout your organization, to give you a leveraged market position.

### **Oh, Oh, Domino**

To illustrate the main points made in this chapter, let's take a look at a real-life example of a company that rose to the top of the evolutionary business ladder: Domino's Pizza. There are good reasons why Domino's is a leader in the pizza delivery industry. Most likely at one time they were no different than the pizza shop around the corner from you, or all the other little pizza shops in the country. But something propelled them to extreme riches. I doubt they are successful because they actually have the very best pizza in the world. Instead, they made it big because they wanted something greater than the rest, and believed they could get it. The mom-and-pop pizza shops were not necessarily concerned with corporate growth or personal riches. Domino's worked the hardest and smartest; hired the best help for their purposes; tested many different ideas; paid attention to all of the details;

and used great accountants, lawyers, and marketing experts to grow safely and effectively. They wanted to succeed at something bigger. You can too if you so choose.

Domino's domination is the result of natural selection. The combination of fast, professional, and efficient services combined with good pricing (and food good enough to satisfy the target market) allowed them to win the evolutionary competition in the modern pizza industry.

Small ideas that are tested and adopted serve as new mutations in a small company's biologic system. And, unless there is an ailment, mutations in nature are only permanently adopted and replicated if they are genetic improvements. The more mutations tried, the more opportunity exists to discover which ideas prove to be genetic improvements, i.e., enhancements over the last version of the corporation. As you become more and more advanced, any non-evolving competitors are quickly becoming obsolete, victims of the process of Natural Selection.

So, as you can see, adopted ideas are additions to your best practices arsenal and/or replacements for old pieces. The wide variety of tests, ideas, and consultants you will use to beat your competitors is akin to a large genetic pool for natural selection to adopt the strongest characteristics in order to thrive, survive, and multiply. Those companies moving more slowly and not testing enough DNA combinations will become extinct and the leaders will lead. The strong will survive. Self preservation is paramount.

You can apply all of these theories to your own business no matter what its size or offerings. Every company is a work in progress and it's up to you to pave the way toward becoming more profitable and ultimately cornering the market in your service area. You too can become the Domino's of your industry.

### **Sell your company**

If you have been evolving in your chosen industry you will be able to capture an ever-larger share of your market and related profits. You want your financial chart to show your revenue and profit lines consistently climbing a slope, without blips (down slopes) that could be perceived as weaknesses in your business. If you've got a track record like this, meaning that you've been able to handle sustained growth, there is a reasonable chance that a prospective company buyer will expect this trend to continue, and will jump at a chance to buy you out.

If your business methods make sense and you can be bought for a fair present value, a buyer can capture the future growth value of your company.

Ideally these buyers would be strategic enough to offer compatibilities with their other business assets, making one plus one equal three. Strictly financial buyers, on the other hand, might just see a good deal and want to buy it, with or without a sound forward strategy of their own creation. And of course, there is always the possibility of a buyer who has a little bit of each of these tendencies; you may benefit from doing business with such a person.

Unfortunately, certain players working on deals can be hampered by incompetence or egotism. In fact, this is the most common scenario that causes otherwise good deals to cave, so beware. People with obvious ego problems should be handled extremely carefully. Some friendly folks presenting themselves as prospective buyers may not even be for real but rather just gathering information as part of building their own "Best Practices" arsenal, at your expense.

When selling your company, it's imperative to be prepared for what you will encounter along the way. Most prospective buyers try to engage you in a corporate mating game, where they woo you with little shows and displays of their affection. This dance will include a delicate combination of facts and nonsense being thrown at you. Not to mention you will be barraged with questions that are meant to elicit what likely should remain confidential information until a deal is close to certain. Any information you want to disclose should be prepared in advance, so you don't look like a deer in headlights when they try to run you down. It is also a good idea to know in advance what sort of deal you might accept, if any. If you don't want to sell your company for fair market value, then don't waste time and money working with people interested in mergers and acquisitions.

In theory, if you personally like someone and you believe that he or she represents the best buyer of your company, you might give their offer extra consideration. But keep in mind that the attitude they present might not be genuine—and that the people with the biggest bucks can put on the nicest show, without being questioned by the hierarchically lower class of businessperson. If your job is going to survive past the buyout or merger, you will certainly want to work with good people. With that in mind, spend a lot of time with the prospective purchasers. However, don't let them distract you from your daily evolutionary business processes, or your company will become worth less during that period in which you are trying to "flip" it.

Overall, you want to understand the total value of the "package" you are being offered from buyers. And don't believe it until you see it in writing. A letter of intent (LOI) or "term sheet" is not very powerful but in some cases could be a good start. You ultimately need a bona fide fully executed contract that has been blessed by legal counsel before you should feel comfortable. A

common package of buyout terms may include any combination of cash, stock, and performance-based incentives, including "earn-outs," which are pegged to future revenues or profits as opposed to stock price.

Your evaluation of the buyers should take in to account intangibles like nice people and expected stress level in the negotiations and beyond. Each piece of the package balances the others until you come up with an overall impression. If you get less stock, you need more cash or other incentives, etc. The overall package, including the "social" aspects of the deal, are what you need to weigh against any other possible offers. If there are no other offers you can either keep growing the company and try to sell it again later, or take what you are being offered presently.

Most of the value in companies is created in the early years. This indicates that potentially you could make more money by starting and selling many different early-stage companies if you are especially productive in early years of corporate evolution, and less productive or interested in more mature operations. On the other hand, if you switch, you'd have to pay taxes, learn a new business, and reorient yourself to the new players around, especially if you have a "non-compete" agreement. Therefore you'd have to start in a completely new industry or territory, because you cannot compete with your former employer (the company to whom you sold out).

The best bet if you employ this early-stage sell strategy is to focus on emerging industries eventhough they are the most risky. By definition, emerging businesses niches don't have entrenched players. You can generally compete head to head with any industry entrant at your level. But if the game is all about heavy up front capital expenditures the one with the most raw cash will likely win. Small emerging industries, which are not terribly capital intensive, are open to everyone. The winners are those who employ the best business practices in an evolutionary process.

You need to decide if your company is big enough to require a broker to create mergers and acquisitions opportunities – or will just a great lawyer and accountant do? Are people making you fair unsolicited offers or is it going to be a much more difficult process? There is a common method used in business that helps determine the "fair market value" of your company. FMV is the only price for which you can sell out. Nobody wants to be in on a deal where fairness is not taken into account. The idea is to create an equation in which you can plug your company's "numbers" in to in order to derive FMV. Generally a buyer who wants to disclose his valuation methods refers to a "multiple of your revenues" or profits that equates to what they claim is the fair market value of your company. Oftentimes an industry assumes a commonly known multiple for companies that have similar-looking

financial results and corporate structures. But once reviewed in detail one finds all companies are truly unique. For a small Internet company, a popular multiple equates to eight years of the company's profits, for example. If you succeed in selling your company for a multiple of eight to your profits, you get the earnings of eight years hard labor (assuming no growth) in one payment (or however many payments you agree). And you get to compound all that money for the eight years you would have been working, while saving all the opportunity cost and time to perform another mission of equal or greater profitability.

Selling your company may save you years of work if the buyer will deliver you those same expected years of profits, in advance. On the other hand, if you don't successfully make your sale, you could end up investing a lot of time and money in the sale-making process for no return. Whatever your goal, you should run a business "as usual," even during a sale process. It's critical to build long-term value in your company whether or not you think it will sell eventually.

## **Chapter 4: Modern Methods**

The modern world is a big place. Businesspeople are constantly underestimating the size of global markets and the value of each share. Many parts of the world are growing faster than the U.S., meaning your share of one of these markets has greater growth potential than a share of an equally valuable American market today. So working internationally could give you better long-term opportunity if you choose well. However, let's not underestimate the limitless fantastic opportunities throughout portions of the U.S., or online from anywhere.

Ever-evolving globalization makes world commerce much easier. Business people in all countries can readily communicate with U.S. market players and vice-versa via phones, Internet, FedEx, translators, jet planes, etc. If your competitors don't know how to go global and you do then you will win.

With globalization, you can easily have your German employees engineer products for your Canadian market, using a Florida distribution center, Indian call center, and Swiss bank.

### **Communicating Today**

Everyone in the world is either on your team, a competitor, a customer or a referral prospect. In other words, there are no irrelevant people in today's global community. However, a more targeted market (often local) is where most of the marketing dollars need to be spent despite your desire to be globally appealing. It is essential, then, to make sure you are effectively

communicating with everyone, near and far, at all times. Keep the email and telephone flowing during the hours you don't have critical face time with your clients and prospects. Return calls promptly and politely to people who might be able to help you make money one way or another. General business, industry and community contacts often indirectly produce goodwill and business leads in your market over time. Even if you don't do business with someone initially, they will appreciate your professionalism and be happy to work with you under a future favorable relationship, or refer you to other prospects. Being accessible, reliable and proactive will pay off.

Goodwill throughout your social community and business community is always to your advantage. You can always politely refuse any deal that is not advantageous, and maintain your profit margin and dignity. Conversely, not responding effectively to businesspeople will lead to missed opportunities and damage to your reputation. You also have to proactively reach out to your entire market in every respect. Being good at responding is nice but only part of a cohesive approach.

There is no excuse for poor communications in our day and age. We have speed-of-light email, voicemail, cell phones, palm pilots, laptops and Blackberries – and in one simple device if you want. You can literally contact almost anyone almost anywhere at almost any time. Your only excuse is lack of motivation. The fact that many of your contacts are not adequately responsive should make you increase your volume of attempts, not decrease it. That way, you will receive more data on what works so you can continue to reinforce it against the interests of your competitors. If you are getting a low yield of closes from your feedback you need more communications and contacts in order to make enough money to survive, or until you master your methods.

Of course, sending emails and making calls with no real point to them will accomplish the opposite of your goal. No one wants to waste their time reading emails about nothing just for the sake of "keeping in touch." Don't waste your own time composing them. Always make sure you have something to say before you say it.

