

SEED!

The 7 Fundamental steps to starting your business

Wayne Fox

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1. Introduction

Have you ever wanted to start a business, but didn't quite know where to start? Perhaps you had a few missing pieces in your "business jigsaw?"

There are lots of books out there offering you handy tips on how to get started with a business, but most are written by people who have never actually done it themselves, or so-called "professors of business." I have nothing against these people or their work. In fact, I admire their passion for what they do, but talking about it and actually doing it are two very different things.

I decided to write this book for two reasons. Firstly, because I could see a need in the market. There are lots of people with business ideas, but lacking all the pieces to the jigsaw, and so struggling to get things moving in the right direction.

Secondly, because I've been submerged in the world of business all of my life, and it's a strong passion of mine which I'm fortunate to have experienced some success in, I thought I'd like to pass on my experience to help others to get their dreams started.

I dare say you might read other books by experienced business people that tell you to do things in a slightly different way than I will, and that's okay too. I'm not claiming to be a business god. I'm just telling you what I've learnt in the hope that you might achieve a little bit of success from it, too. We're all on a learning journey, and I'll probably tweak my book further later on if I learn a slightly better way of doing something. With technology evolving faster than I can tie my shoelaces, that's quite possible.

Starting your business can be an amazing experience. You're in charge of your own destiny. It's the type of experience that once you begin, you'll never want to be a wage slave again. I hope this book helps you to get started on your path.

2. Do you really want to start a business?

- Are you self-disciplined?
- Can you think strategically?
- Are you a problem solver?
- Are you persistent?
- Are you ambitious?

If you're happy to settle for only what's out there, the likelihood is that someone will take it from you. If you've seen *Dallas* (the TV series, not the place), you have some concept of how the business world works. Except I'd say it's a bit friendlier in the real world, and less deceitful, so don't get too hung up on this idea of the business world. If things happened the same as they do in the TV series, businesses wouldn't last very long, as nobody would trust you. As you'll find out, most of business success is dictated by trust.

Business is a cut throat world; if you're not ready to fight for what you believe, don't get started. You definitely need a team of people around you to build a successful business.

You may build a mediocre run of the mill business, but even that is unlikely. For example, what happens when you hit a brick wall, which you probably will do occasionally?

Or perhaps you'll come across a problem? If you're not persistent or a good problem solver, you will most likely give up. If you're not self-disciplined, who will keep you in check when there's work to be done but you'd rather check facebook or watch some reality show on TV?

3. The depressing reality

If you're going to start your own business, it's only right that you know a few statistics about the world you're about to enter. This is a short chapter dealing with the alarming facts and statistics about business startups. Some might see this as a negative thing, but if you're like me, you'll use it as a motivational tool to prove you're not part of these statistics. It's also about setting yourself up to reduce any personal liability in the event of failure.

Can you be exceptional?

90% of new businesses fail in the first five years. That means if only 10% of businesses make it, then you've got to be exceptional at what you do. Being exceptional at what you do means more than delivering a product or service. Being exceptional means being the best at creating something the customer wants, letting enough people know about it through your marketing efforts, achieving fantastic levels of sales, having customers beating your door down to buy it, then the product has to be delivered exceptionally too, delivered with care but also perfectionist quality. When you've delivered it, you need to manage the finances, being paid for what you do, whilst earning enough money to pay for all of your business overheads and costs. After managing the finances, you've probably got some supporting issues to sort out, these are what I call the infrastructure to the business, but they cover things like running your business premises, having systems working properly, sorting IT issues, and just general problems that you'll probably wish someone else could do them. If you've ever worked in a larger business, these are the types of things you just take for granted, but are essential in keeping the business running.

Do you still think you can be exceptional?

We don't know the exact statistics on why they fail, but the most common reasons are:

- Lack of planning
- Not persistent
- Disillusioned Owners (founders are earning less than in an employed role)
- Over concentration of resources or focus on one or two customers
- Poor control of finances and cash flow management
- Lost passion in the business

A typical startup founder will have:

- 1-2 months of salary in savings
- Hands-on experience, but very little experience of the whole business, and the processes involved
- An attitude similar to "If I can do it working for him, I can do it working for myself"

At this point, I think it's important to stress that if you don't like the sound of this so far, and you think starting a business isn't for you anymore, that's fair enough. The point to taking you on this journey was to show you the downside first so that everything from this point onward helps you to build a successful business while always being aware of the negative aspects. I could have started out by telling you how amazing life is, but you'd set your business up with a completely different mindset. You'd set it up to fail at the first disappointment.