Keep your word to others as this is also extraordinarily important – and many people don't do it, or try to fake it. Those people lose credibility sooner rather than later, and leave you, as their competitor, in the driver's seat. No matter how tough of a businessperson you appear to be, and how many people you fire, and how many people want your customers, one thing is for sure: if you always speak clearly and honestly, you can gain respect in your industry over time from customers, competitors, and vendors. And this is crucial in your ascent to the top of the profit margin heap. Tell it like it is (or,

if it's proprietary, don't say a thing). This way you will have access to the people and the deals you need to be successful. If you are full of yourself and like storytelling, go to Hollywood. Leave business to the businesspeople. If you are working 12 hours a day, you don't really want to be wasting your time in a fantasy world where you are making up stories to attempt to create advantages, or not following up on your promises. It will make you feel bad on your way to bankruptcy.

Engage in "Co-opetition", which is the concept of limited cooperation between competitors, and usually arises in rapidly changing industries where companies are compelled to work together in the face of advances by third parties, according to Wikipedia. Examples of co-opetition include Apple and Microsoft building closer ties on software development, and the cooperation between Peugeot and Toyota on a new city car for Europe in 2005.

As long as you disclose anything that could be perceived as a conflict and cover yourself properly with a nondisclosure agreement, you can safely attempt to engage in co-opetition, including any sort of merger and acquisition related activities.

### **Use Data Wisely**

In every business you can leverage data to extract extra value. In fact, data manipulation and storage could possibly become one of your most fundamental business processes.

For example, if you wanted to become a real estate investor, you could consider studying market trends, with help from computer database queries. If you collected all available data on all the properties sold in your target region, you could easily import that information into a variety of databases and add it to the standard Multiple Listing Service "MLS" data set. Next you could assign various field names to classifications of data and thereby effectively store and manage the characteristics of each record. Then you can run queries against the data to start discovering market trends that haven't been fully exploited by entrenched competitors. If the data you need to work with doesn't exist in the marketplace that may even better, since you will then have strategic advantage in developing it and by being a first mover. If it already does exist, you need to start using it in a more effective way than the competition.

Understanding information about your clients and prospective clients is critical. Study data on their spending habits, demographic information, business information, subjective notes, etc over a long period to expose extensive insight that, combined with your other information and skills, will produce surplus profits.

Keeping in mind how essential your data is to your business, the ways in which you store that data are equally important. Nowadays, a filing cabinet will not suffice for all your documents, since most of them are probably electronic (or will be as technologies develop). You need a very simple, flexible, scalable system with secure access for your authorized staff. You should try to have all documents kept electronically if possible, and make sure new documents and data are backed up daily in a separate secure location. It's important that you can instantly find all of the documents that you use to manage your business, which includes any contracts and Best Practice documents. Your paper documents and electronic documents should all be named in the same type of syntax, or manner, and possibly alphanumerically coded if you produce a particularly high volume. Giving your documents long names with applicable keywords will likely make them easier to find when sought online or in print in the future. Cryptic data would make it hard to find that which you are seeking. It should all be available in plain words. Also, subject lines in emails and memos should include the topic and company at issue, so it's easy to sort or find later.

Another effective medium of distributing documentation is via Adobe PDF, wherein you can practically create an exact copy of any document, fax, graphic representation etc., which can easily be emailed around and printed in its original form. You can also order an online fax account so all your faxes can be stored online and in email format.

Yet another important strategy in gathering data is to keep notepads and small digital recorders handy in your car, bedroom, etc., so that you can document any ideas, Best Practices, or "to-do" items that you think of when you are not near your PC. You can't afford not to keep all your ideas documented and at hand for further review – given the pace at which you will be working it does not make sense to attempt to memorize everything that crosses your mind for later processing, so find a way to get it in writing as soon as possible.

Good quality reporting is critical in managing and displaying data that must be timely and accurate. Reports need to be thoroughly analyzed with aggressive corrective actions taken. Everything needs a signature and all deals need thorough documentation. Business projections need constant updating. Accounts receivable need to be aggressively pursued. Financial systems need to be integrated as much as possible (billable hours, POs, inventory, etc.). Being disorganized or having poor documentation and filing procedures is an obvious no-no – don't do it.

## **Control Intellectual Property**

In addition to the usual business information, you need to understand and keep an inventoried portfolio of all your company's "intellectual property" Intellectual property, or IP, refers to a legal entitlement that sometimes attaches to the expressed form of an idea, or to some other intangible subject matter. This legal entitlement generally enables its holder to exercise exclusive rights of use in relation to the subject matter of the IP. The term intellectual property reflects the idea that this subject matter is the product of the mind or the intellect, and that IP rights may be protected at law in the same way as any other form of property (See [http://en.wikipedia.org/wiki/Intellectual\\_property](http://en.wikipedia.org/wiki/Intellectual_property)).

All of your intellectual property should have value to your firm if you have proactively developed it and protected it to the best of your ability. If you develop software, for example, the code itself may be considered your intellectual property and could possibly have parts whose process may qualify for a patent. A patent is "a grant made by a government that confers upon the creator of an invention the sole right to make, use, and sell that invention for a set period of time". Regardless, the code is copyrightable. The definition of copyright is "the legal right granted to an author, composer, playwright, publisher, or distributor to exclusive publication, production, sale, or distribution of a literary, musical, dramatic, or artistic work".

If your company name is unique and is not descriptive of the service you offer than it likely qualifies for trademark protection (abbreviated TM). A trademark is "a name, symbol, or other device identifying a product, officially registered and legally restricted to the use of the owner or manufacturer". If your logo is unique it qualifies for trademark protection too. If you wrote a book, your copyright is intellectual property. Generally your intellectual property attorneys, working with their colleagues at the US Patent and Trademark Office (USPTO) will make sure many successive filings are required which will ensure that the patent or trademark is successfully registered, if it can be registered at all. It is crucial that all this paperwork be carefully safeguarded. The registration process through lawyers is generally unreasonably expensive regardless of the risk of the filing failing to be approved. However, this is not a process that should be skipped merely in the interests of saving money because in the long run your branding and intellectual property protection will be profitable.

## **Get it in Writing**

People regularly procrastinate in doing paperwork, since it's an infamously tedious part of business. Sometimes what you think is merely paperwork really ultimately requires further negotiations that are nice in principle, but, as they become more detailed, are contentious and time-consuming. Without up-front paperwork, you won't have a business plan, won't have documented

standard operational procedures, employment offers, web services contracts and the like. Moreover, you can't buy any expensive services without well-documented and signed term sheets or formal agreements. So paperwork should be quick and efficient, not backlogged. You need to hire (at least) a good writer, a good lawyer, and someone who can help edit to get you through the paperwork stages of business.

Some people seem to think they are immune from "getting it in writing.", but no one should be. It is amazing how frequently people expect others to agree to something of financial significance without producing paperwork that explains what should be expected and the exact cost. Its also necessary to protect yourself legally and therefore financially. Oftentimes vendors prefer to leave things vague until it's time for you to pay the bill. The cost will no longer be vague, but how it got so high and how you'll be able to pay for it probably will be.

If a vendor charges hourly, you should get an estimated range of the number of expected hours, and the details of what is to be accomplished upon completion. Also, try to pay for as little as possible up front so you maintain some leverage in the transaction and protect your cash flow.

We like to add the word "simple" to the expression (get it all in simple writing) to emphasize how critical it is to not get bogged down in endless paperwork, bureaucracy, and attorneys. This is too expensive and time consuming and rarely adds significant value to deals. The bigger the deal the more overhead you may consume, but don't do so for small change.

### **Harness Internet Power**

The power of the Internet is absolutely critical to your success in business. In today's digital world, you can use the Internet for evermore business needs, at an ever-decreasing cost. In order to do business outside of your immediate area, the Internet is an indispensable tool. Therefore you should try your hardest to set up as many business functions as possible inclusive of Internet connected services.

Having a good web site is one of the best marketing tools you can develop for your business if you do it right. The days where you could say, "it's too hard to get a web site; it's too expensive to get a new web site; I don't need a new web site", are over. You must have a great web site. And it should be updated regularly with fresh information. At the very least you need to have a good domain with a nice logo, your capabilities and history, and your phone and fax numbers and email. After that, you should try to provide real services via your web site, including various. Aside from electronic commerce (e-commerce) components and fresh content you might consider adding cool

art, flash movies, blogs, discussion groups, realtime video chat, calendars, games, password protected sections, database searches, content management system, search engine and marketing optimization, and especially nowadays keyword/link advertising on Google/Adwords or Yahoo/Overture networks.

When hiring the web designers and programmers required to make your web dream a reality, interview as many candidates as possible. Make sure to review the online portfolio of other web work that they have done, and get references from their clients.

The substance of the Internet traffic you want is really the eyeballs of the consumers - and businesses can become more and more adept at providing the attached brains with personalized, localized, customized content and services online as they electronically study their habits, enhancing the margins that can be earned over time. With the enormous influence that a web site can have on the consumer population, it's key that you hire the best team possible to develop it.

The following primer on the importance of domains is adopted from BuyDomains.com:

What is a Domain Name & Why Do I Need Domain Names?

A domain name is a company's unique identifier on the Internet. Internet computers know how to transmit information with Internet protocol (IP) numbers. However IP numbers are rather long and do not make sense to individuals surfing the Web. Domain name service (DNS) that Internet providers offer invisibly turns these long and difficult to remember IP numbers into easy to remember, brandable domain names. This same unique domain name can be used with a company's Web address and their email addresses.

The format for a professional Web address is usually "www.company.com" while an email address is generally myname@company.com. A Web address does not have to begin with "www" but it has become standard over time and is easy to remember.

In this digital age it is not a good idea to use another company's domain name in your Internet dealings. For example, the email addresses company@aol.com or company@yahoo.com do not properly identify your unique business. Using such domains implies that your company might not be Net savvy. Furthermore, it doesn't help you reinforce and market your unique company name. Similarly, it looks unprofessional and is often difficult

for individuals to type in a Web address with the following format: <http://www.myisp.com/mycompany/>. Having a domain name that clearly relates to your company will resolve these issues and allow you to establish a strong and professional brand on the Internet.

Aside from your own web site, you need to know how to access information you need online as quickly and efficiently as possible. "Boolean" is one way to bolster your Internet wisdom. This silly word represents a very easy method of finding what you need on the Internet. For example, merely adding quote marks around ("..."), or (+) and (-) signs in front of some of the words in your Google search will dramatically improve your search results, thereby can provide access to huge amounts of the most valuable and pertinent online resources in seconds, at no cost. After you retrieve good quality search results, you should select the most relevant links to "drill down" on and then scan the content. If you read the address that comes up under search results links before you click, it might give you hints as to how relevant the information really is and its source. Review many potential information sources from the results of your Boolean Internet search so you have a better chance at finding the most pertinent. Drill down on the most promising links to read, print out, keep notes, and upon which to generally focus.

## **Chapter 5: Make Dollars Using Sense**

While you must earn enough to pay for your family's home, food, and clothing, anything after that is pretty much discretionary. You get to decide for yourself if you really want to compete at the highest levels to acquire more discretionary income or if you will be content with "a good job" and the correspondingly relaxed lifestyle. To us the point of getting as much discretionary income as possible is to be able to apply this leverage to charitable works.

You could choose to have a more hectic lifestyle at a young age in order to save for more relaxed work life down the road. It is more profitable to compress as much labor as possible into a shortened timeline to create the maximum efficiency and to overwhelm your market. It's not necessarily better for you personally to work more, it's just more profitable than a slower evolving business. You have to decide what balance is most appropriate for your family's needs. Younger, single people might decide to endure more risk and higher work-related stress. In this chapter, we will go over the ins and outs of taking risks, negotiating, closing deals and managing your cash flow.

### **Hedge Risk**

When going into business, what you are essentially doing is reviewing your

options and placing a bet. Placing more bets hedges your risk more widely. Diversification of investments is a tried and true method of protecting from downside, even though it limits your upside potential too since, by definition, all of your money will not exclusively be in the one most profitable investment. Rather it will be hedged/balanced across a number of deals for safety's sake. This in theory is one reason why mutual funds might be safer than individual securities and therefore have a smaller upside.

You can't wait for a risk-free deal to invest in – there are none! Even if there were, they could only promise a miniscule return, no better than a bond. Not betting consistently on the best deals you can find and instead trying to time your market entries and exits at the expense of fundamental research and conservative investing is unlikely to work unless you are extremely gifted. Nothing is guaranteed for the market leader or their followers. So just playing it safe, and not proactively conducting business, might not be safe at all. Taking risks is less dangerous than not taking them on average. Hedging bets is the same as hedging risks –while any one risk might be too risky, hedging across many smaller deals creates balance, and hopefully less risk if your bets are based on educated opinions.

### **But... Be Decisive while Hedging**

People become paralyzed with decision-making because of the risk involved. But if you approach opportunities with good information, knowing the approximate risk involved with each possible decision, then you need not hesitate. If you are in business, you are in the business of taking calculated risks. As long as you understand the key risks and opportunities on each possible deal, you can "hedge" by placing many bets. Presumably, if you do proper research, your bets will have a greater than average chance of working out in your favor, thereby proving you have safely spread your risk.

If you do better-than-average research, you have a better-than-average chance of profiting more than average. However, if you have only one asset in your portfolio you'd be at substantial risk of that sole deal failing. But if you invest in ten companies instead of just one, all where you have done the same high-quality research, it is statistically less likely for your investment to fail, and it is more likely that your profits will be averaged out. Hedging can protect you financially from wild swings in your asset value, either up or down.

Those who hesitate, get scared or get paralyzed lose the opportunity at hand, and industry deal leaders are on to the next big thing.

### **Purchasing Strategy**

When purchasing large ticket products or services for your company, the

initial pool of prospective vendors for your vetting process should consist of industry leaders and others vendors to whom you have been personally referred by business associates or personal connections. If you have an uneasy feeling or you don't fully trust any of the possible vendors, then you should immediately eliminate them from your prospect list irrespective of their prices or services. You should be direct and polite to all the vendors that have to be cut. Hopefully, when you are done with your basic research and analysis, you will have at least three candidates left from whom to accept offers, and consider further business discussions and negotiations.

Look carefully at your final candidates' portfolio of work and/or their array of products and related reviews. Research as much information as possible about your targets on the Internet. Hopefully, you will know people in common which will provide an additional level of reference, and even security, since both your reputations are at greater risk if you have a broad or closely connected personal network. You may be able to call other clients who are listed as references, but if you do so keep in mind that some clients may be prone to give biased reviews because they may receive discounts or quid pro quo treatment. Nonetheless, if you ask good questions or are given objective references, you can glean some useful information.

During the vetting process there should be many opportunities for you to communicate with each prospective vendor. So, for example, if his or her assistant is doing most of the emailing and phone discussions on behalf of your preferred principal, you can assume that is how the relationship would play out moving forward. Also, if they are unprofessional, or don't return your calls or emails as expected, then you can assume it would only get worse after you sign a service contract. Vendors are on their best behavior before a deal is consummated. So, if you don't like the treatment you get when they are on their best behavior, then you would hate the treatment you'd get after you are under contract. It's best to eliminate these sorts of people from your process before they become your associates and you are dependent on them.

Once you have cleared out all the objectionable vendors, you will be lucky if you can still hit your target of having three good faith offers from vendors you trust. At that point you are also hoping for or pushing for the offers to be comparable – i.e., apples to apples. As you keep reviewing the proposed project's documentation and noticing your interactions with the vendors you may be able to decide which you prefer, even if it's prior to having thoroughly reviewed the pricing. However, if you are really comparing apples to apples, and all vendors and offer formats are essentially the same, and you like all the vendor interactions equally, then all that matters is price and payment terms. The bottom line is the bottom line if all offers provide the same quality level for the same services. If you like several vendors and the

offers vary then your decision is harder to make.

In reality, hiring vendors is not so clean cut, and not necessarily at your unilateral discretion. For example, if you live in the Northeast, most likely you have to suffer from the hideous services of Verizon, formerly Bell Atlantic. Since they are a monopoly provider of local phone services in most areas, those businesses that absolutely depend on phone services to survive are in a pickle. They have to pay whatever outrageous charges the monopoly provider throws at them or they will get their phone lines cut off and be out of business. Moreover, they have to accept absolutely horrendous customer service, since the incentive to provide quality service has been eliminated from any monopolistic enterprise. The same issue exists with Comcast Cable TV, for example, in the Northeast. You can count on consistently terrible service from a practically monopoly provider. In these two cases weak pseudo-competition has arrived, but they are severely handicapped by legacy issues related to the monopoly, like being forced to lease their competitor's ancient systems infrastructure at non-negotiable prices.

In many other cases there are also only a few products, product providers, or service providers for the items you require or desire. So you are beholden to the limited market, like it or not. If you are uncomfortable with the corner of the market into which you have been boxed, your best bet is to try to break the popular paradigm. Find or create alternative products and services in order to mix up your marketplace, create service/product differentiation for yourself, create extra margin, and baffle the competitors. Fortunately, a high proportion of deals, whether high or low ticket, are only a question of price since you often know exactly what you want and have many commodity-looking vendors from which to compare.

Once you have made a firm commitment in writing to your vendor of choice, you cannot gain any advantage by paying them late or withholding funds. You ultimately must pay your bills, so you may as well pay on time to avoid establishing a bad reputation and bad credit, two potentially fatal business sins. Many people try to establish deal leverage or try to get an underhanded credit float by paying bills late. This approach will ultimately backfire, is a waste of time, and proves you are not paying attention to the critical tasks your time requires. There is no reason to upset vendors and force them to hold you in disdain for paying them late.

As the leader of a company, you get to do all the hard work. Negotiating with vendors can be one of the most confusing tasks ahead of you because sometimes you don't know what a fair price is and can't tell if the person to whom you are speaking is being honest. Whether or not the spokesperson for the vendor is putting on an act, you might not understand what the

motivation is for their apparent disgust in your rejection of their rate quote. If you don't educate yourself on what price is fair you won't know if the seller is trying to squeeze you unfairly. Any uneducated demands you make are likely to be unfair. If there was a set market price, like a commodity, there would be practically nothing to negotiate. Just because you are negotiating it doesn't necessarily follow that there is an easy way to establish a fair contract price. You know in many cases there is no correct price, and any negotiating position you take can readily be questioned. If the other party produces facts to justify their pricing make sure it's all 100% true information, and the methodology they used to relate the facts to their pricing can be well substantiated. In any case make sure you have solid facts and can easily explain why the price you wish to offer is fair.

Purchasing services is much like building a collection of your favorite music CDs. You should take a broad look at the offerings from every genre that suits your interests. Mark the ones you think are most promising. Maybe you will note bands because you've heard them play, or because they are from a regional hotbed of music, or because they are known as a pioneer in their field. Next you will take a sampling of all the music readily available from those artists by listening to clips. As you listen you can jot down all names, songs, and albums that you like. After final review and contemplation you can purchase your final selections. The next thing you know, you have new music that you enjoy that will give you ideas for your next set of music purchases.

When you buy services for your company, you are essentially going through the same vetting process. You scan the names and basic information of potential service providers. Then select the ones that look most promising based on prearranged criteria of your choosing. Conduct as much "due diligence" on your selections as possible, including price comparisons. Ultimately, you should do a thorough job of reviewing all pertinent options and then make rational purchasing decisions. We suggest narrowing your choices to the three best options for every future purchase. If you have three options, you will find that you are buffered, and if one doesn't work out, you have two others to choose from. With three options in your pocket, you can market aggressively and pressure the service providers to provide what you need, when you need it, at a fair price.

Once you have easy access to information and notes from lots of human and media sources you need to cleanse and think about the data you have on hand. At that point you can make decisions and take bids from vendors who can fill in pieces of your business plan. All the most important information should be kept within individual contact manager records with notes in the applicable note fields.

## **Price it Right**

Don't price things using round numbers. Odd prices lead to the appearance that more thought went into pricing decisions than perhaps is the case. In this way, prospective clients may subconsciously believe that the prices you choose are "correct." This theoretical phenomenon may create less friction between consumers' wallets and merchants' cash registers. Wal-Mart at [www.wal-mart.com](http://www.wal-mart.com) and [www.buydomains.com](http://www.buydomains.com) are good examples of places that often sell products with strange looking pricing that may end in "88," for example, instead of the more common "99" or "00." While round numbers seem honest, customers might find a price of \$1.99 to be sneaky, a way to of getting near the next higher increment without actually marking the price \$2.00. We think 88 sounds good, looks good, appears to have required some thought or process, and doesn't risk offense taken. Therefore you won't risk a sale not being made, like that which could happen with products priced to end in ".99." or \$99. While creative pricing might not be the most profitable idea, it's easy to do and is unlikely to have any negative effect.

## **Negotiate with the Best**

Most situations that require negotiating are due to HR issues, deals with vendors, or sales to customers. Everyone has their own negotiating methods that go with their personalities and experience. Ours provides, for example, that you always want to be the one who proposes the framework for deals. You want to prove that you are motivated, organized and confident and that you can put together a deal on your own terms.

One successful method of negotiation is to be clear and direct from the start about what you might and might not be willing to accept. This proves that you have educated yourself on the issues early and that you know what to expect. If your vendor is receptive to your initial overall proposition then most of the negotiating should be in the smaller details. If it's not accepted, you will have saved yourself valuable time, since haggling over small points is irrelevant if the overall proposal is rejected. In that case, it's likely the opposing party will recommend alternative deal terms, and then you will have the opportunity to be firm and say "no thanks, that doesn't meet my needs and here is why..."

Being direct saves time and helps keep you honest (which has multiple benefits). The only downside is that you are always "playing your cards" publicly so your responses may be predictable, possibly weakening your negotiating position. Rational parties may differ, but we believe being direct and open as early as possible will get you where you are going faster.

## **Make Lots of Deals**

Doing deals, in general, may be the most profitable use of your time, as long

as you are dealing in areas you understand well. If you are trying to hedge your risks across many business opportunities, and you have established an "edge" in deal-making by getting more and better information faster, and promoting your "win-win" ideas, then you may find that seeking new deals is more profitable than operating any one business indefinitely.

If you are creative, then you will have been developing innovative products and services since inception; and done marketing, advertising and overall brand building. Presumably this is running pretty well. In any event, you still need to focus on the general concept of "closing deals." Every time any type of business agrees to your price and then your lawyers produce good paperwork, you have a deal. The same is true every time you sell a product. Generally speaking, the bigger your deals, the better off you will be. The more deals you complete, the more efficiency and profit will result from each deal. If you can manage each individual transaction without a significant increase in fixed costs you may end up with a company with high fixed costs but low marginal costs to increase production—in other words, a scalable operation.

In addition, it's always good to be the one who has the most legal power backing up deal negotiations. Lawyers can control the heavy paper flow deals create, and protect you from terms that could bite you in the end. Good lawyers will provide valuable advice during each stage of your deal making.

Here are some important things to keep in mind when you are preparing to make deals:

- Clarify your commitment is to your the shareholders.
- After counterparts ask for what they want, make sure that's all. Then explain to them the concessions they should be prepared to make in return.
- Make a lot of deal offers to qualified potential takers. Don't wait around for others to find you. Conversely, be accessible so many people can find you.
- Make sure a wide range of options exist so you don't lock your prospective partner into a "no" decision. Put them in "yes mode" for easy items, and then you can go in for the "kill," the main deal.
- Go for big numbers, even if sometimes they turn out to be unrealistic. It's good practice for later on, when you will be able to get

such large figures.

- The more time you and your business counterparts invest in researching the deal, the more likely you are to eventually close. Having said that, if you lose calendar time you may lose the intended accretive effects of the deal in the normal course of the fast changing economy and fickle consumer base.
- Be sparing in praising vendors' services until after any deal on the table is closed. Always be honest in your evaluation of vendors once your service contract is in place.
- Don't agree to any one specific detail until you feel you understand and agree how it is supposed to fit within the framework of an entire package.
- Trying to pay the lowest price possible may backfire, leading to substandard service in reaction.
- Be relaxed in negotiations or you will give off a sense of deal fear that may put off the other side.
- While you should never allow yourself to be beaten down, you are often expected to negotiate and compromise. If you don't want to do so then move on to the next deal.
- Don't compete or negotiate on price alone. Add valuable incentives like yearly discounts or advance pay discounts.
- Aim for exclusivity in your customer contracts to lock out your competitors.

As you see, making good deals may require a variety of skills and a lot of motivation. You need to be prepared to do whatever it takes.

### **Close your Deals**

There is a lot of money out there trading hands, and you get to compete for your share. The best way to prepare for this is by completing your education and training, and then by putting in the hours and gaining on-the-job experience. Along the way you will learn what to look for in a good contract and how to make sure all the terms you need exist like a good termination clause, and an agreement for people you work with not to compete with you or steal secrets, etc. (A "Noncompete" and "Proprietary Inventions

Agreement") It's important to keep in mind that the smaller details are less important than finalizing a deal overall and getting paid. Don't let miniscule points keep you from closing.

The bottom line is always in the math. If the math works, you can't be scared to take on a project. Having said that, your only leverage if other parties do not accept your math is to walk away. You must really be willing to walk with no attachments to any deal. That disposition will help you make better business decisions without emotional baggage or confusion. Decide what your boundaries are and stick to them with the exception of small concessions to make opposing parties feel "warm and fuzzy" even if they aren't warranted.

When you are doing purchasing and you believe your account is or will be one of the largest of your vendor, then it's appropriate to ask for what's called "most favored nation" (MFN) status in your contracts. That will ensure you that other customers are not getting better pricing, and that if they do, you would be entitled to the same.

Deal-making is a lot like playing poker. Your hand represents your leverage, or lack thereof. Interestingly, in poker, your competitors cannot tell what leverage you have unless you have cards face up on the table. You pretend to have leverage by bluffing, and in business you can try the same. But if someone calls your bluff and you cannot produce you will have destroyed some of your credibility. In poker, your competitors have to play directly against you since it's a zero sum game. Conversely, in business you and the competition can actually create a larger market for everyone to share, even while you are competing head on within the existing market.

Another helpful analogy relates to billiards. Playing "nine-ball" is a cut-throat game. All the hard work in sinking balls 1-8 is for naught unless you successfully sink the 9 ball, i.e., close the deal. You can sink balls 1-8 yourself and play a fantastic game. But despite all your successful efforts, just one good shot from your competitor, when on the 9 ball, will seal the deal in his favor. In business, it doesn't really matter how well you play the game all along, unless you win, or get paid, or close the deal. All your hard work may generate a good reputation and good business leads for you, but at the end of the day you have to successfully complete whatever deals you are working on, at the top of your game. Just like in nine-ball.

### **Finance the Right Way**

You can't get rich from a successful financing experience unless you are taking the money from investors in bad faith. You can only get rich from the profits generated from the effective application of the capital you raise. It is

shocking how many people in the dotcom era raised large amounts of capital to operate their vague, mathematically questionable ideas. Some of these "business leaders" ended up with easy, luxurious lifestyles as a result of raising a lot of capital and then paying themselves in salary or bonuses; or selling their own stock shares prior to the company reaching profitability. What they failed to recognize, or possibly care about, is that many had done nothing of any value. In fact, the opposite was often happening. Good money was going into companies to theoretically serve as a seed investment, not to finance the lifestyles of the recipients. Selling out your interests after having managed a successful profitable company is an entirely different story from raising investment capital. If you are selling out of a profitable company that should indeed make you wealthy and enhance your lifestyle significantly. One should not get rich from seed capital like what used to occur frequently in the years of Internet frenzy.

We think that gloating over and enjoying financing is a mistake. Instead, it should be a wake up call, signaling that you have a lot more responsibility in applying the extra capital effectively. The best bet for companies to properly use capital is for the capital they consume to have been internally generated in the first place. That way they appreciate the value of each dollar. A small company raising a lot of capital is analogous to a young person inheriting a lot of money. Generally speaking, those who inherit money are less apt to effectively manage and appreciate their money. They often have trouble adjusting to being flush with cash, and therefore spend it in frivolous or irresponsible ways. In contrast, those who didn't inherit a thing, but earned the same amount, are much more likely to have a successful money management experience. Always be sure, when you are dealing with money you've raised to start your business, to approach it as a hard-earned sum to be used in only the most appropriate ways.

### **Talk Money**

People tend to be uncomfortable talking about money or may become offended by those with inadvertent money-centric emotional actions and distractions. But guess what? Business is about money. If you aren't talking about money then you are being negligent. In fact, for clarity and good financial sense, just about every business conversation you have should be framed within a context of money and making money. You should be talking about whether or not your ideas are profitable or if they fit in with your strategy (which was designed for maximum cashflow). Or you could talk about whether something is fairly priced or it can be negotiated downward. Or your talk can focus on whether an opportunity is a method of saving money by building evolutionary efficiencies into your business process. And finally you must wonder in business if the opportunity cost is too high for any possible deal, and therefore predictive of a loss of money.

In your personal life you might not want to talk about money. In business that's all you should be talking about. You may want to be politically correct and explain to people why "all you care about" is money. It is your fiduciary duty to your shareholders, the reason you are here, the reason the business was formed, how all of the families get fed, how you are going to retire, how you will be able to do charitable works to help the suffering. They are all good reasons to be talking about money.

In mergers and acquisitions related courting rituals, company buyers speak a lot about synergy, relationships, products, future, culture, etc. We recommend you refocus the conversation and talk about money (the math) instead. And make sure when your attorney and broker call you, you are talking about money, including whether or not they are earning their fees. Yes, they may get upset. But at least they will know where you are coming from every time you speak. Don't leave your intentions vague or your results might be correspondingly vague. The only exception is when you have to be discreet during certain business negotiations with the party on the other side of the table.

## **Chapter 6: Business is People**

Next to the cold hard numbers that ensure your profitability ("the math"), the most important factor in any business is the people. Aligning yourself with the most favorable partners, hiring the right employees, retaining the best contractors, and maintaining all those relationships simultaneously to the best of your ability are all crucial to your overall success. Learning when it is time to let any less-than-effective, risky, or difficult stakeholders go is equally important. The object is to have the right number of the right people, properly incentivized and organized at each point of your corporate ascent. In this chapter, we will share our insights into how to best deal with these others in your corporate neighborhood.

### **Pick Partners**

You have to decide who you want your business partners to be, if anyone. Some say "don't do business with friends or family," which makes sense because all the stress in business could harm those personal relationships. Conversely, who else can you trust with money and important decisions, if not your family or friends? There is no right answer to this dilemma.

The best bet is to have partners with a great track record and preferably deep pockets, and/or extensive skills to bring to the table. If you want to avoid family and friends as business associates, you need to be part of a network where you can get exposure to other potential partners. You may discover prospective partners when doing the informal personal network

building that is necessary for your marketing and other business purposes. Perhaps joining associations, online interest groups, leads groups, Chambers of Commerce, country clubs, gyms in affluent areas, or nowadays online special interest groups, etc., will expose you to the right types of people to try to partner with for your new business. If possible, all partners should have lots of personal references and you should feel a sense of compatibility and trust for one another. The longer you know someone, the more qualified you will be to consider them for a partnership.

If you can finance your small company without partners then you could keep all the profits for yourself, as long as you can stomach all the risk yourself. If you have the confidence required to succeed then the risk is lower than it would be otherwise. Also consider if you'd rather own half of a business, or a whole business half the size? Realistically, you never want to own less than 51% of any company you start, so that your share will not be diluted by investors or shareholders. This leaves you with final control over decisions. Of course you still need to have the self-confidence and capability mentioned elsewhere in this document or you are better off working for someone else. In that case your bosses are likely to dictate how much, if any, stock you will get. Of course, they will avoid letting you get to 51%.

### **Human Resources: Train, Delegate, Micromanage**

For a business leader who follows the aggressive strategies outlined here, it will probably be difficult to let go of some of the control of the company. But in reality, a company where only one person handles the difficult details cannot grow to be very profitable. It may have a high profit margin, but with a low revenue base it won't spin off enough cash to meet your needs. A leader has to practice delegating on a daily basis as hard as it may be.

A major business strategy should be to test many relatively inexpensive ideas quickly. The ones that pass your tests can be reinforced and taken to the next level. Then you can start hiring and training associates to oversee your little projects. After the training process, you need to supervise and review your managers and their progress. Over time they should become mini-profit centers unto themselves and train others below them. In this way you are developing scale to your organization and getting paid for more work than you could possibly do on your own. Plus you are making a portion of the profits that were generated from the hard labor of all your associate employees. And since they get paid well, too, they will be happy to keep producing themselves and further propagating company strategy.

Delegating tasks to well-developed subordinates is your main objective in gaining the scale required to dominate a niche market. But that doesn't mean there is no micromanaging going on from above. First of all, employees

find it convenient to label almost any managerial intervention derogatorily as "micromanaging." The job of subordinates is to pursue the corporate goals and participate in their development, not to negatively question or criticize superiors. This mandate includes the necessity for employees to be nimble and prepared to shift directions whenever current market data and momentum suggest it's time.

So if your boss wants to review every bit of data on one of your corporate initiatives, it is his or her right, and more importantly, duty, to understand the details of the business and re-direct efforts where appropriate. If this is labeled micromanaging, so be it. However, the company should still delegate and depend on as many employees as possible to manage and evolve every business segment. It may sound like an oxymoron to have a business that both delegates and micromanages, but it's a matter of the areas each is applied to and the degree it is so.

As for hiring new staff, always do the math. If you are trying to decide whether or not you can you hire five new people, consider how much extra revenue can they bring in to your operation, and whether or not that will be profitable for you. If you have five new people who each bring in \$200,000 per year, you will have an additional \$1 million in revenue, which is certainly worth their cost in salaries. However, as much as we love employees, the real goal is for you to create as many automated processes as possible to mix in with your hyper-efficient, super-hard workers. Therefore you would require fewer employees to manage the more automated systems, and everyone would benefit from splitting a bigger profit pie. Nobody said this process was going to be easy, but it will be profitable.

The whole process of training yourself and your employees, researching, testing, and embracing the community that surrounds your industry, are all part of the same process of paying attention to and weeding through opportunities. While we may break it down piece by piece, the point is to work hard, have confidence, test lots of stuff - and try to get scale, leverage, and efficiency to raise your revenues and profit margins. With enough growth year after year and the beating down of your competitors, you will have millions of dollars and be ready for charity work in no time.

There is a famous saying that goes: "Hire the best, develop the rest." It's important to hire the smartest people so they are in fact trainable. Most employees believe they could serve you better with better training and information. Some of the most effective managers only hire about half of their applicants to ensure that they get the cream of the crop. Once you have hired people, make sure that you are supportive and mature when reprimanding, never angry. On average, punishment doesn't work, since it's

often counterproductive, so be careful. It is also important to provide clear job descriptions at the get-go, which reduces turnover. Starting with a higher quality employee base will go a long way when you begin the process of delegating responsibility. If a person doesn't really like their job or their pay, it's pointless to waste time training them, unless it's clear they are moving in the right direction. Whoever you are delegating to needs to really "take ownership" of their tasks to make it worth your while.

When training new employees, try to use real life case studies and scenarios of issues they will deal with on a day-to-day basis. You may also consider sending public facing employees to a Dale Carnegie sales training or even Toastmasters. Overall training is learning and must be a daily process between employees—and you need to be a proactive student yourself if you hope to train others.

A large percentage of the people you deal with don't do what they say they will when they say they will, regardless of their intentions. The question is: Can you develop a successful strategy to overcome this same problem? If so, this chaos is a strategic advantage for you.

### **Incentivize Everyone**

You should always make sure that all of your teammates have proper incentive to work hard and get ahead. Contractors, business partners, industry partners, etc., should feel that they are in the same financial boat as you, and each other – so they will work better and harder for you and with you. If they perform at an outstanding level, and that makes your company evolve better and faster, then it makes sense for them to get extra pay. In fact, you need them to aspire to be high producers from the start, so encouraging them with financial incentives is the appropriate way to get what you require. There are many ways to motivate someone, but the bottom line is always to give deserving parties extra money for outstanding performance.

Unfortunately, prospective employees might feel that they deserve extra pay regardless of their performance level. While you may think their base pay is fair for the high level of work you expect, they think they deserve more even before the incentive plan is slated to kick in. Get used to it. Everyone always thinks they need more. Explain your point of view so people understand what an incentive program is supposed to do for the company and the program recipients. If it's vague or unrealistic, it will not serve its purpose.

The main choices for incentive-based programs are stock options, phantom stock options (which pay the same amount as a real options but are easier to establish and have different management procedures), cash bonus based on revenue, cash based on profit, cash based on sales volume, or cash based on

hitting any other targets you decide are reasonable. One way or another, it's important to encourage people to hit specific benchmarks by offering them a reward when they get there. And of course, you always reserve the right to award additional, unexpected bonuses to employees who have performed above and beyond the ordinary call of duty.

Unless you keep and disclose a good record of what others have received in the past, your probable incentive recipients might have a hard time understanding what it would take to hit the maximum upside. Oftentimes you cannot be sure yourself what the results of incentive plans could be, and you may accidentally pay the person more or less than you anticipated. Your best bet is to choose the most predictable type of incentive plan – one that truly maps the amount of benefit to be paid to performance level, above and beyond what is expected in the normal course of business. You want all the stakeholders to realize the same thing you realize –working harder, smarter and more efficiently has financial benefits. Incentive programs work, but only if they are applied properly.

### **Build your Team**

If you surround yourself with the best people, they will deliver the best results, for which you ultimately get credit. To get those people, you need to focus on how to build the best team possible, first by seeking out partners and employees on your own, and then, as you're your company grows, by hiring a great Human Resources team to go out and find those people for you.

Depending on the size of your company you may need an HR director, or you may be able to delegate HR to one of your initial employees. Carefully think through each position. Document what you want each position to accomplish and what sort of person would be the best fit for it. Then spread a wide net to capture all prospects for the positions. This net should minimally include an email to your personal network, ads on your web site, listings at free sites with resumes (like Monster.com and Craig'sList), and basic newspaper listings. As you hire new people, don't forget to promote from within as well-- using existing staff whenever possible works best for everyone.

Nowadays it can be effective to build a virtual team for many types of projects, somewhat like telecommuting, although not all projects are appropriate for telecommuting. But the bigger question is whether you are willing to personally direct all the day-to-day actions and hours of an at-home worker. If you don't want them as your employee and liability, that person can be hired as an independent contractor and possibly save you on taxes and other liabilities. Also, they may not be on the clock 40 plus hours a week and you won't necessarily be responsible for their full-time employment expenses.

You can hire whomever you think you need to do whatever you think you need done, but be careful. You have to be responsible for funding your decisions. You can't have it both ways, funding something at a high level that doesn't have a proven or provable payout cycle. Have you heard of the national debt? That is our government representatives' way of getting their cake and eating it too. Government expense overages come from "unfunded mandates" - things that must be done but have not completed a funding process.

Firing someone is the hardest task you will have to undertake in business. So if you can get past that professionally everything else will be relatively easy. Nevertheless, the object is to hire more often than you fire in order to continue building your winning team.

### **Don't Play Corporate Politics**

Corporate politics are a waste of time. Don't play this game. Instead, let your performance at work speak for itself. Trying to knock down people on your team is in bad taste, even if you feel they deserve it sometimes. If you are spending too much time thinking about or talking about others on your team then most likely you are not properly focused. You are on the same team as your co-workers and employees, and your combined results are all that matter. Your profits are not dependant on your title or the titles of your coworkers. As a technicality, or for practical management purposes, it may be necessary to have a hierarchy, and titles. But that fact should not be an excuse for internal power plays. Delivering results is a team responsibility. Bureaucratic, political nonsense will not be helpful in your pursuit for success.

If something is poisoned by corporate politics you won't be able to tell if it's genuine or useless, tainted information that will be counterproductive if relied upon. This is similar to how real politics ruins our ability to rely on the information being spit out of the spin machine. Get focused and get out of the corporate politics game, which is only meant for your competitors to destroy themselves.

Constructive criticism is necessary for all managers, even though the employees will often be overly sensitive, and in denial with regards to any negative comments coming from employment reviews or casual discussions. There is rarely a reasonable cause for an employee lower in the organization to criticize his supervisor. In some cases they should constructively discuss any issues they may have. But at the end of the day the boss is always right. If you don't believe it, they may show you the door. This is yet another reason to be the boss.

## **Optimize Human Resources Communications**

When you are running a business, one of the most important tricks of the trade is effective communication amongst employees and management. You need to stay in touch with your staff and make sure that the whole team is working diligently on your goals. It's important that you communicate your ideas and feelings freely and regularly with relevant participants at departmental meetings to help boost morale and advance the organization. Think through what you want to accomplish and how it can best be done. Do not hold pent up frustrations merely because you feel something moves too slowly or not as planned - just keep working on it. All tasks you decide are required to meet your goals should be put on a personal "to-do" list as they come up and completed diligently.

Regular scheduled meetings with the whole crew are productive. Everyone should bring notes from the week, questions, and hot ideas. Weekly departmental meetings should focus on tasks' progress in a more detailed way. Tasks and performance should be compared to company expectations and fresh projects addressed. Make sure you have an up-to-date "to-do" list and be diligent about knocking off your tasks. This basic organizational trick is free, yet very valuable. It can often help distance you even further from competitors who overlook the same opportunity.

Casual conversations "at the water cooler" often reveal great information too. When people have their guard down they conduct mental free association in a relaxed environment, and share their strategic enthusiasm with others in their office peer group. Aside from the good new business ideas that often are uncovered, office chit-chats can serve as yet another Best Practices sounding board for existing initiatives.

Management should welcome input from employees on all matters, but once a decision is final there is no need for harping about not getting one's way or hard feelings. Business is business. Nothing should be taken as a personal assault. Trying to do very ambitious things, against fierce competition, and on a budget can only be done with a rigorous commitment to goals, and without any negative feelings. If you have something to say to management or an individual regarding an area that you would like to help improve, say it to them directly, in private.

If a manager asks someone to complete something it is then that person's responsibility and must be on his or her "to-do" list until it is complete. A supervisor should not have to delegate the same task more than once. If someone cannot handle the task because of time, skill or other constraints, the supervisor should be made aware and should reassign the task as soon as possible.

In return, staff should not only react to management's demands but should push the envelope to a new level by offering to take on new responsibilities that will advance the company and therefore themselves. All employees should be cross-trained in multiple responsibilities so that they are as productive as possible. Everyone's responsibilities should be clear, and staff meetings should review and update expectations. The team needs to be on the same page for everyone to succeed.

### **Fire the Deserving**

As we have said before, firing is the most difficult task in running a business. Not everyone is cut out for this, and it goes against many people's natural instincts. However, it is an unpleasant skill that you must master in order to ensure the best for your company.

There may be times when you need to fire friends or family members who are your partners or employees. Firing someone in general is difficult – firing someone close to you is even harder. But if they do not follow the letter of your written agreement and verbal agreements, and they have been provided ample polite warnings, then they have to go one way or another. If they are dragging down your otherwise effective team, it's like a hole in a dam. And to the extent that your competitor can apply the same amount of money to a better employee, they will nip at your market position. Of course you need to work with people you trust, but can you also trust them to protect and enhance your market position?

Managers and employees should be judged on their results alone. Being a hard working, nice, well-intentioned, well-qualified person, or a friend to the boss should never negate the importance of the financial outcome of that person's presence at the company. Cronyism and nepotism are not profitable. You can't let nice guys and gals who are your buddies or relatives negatively affect the otherwise positive flow of the organization, its morale, or its operational results. Even if their weaknesses can legitimately be construed as honest mistakes, it just doesn't matter. If they are not benefiting the company financially they have to go.

From a self preservation perspective, and despite your affection for most of the genetic characteristics of this individual who you ostensibly "like," the most important characteristic of a business always overrides: Profit. Profit for a company is the equivalent of the oxygen mammals need in their evolutionary pursuit. If you are not acting in an evolutionary way by weeding out weak characteristics, you are not optimizing your business, and your competitors will eat away at your profit margin until you fail.

## **Best Practices for your Team**

The following list of Best Practices has been culled from our experiences in business and is meant to be a guideline of the most important details in getting your company started on the right foot. We invite you to use these ideas, elaborate on them, and expand them as needed for your own specific projects.

- Pay attention to details. Always return phone calls, spell properly in client communications, pass messages, clear all problems to the client's satisfaction, keep your paperwork and computer files orderly, discuss timely opportunities/concerns with others, keep updated to do lists, and remember to manage your responsibilities. If a client or prospect requires information, for example, make sure that your fax has a nice cover letter on it, that you have checked to see that the fax went through and deleted any that did not, that you have the correct spelling of their name and their regular phone number to follow up on their needs and the successful receipt of the fax.
- Offices should be clean and orderly and you should encourage random and scheduled client visits. Everything has a home-- paperwork, disks, cables, shared hard drive files. Everyone needs to be able to find whatever resources they need easily.
- Be patient and polite to all clients and prospects, but move to quality conclusions quickly. Ideas must become realities quickly. No entrenched ideas or positions should hold you back - be open to new and better ways of operating.
- Be entirely customer-focused. Be committed to providing the best solutions for your clients' needs without sacrificing the bottom line. Constantly communicate with existing and prospective clients regarding many services and issues. Staff from multiple departments should make calls to clients to "check-in" on their satisfaction and offer additional service. Talk and meet more often with clients and study their needs.
- 85% of your time should be spent doing projects, sales and customer service. 15% should be improving service to enable more sales, and offering your present clients better value.
- Employees should have the feeling that their company is superior to competitors so they can happily express that to others. In any areas that a person doesn't believe this to be the case, they should take action to change it and discuss it with others at departmental meetings.

- Learn, learn, learn. Read and share relevant articles and books on your specialty. Read the official specs. Learn from other employees. Try new products. Apply the freshest technologies. Make learning a key component of each position. Achieve mastery over the technologies you are using.
- Push sales and marketing very hard so you can: 1. Remain proud and respected, 2. defy the naysayers, 3. gain market share, 4. get more recognition, 5. buy new stuff, 6. get raises and bonuses, 7. take more training courses, 8. do more stuff as a group (parties/dinners/trade shows), etc.
- Some managers see their HR role as "laying down the law" and "keeping people in line." That attitude isn't conducive to the teamwork required. Younger, less experienced managers are the most likely ones to have learned this lesson poorly. Building a team is a matter of trust. Talk to each other.

## **Chapter 7: Sell Well**

One of the keys to success in any type of business is a top quality sales and marketing operation. In this chapter, we'll show you how to get the most out sales and marketing.

### **Contact Management**

One of the first things you absolutely must do thoroughly and correctly when you start a new business is also one of the easiest and least expensive projects ahead of you: maintaining your contacts. It is amazing to see what a huge portion of the business community takes no interest in proper contact management. Thankfully, those days are over.

Technology has made it easy to keep information in an electronic contact management system like Salesforce.com, Act or Goldmine. These systems and their competitors can store all of your addresses, phone and fax numbers, and integrate the data with your calendar, telephone, PDA, Word documents, fax machine software, email, web links, and web data. You should be keeping detailed information on each possible lead or contact including dated notes, callback dates, their current service provider, their industry, quality rankings, size rankings, income rankings, and even their birthday if you want. And with a consolidated data set you can easily query the contact records to pull up only ones that meet select criteria. You must assertively build your data set year after year with every possibly relevant sales or commerce contact.

The most important source of data is through your personal network of contacts which includes the those you have met or solicited within your immediate business community. Vast additional raw data to cull through is sold in electronic form (generally comma-delimited ASCII text files are the easiest to move around), and can be easily imported to your contact management system. You should decide what geographical area you want to cover and what type of customers you are trying to attract – and then make sure you have the data that's available on every one of them that match. From there the data has to be heavily manipulated to be able to extract the most pertinent information at just the right time.

For example, you can get all the electronic records for the local yellow pages and similar directories and select the zip codes and industries you want to work with in your contact manager. You can then see what information is available on the Internet, and you can also purchase filtered lists of this data. Chambers of Commerce and government commerce agencies often have extensive lists of business information available electronically. You need to get all the data you can from all the sources possibly relevant and keep filtering through it over and over. Ultimately, you will be able to personalize large volumes of email, faxes, form mail, and phone calls all while efficiently scheduling, documenting, and sharing huge amounts of data. You can communicate a multitude of tailored messages better, faster, and easier than your competitors. The bottom line is that if you don't optimize your contact management, you will be in the same marginal class as all the folks that are not at the top of their business category. Effective contact management cannot be overlooked since this process leads to large profits.

One of the best examples of the power of contact management relates to keeping track of your competitors. If you maintain a field in contact manager called "current service provider" and you have been updating this field across thousands of sales prospects for years, you can then target your competitors for extinction one at a time as they expose their shortcomings. You could instantly find all the customers in your database that work with any given competitor. If you know of a particular weakness of any competitor at any given time, you can exploit it by easily identifying and contacting their customers for a sales promotion.

The most important and time-consuming part of this process is cleaning out the raw data files. Right off the bat you should be focusing on records that list the proper person to purchase your product. So, to the extent you lack this information, you or an associate need to call each of the target businesses to attempt to determine who is in charge. Moreover, you should search for the web site of each target to collect additional information,

including copying and pasting the most relevant information on the web site to the notes field in the contact manager. On the web you can find articles that include information on your prospects, too. What you find is that as you collect more and more information on your prospects you can understand them better and better. As a result, you are capable of offering them solutions tailored to their specific needs. Understanding the targets will help you focus your service offerings and sales approach to increase the percentage of deals you close, which will in turn save you time and make you more money - yet again. Whatever you can do to reach an ever-expanding number of prospects will provide you with exponential financial benefit.

Finally, keep in mind that you can't waste time on prospects with a low likelihood of closing. You need to get as many prospects as possible in your contact list and weed through them by natural selection. That means you will be left with a bunch of unqualified records, a low percentage of the total but a large number nonetheless which can be left in the database and calendar with a callback or review far in the future. You can achieve a higher number of closed deals based on a higher success rate per prospect. As you sift through and re-sort large numbers of prospects quickly you will be left with a large number of unsuccessful attempts in order to get to the successful closes. The goal is to constantly, incrementally expand your closing percentage and simultaneously increase the number of new prospects being reviewed. The review itself should be as automated as possible and delegated to lower level co-workers when possible. This saves you the precious deal-closing time for good quality prospects.

### **Build a Winning Sales Team**

You can teach someone selling techniques but not the natural ability to sell, so always hire the most capable people. They should at minimum be well-organized, great communicators and self disciplined. Your sales team is your face to the larger world. Make sure you hire the cream of the crop.

Preferably, there should only be one boss for each person and one chief overseeing the whole department. This is because sales is largely an independent activity.

Don't delegate the same task to multiple people, because it's important that each individual sales executive develops unique relationships with his or her client base.

When training your sales team, make sure they understand that people are buying the benefits of the product, not its features. Make sure they know to ask rational, pertinent questions to sales prospects in between small talk. And they LISTEN to the answers carefully. Not listening to what a customer

says is a key failure of some salespeople. You may be able to tell from subtle intonations what the customer really takes to heart, and then, if necessary, adjust your sales pitch accordingly. Demonstrate mutual concern with your prospect and establish a human bond.

### **Win with Rational Sales Strategy**

When you are out in the field making sales, you are representing your product, your company and possibly your industry at large. It's crucial that you and your sales staff create a serious sales plan from day one. Make sure that your salespeople are the best and the brightest starting out. You also need to make sure that all of your marketing material is consistent. All of the material should go through a thorough review process.

From your first phone call to a prospective client to the days and weeks after a contract has been signed, your sales people are the face of the company to those clients who make your business profitable. Teach them well.

When calling a new potential client, salespeople need to ask the gatekeeper (secretary, receptionist, assistant, spouse, vice president) specifically who is in charge of your service area, and double check to make sure you will be connected to the best decision maker. Befriend the gatekeeper and ask any questions you can get away with - they can often open locked doors.

Every company wants (and you must give them) personal service. Since you will have so much time and energy invested in providing the best services, your sales targets may as well be big fish. You will be qualified to impress them and they can afford your services and products. The primary reason to target the higher level prospects is so you don't waste time giving fantastic service to people who are not in the position to make serious commercial decisions. Those people would only be of marginal benefit to your long term goals, whereas a wealthy VIP may be able to purchase your high margin services and introduce you to her equally valuable peers, in an ever-compounding process.

Everything and everyone ties together somehow. All positive human links can be valuable. The people with the strongest business and social connections and the most impressive past successes are the most beneficial to associate with your own expanding corporate-social network. Always make the links obvious so they can be strengthened and expanded to your advantage. Do proper industry research not just about the product or service you are selling, but about the people in that industry and your particular sales prospects. Have you ever heard of the game "Six Degrees of Kevin Bacon?" It essentially helps prove how a human referral system can connect you to almost anyone you want to reach, if you flesh out the network effectively. Go

for the big names and make sure you are always developing new references to get there.

Once you are speaking with the right person, be quick and efficient so you can make more calls meetings and proposals; and more importantly so they don't tire of you quickly. Be assertive but not too pushy. Be very polite--say "yes ma'am/sir," "yes please," "thanks," and "I appreciate your help." Contact multiple people at the same company if that's what's necessary to close the deal, but don't appear like you are trying to go behind the back of your primary contact. Often there isn't a clear chain of command for service provision and nobody will be offended if you politely push a good deal through the bureaucracy. Always have a positive or neutral tone of voice - even in negative, frustrating situations. Always have a positive or neutral tone of voice - even in negative, frustrating situations.

Once you have an appointment, go about your first meeting the right way. Always ask your sales prospect their "time frame" and "budget" – if they don't know this they aren't close to buying what you are selling. Be confident in the fact that you are the best in each service area so you can honestly tell the prospects so—they'll notice and may be correspondingly confident in you. Ask lots of open ended-questions to prospects, thereby eliciting their involvement in the sales process. Memorize lists of questions - learn who to ask what and when to ask them. Clients love to talk about themselves and it is an invitation in to their world. Be fearless - if you are hesitant or nervous to ask the right questions and make a pitch you aren't going to sell. And generally speaking, you shouldn't discuss price on round one.

Keep tools like phone books, industry and marketing directories and databases, industry pricing and inventories, emerging ideas and questions, references and URLs handy. Know answers to questions customers might ask - by memory if possible. Know precisely what stage you are in and what action items or objections need to be dealt with. Once those items are effectively dealt with, you should have a completed deal unless other objections exist. If that's the case, deal with those issues immediately. For the most part, all objections are repetitive, so you should know how you will counter in advance.

Send marketing items consistently over time to keep your company name in your contact's mind - snail mail brochures, specials, faxes, newsletters, business cards, calendars and other ad specialties (pens, shirts, magnets, mousepads, bumper stickers), relevant press clippings, etc. According to Jay Conrad Levinson, the author of business bestseller, Guerilla Marketing, an average prospect needs to be exposed to your message nine times before they are amenable to becoming a customer, Since the prospect only sees or

hears your message one out of three times you attempt to reach them, that means it takes 27 exposures to saturate them effectively. The greater quantity and variety of exposures the better - referrals, press articles, fax, mail, newspaper ads, radio, affinity groups, friends, and online articles are key. As always, spelling and grammar in marketing material is critical. Don't get any of it wrong. The overall verbiage and word flow is also important to optimize, so your message can be fully absorbed by the highest proportion of prospects. Work with creative marketing people to help you.

Copious notes on each sales call and meeting should be kept in your contact manager so you can gauge the effectiveness of your sales process and use that information to tailor your future messages. Call back clients in a reasonable amount of time after meetings, letters and faxes, before they forget you. Ask for good days and times to follow up if they are generally hard to contact, and ask gatekeepers the same. You must follow up thoroughly on leads or all the time and money used on your background and introductory work is wasted and all leverage lost! However, reprioritize follow-ups according to your perception of the prospect's likelihood of bearing fruit. Again your contact manager is critical, in this case its calendaring function.

Do a lot of hand holding for demanding prospects. Assume that, on average, this will be extra profitable and will lead to strong referrals. If you can please the most demanding customers, you can easily please all others. Establish long-term personal relationships with targets and clients, to the extent it aligns with your goals. Make it easy to buy what you are offering- not overwhelming or overly complex. Then make sure to literally ask for the sale – say, "What do you think?", "Are you ready?", "Can I bring the contract?"

If the answer is "No," you have to accept the rejection and move on until your sales process suggests its time to call on them later with other services, if ever. You can only sell to a portion of the prospects, so don't be discouraged the rest of the time. However, if a customer is ready to sign up, do not give them the opportunity to change their mind. Make arrangements on the phone or setup a meeting with the contract, or rough draft contract, in hand.

When you make proposals to sell your services, be sure that they are based on standard company templates Also they must reflect the accurate budgets involved as well as the correct time frame. Proposals must be good looking and accurate, spell-checked and grammatically correct. Make an estimate of what they can spend, since often what a client wants may not be what they can afford. And detail their specific needs, so they know that the proposal is obviously tailored for them.

Hit lots of leads simultaneously - only a minority of deals will ultimately close no matter how promising they look in the beginning. Know what to sell to each person. Suggest solutions based on previous customers in similar situations. See what others in the prospect's industry do for their solution. Know who your existing clients are and how to use them as references. Consider doing a tag-team on deals, exposing the prospect to several trustworthy, friendly, capable coworkers. This is often very successful. When possible, use the consultants of the companies to help close the deals, who always make it easier. Furthermore, consultants might give you access to additional business from their other customers if they appreciate your service.

Once you've made a sale, check up on your customers and try to sell them additional services and get references. Plant lots of seeds, building a pyramid of referrals and spin-off business. Recommend add-on services. Say, "I will be in your building at two o'clock, may I stop in for ten minutes to show you/tell you about..." This way, you will spread a wide net over various industries and get the most out of each individual sale. Consider offering your prospects a questionnaire if it makes sense for your product; take their feedback seriously to help improve future deals with new clients.

Document good ideas and solutions you learn in the field to include in your "Best Practices" or "Standard Operational Procedures" master documents so they are easily at hand when you want to re-use them and teach them to others.

Finally, you should have a sound advertising strategy which could include not advertising at all. It's possible that despite your best efforts and investments in small advertising tests that you have been unable to prove the effectiveness of advertising for your business. Profits generated from successful advertising can pay for additional ads. During the process all ads will be building long-term brand recognition, referrals, and valuable market data.

Marketing is a broader process, which includes how you present yourself and your product, so it can never be opted out of your long term business plan. But advertising is a technique that you should be able to prove to be directly profitable or it should be abandoned in favor of better investments.

## **Conclusion**

We hope that some of the ideas presented in this document will help you build the business of your dreams, and that you will become a catalyst for positive social change. Go get them!

## Appendix: Profitable Sayings

Most sayings do not gain popularity merely because they are whimsical. They are repeated over and over because they generally represent the truth. In this appendix, we have gathered together some of the most relevant and inspiring sayings from the small business lexicon. Some of them are easily attributed to certain people, and others are not. Whether or not you know the source is less important than coming to understand what these phrases can really mean for you.

*"A bird in the hand is worth two in the bush."*

If you had the choice of getting \$100 now, guaranteed, or potentially getting \$200 in a couple months, what would you do? This saying suggests you should take the \$100 cash now. We agree due to the fact that most people believe more of their deals in the pipeline will close than actually will. The point being you might not really get that \$200 later, so take what you can get now, and then tomorrow go back for more.

*"If it ain't broke, DO fix it."*

This saying represents a similar concept to constant incremental improvement or evolving Best Practices, and is equally critical to your success. The companies who don't "break things that work" get undermined by competitors who are in a constant, aggressive evolutionary state. That's how it works; like it or not. Keep breaking things you think work well; and make sure the breaks turn in to noticeable improvements. Don't become complacent with a false sense of security when you are ahead of the pack or you will find your competitors quickly gain momentum at your expense. .

*"Dress for success. Dress to impress"*

We aren't experts in this area. But most likely this is great advice since it costs relatively little compared to what it might deliver, and there is really no downside. The idea of doing a "meet and greet" sales call, with professional clothing, nice grooming, and a charming personality is a tried and true method of increasing the percentage of prospective deals that will successfully close.

*"Cash is King."*

If you are competing against someone with deeper pockets than you, you are at a strategic disadvantage. You have to make up for that through the aggressive methods outlined in this document, and through other channels you develop internally. You could also say that if you have the most cash to capitalize your operations, you are then the king of your industry. Or most likely you will be as long as you don't fall down on the job by not employing all the Best Practices possible.

*"The one with gold makes the rules."*  
This is similar to "Cash is King."

*"Numbers don't lie."*

This is another critical precept. You must measure your operations so you can tell which of your ideas are working, which of your more mature operations are still worthwhile, and all of the other data that will help you to make fast, rational decisions. Statistical modeling will help you organize and measure tests of your business activities; it's especially effective for Internet and e-commerce wherein you can easily test new navigation, graphics, text, partner programs electronically, etc. for their effectiveness and dynamically improve results realtime. You can also measure the performance of each of your employees based on the numbers, so you don't need to worry about an employee subjectively trying to convince you how great they are. "Numbers" generally refer to money, but other numbers you need to track include: your web traffic count, number of sales, the number of sales per employee, etc. Get accurate numbers to serve as baselines of discussions for all your intra-company meetings. Using software like QuickBooks, WebTrends and other modern technologies makes tracking numbers much easier than they were in the old nondigital world. This is one of the many ways technology makes you more profitable. Use technology to its fullest, because your competitors will.

*"Don't be pennywise and pound foolish."*

Saving money is a good idea as long as you are not obsessed by it and you aren't making bad financial decisions as a result. If you are fortunate, you may have saved money in your bank, in bonds, home equity, stocks, etc. You need to decide what portion of that savings can be reinvested, and at what point you want to look for higher yield investments, with a greater risk profile. You might be able to prove after testing and studying that you can spend a penny on your business to make a dollar. Or spend a penny to make five pennies. In both cases you should invest more and therefore deplete some of your savings, which can be retained later.

*"Two heads are better than one."*

Following this logic, consensus is good. The team leader/president must prevail whenever consensus isn't easily reachable. There is never time for bickering or not making clear, assertive decisions.

*"Time is money."*

This hits at the core of our philosophy. If you can manipulate time on a daily and long-term basis, you can usually cause significant harm to your competitors, nipping away at their market share.

*"Get it while the getting is good."*

Timing is everything. Be everywhere all the time. Be there and be aware.

*"You snooze you lose" and "Early bird gets the worm."*

Never miss your opportunity to be first in line.

*"Don't cry over spilt milk."*

You don't have any time to live in the past, you are moving way too quickly forward. Whatever is upsetting you about what's already happened is ultimately irrelevant. You can cry all you want, but can gain no benefit doing so.

*"Talk is cheap."*

Your credibility is critical in assuring your long-term success and your ability to access the right people and accomplish the daily tasks at hand. If you are always talking a big game and never delivering on your talk, then the recipient of the blather will recognize it. You can't hide. Your record will ultimately speak for itself, so don't talk about all the many mountains you will climb until you climb a few to get warmed up.

*"Knowledge is power."*

Most of our recommendations focus on paying attention to information and using it accordingly. Learning how to get and use the right information is the essence of business knowledge. Being loaded with business knowledge is likely to make you wealthy if you want. And being wealthy and wise is often considered "powerful" in the U.S. Therefore knowledge equals power.

*"Beggars can't be choosers."*

Basically you don't have any leverage unless you really have leverage – all else is bluffing. In the beginning, take what you can get, using your best judgment.

*"There is no such thing as easy money."*

At least we've never seen it (unless you happen to be born into a fortune).

*"All that glitters is not gold."*

Pick your deals carefully. People are constantly wooing you into some sort of deal or another, and it's not always in your best interest just because it is in theirs. Don't let the charming personalities fool you. Do the math and pay attention.

*"It's all in the details."*

Undoubtedly, if you understand and properly accommodate all the details

that can optimize your business and industry, you win the competition

*"Cash talks."*

You may know the second half of this saying. Anyhow, cash is the ultimate leverage. You don't have to prove your intentions like those on credit, just prove you can do what you want in business when you want. Cash liquidity will give you extra access to deals, which will allow you to pick the best projects and people to work with. Mixing the best people and projects with your hard work ethic and good ideas will pay off infinitely, indefinitely. Unfortunately for the cash poor, the "rich" do in fact "get richer," and this includes businesses that produce and protect their cash properly.

*"Get everything in writing."*

This will protect you from vague deals that predominate among those not in writing. This inexact and unclear method of working with your clients, peers, employees and vendors will usually cause problems as time passes. If solutions to the most common business issues are decided in advance in writing, including a means of resolution for conflicts, then you will save seemingly endless hours of frustration and legal fees. Make certain all your deals and proposals are in writing.

*"Change is the only constant /Nothing endures but change."*

So plan on evolving, not resting on your laurels.

*"None of us is as smart as all of us."*

That is why we recommend gaining consensus opinions whenever possible.

*"Live by the sword, die by the sword"; "Play with fire you might get burned"; "If you ask for trouble you're going to get it"; "You reap what you sow"; "Lie with dogs – get fleas"; "Whosoever diggeth a ditch shall fall in it." "Do unto others as you'd have them do unto you."*

If you aren't playing nice with the other children, they won't play nice with you. If you bargain someone down to the wire they will do the same to you when the opportunity presents itself. If you are unreasonably mean then someone else will be so to you. Karma counts in business as in the rest of life.

*"Don't cut off your nose to spite your face."*

If you've messed up it doesn't mean you are permanently damaged goods, so recover quickly and move on.

*"When the going gets tough, the tough get going."*

Don't fold. Whatever obstacles exist can be surmounted.

*"If at first you don't succeed – try, try again."*

Persistence pays.

*"To a hammer, everything looks like a nail."*

Therefore every barber thinks you need a haircut, and every car dealer thinks you need a car. And every PR agent thinks you need an expensive PR campaign. Don't buy the hammer's approach unless the nail placement fits with your own architectural design.

*"You're entitled to your own opinions, not your own facts."*

There is no reason not to pay attention and study the empirical truths governing your business and industry.

*"Eat or be eaten"; "Only the strong will survive."*

Business is natural selection.

*"90% of success is just showing up"; "You've gotta play to win."*

Those who actually try their hardest will succeed, those who don't try their hardest are allowing extra opportunity for those with true desire.

*"Stuff flows upstream."*

Delegating is good in theory but at the end of the day the boss needs to take responsibility for everything that happens within the company, just like the president does within the U.S.

*"Pick low hanging fruit first."*

Maybe there will be enough low hanging fruit where you need not risk the expense and energy of going higher up the tree.

*"Money doesn't grow on trees."*

Be respectful of each dollar.

*"It takes money to make money."*

Leverage, leverage, leverage

*"We make our own luck."*

...and therefore our own success.

*"Know your enemy."*

...hopefully better than they know you.

*"All business is personal."*

People can't help their sensitivities with regards to money or interpersonal

communications.

*"A rising tide raises all ships."*

Mix your best practices with an industry on the rise.

*"A penny saved is a penny earned."*

And that which you save can be used for better opportunities.

*"Money can't buy me love."*

If you are focused on money for money's sake you may not be fulfilled, even if you win.

*"Rules are made to be broken."*

...but laws are meant to be kept.

*"If it was fun you wouldn't get paid for it."*

Since someone else would do it for free. That's why it's called work.

*"Cut your losses."*

You can't fail, but if you already have you need to cut bait.

*"Just because you're paranoid doesn't mean someone's not out to get you."*

You may be overly sensitive to protecting your market position; maybe there is a good reason. Many aggressive competitors really are after you.

*"There is no 'I' in team."*

And you can be most effective with an optimized team.

*"It's the little things that kill."*

Everyone can cover the basics. All value beyond is in the details and innovations.

*"If you are a big tree, I am a small axe, ready to cut you down."*

Small axes come with extra confidence, like you.

*"Sell the sizzle not the steak."*

Most of what a prospect might be receptive to that you have to express about your business offerings can be done in a few minutes of condensed sound bites.

*"Squeaky wheel gets the grease."*

You want to be greased all the time if you are serious about your business.

*"A little kindness goes a long way."*

Most likely, in the future you will reacquaint yourself with those you currently work with in one capacity or another. Many times people you think you are working with on one-time deals actually show up over and over in the same or an unrelated venue. There is no reason for those people to have negative feelings about you before all your successive meetings.

*"That which you are seeking is causing you to seek."*

But instead you can be content with what you already have.

*"Don't shoot the messenger."*

The truth is not always pleasant, but it will always help you along. So don't look only at the bad news being delivered, think about how that knowledge can help you create good news in the future.

*"Buy low – sell high."*

You better know this one already!

*"Punish the act, not the actor"*

..... and do it right after an infraction to be clear.

## **Sayings to Discount**

*"The one with the most toys when he dies wins."*

This one couldn't be further from the truth. If you skipped tangible meaning in your life in favor of toys you made a mistake, go back to square one and pay attention.

*"It doesn't matter if you win or lose, it's how you play the game."*

This is not true in business - business may be played just like a game but the winners get paid real money; and people tend to be very serious in that regard.

*"Nice guys finish last."*

This is a tricky one – it usually does not apply since being amiable is more likely to pay off, although sometimes playing tough is required.

## **Quotes with Credit**

"What doesn't kill us makes us stronger." (Friedrich Nietzsche)

"Is the rich world aware of how four billion of the six billion live? If we were

aware, we would want to help out, we'd want to get involved." (Bill Gates)

"Our favorite holding period is forever." (Warren Buffet)

"What material success does is provide you with the ability to concentrate on other things that really matter. And that is being able to make a difference, not only in your own life, but in other people's lives." (Oprah Winfrey)

"I feel that luck is preparation meeting opportunity." (Oprah Winfrey)

"I like thinking big. If you're going to be thinking anything, you might as well think big." (Donald Trump)

"An organization's ability to learn, and translate that learning into action rapidly, is the ultimate competitive advantage." (Jack Welch)

"No pressure, no diamonds." (Mary Case)

"I believe I can win." (Michelle Wie)

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