There are a few options open to you in starting a business. Don't be disheartened. There is probably another way for you to realize your dreams yet. Read on, and I'll show you how.

4. Know your personality and build your plan around that

I've inserted a link at the end of this chapter. This will give you a quick two minute test and help you identify the type of personality you have. You may have heard about personality profiling before; you may have done it in school, college, or university, or if your employer was smart you probably did it with them. Most profiling systems don't however tell you what to do with that knowledge after you have it.

By knowing your personality, you can identify what type of roles you'll be strongest in. It doesn't mean you'll be rubbish at the rest, but it's best to focus on what you're strongest at. Many people focus on their weakest skills, and then wonder why they aren't very successful. You have strengths for a reason – so use them.

As an example of this, we're taught to focus on our weaknesses at a young age, during our school years. We'll be poor at something, and we'll get given extra work to do at home, perhaps some additional tuition to build our knowledge of something that we're not good at. Chances are, we just aren't interested in that particular subject, but for some reason we're taught that we have to be good at everything or else we're a failure.

So what if we were good at just one subject? In this school example, let's assume we're good at learning languages. If we focused all of our school years on that one subject, we'd probably be fluent in several languages and become outstanding in later life communications. Think of the jobs available to people who can communicate in multiple languages.

Instead, we have to focus on those subjects that we were poor at, and we eventually come out of school with average grades for each subject. The same example goes for the traditional end of term exams. Although there are other forms of measuring academic success, one of the more prominent ones used is the end of term exams. Unless you're good at memorizing things, then you'll be pretty rubbish at exams, but why is there so much emphasis on this form of testing and measuring academic success if this be the case? You might be brilliant at solving problems on the spot and thinking fast, but there isn't an exam for that, so you must be a failure, right?

Wrong. If you assess yourself against someone else's strengths, you may look like a failure compared to them. I understand my own strengths, I'm a naturally creative person, and I can give you 1,000 solutions to 10 problems. I know my strength is in using my creative and strategic nature to help other people. I was pretty rubbish at school, and got some average grades with Mathematics being my best subject. The only reason for getting a decent grade in this subject, was because half the grade was measured on a classroom project, whilst the other half was the end of year exam. I got a 98% pass in the classroom project, the best in the class, yet I barely scraped a pass in the exam.

Although I can perform many skill sets needed in business, I know that I'm not as strong as people who specialize in other areas. For example, I know that I need someone to focus on sales, someone to focus on the detail of delivering the service or product, and perhaps someone to build my back office systems and IT infrastructure.

People often see my business record of growing businesses really quickly, and expect that I'm a top performing sales person. Whilst I can sell, I'm pretty average at the skill of persuasion. My success in growing businesses quickly has come from the strategies I've used, they are my skill set, and it's those I stick to now. Whenever I've steered away from my own

skill, instead focusing on some other type of skill that I'm not strong at, things haven't gone well for me. It's a bit like when you see the gurus on the internet offering to teach you how to become a bitcoin millionaire. I know that my trying to trade bitcoin would be a disaster, it's not my skill, I don't have the attention to detail needed, and so if I tried to emulate someone else's success in that field, I'd wind up overlooking something important, and probably finish up bankrupt.

This all comes down to self awareness, and that process starts through understanding your personality profile. By taking the following personality test, you'll start on the path to your own success, and better understand your next step. This is probably the most important part of your future, and could save you a lot of soul searching as well as some disasters in the future.

Here's the link. It'll take two minutes, and it's free. Please note, if the link doesn't work, just type it manually into your web browser. It's very important that you take the online test before proceeding in the book.

[Profile Test Link](#)

5. What does it mean?

Perhaps you noticed there are numerous videos on the link website telling you about your personality type, and what it means. Hopefully you took a few minutes to watch them, and understand it a bit better. For our purpose, we're going to summarize them below, and you'll understand how important it is that we use this in moving forward. As you probably know by now, the profiling test was something that fellow entrepreneur and business author Roger Hamilton developed, and it's the only test that I've come across that helps you understand what your result means. I've taken the meanings further so that you can better understand your profile, and understand what the best options are for moving forward with your business idea. I'd be pleased to hear from you and hear what your genius is, as this is something that really interests me, and who knows, perhaps we can even work on something together.

Dynamo Genius

Develop concepts and ideas into a physical business model

Strengths:

- Creating things
- Inventing things
- Improving things and making them better
- Strategies & solving problems
- Innovation

Ideal business type:

- New business, or a business to which you can add new products and services

Blaze Genius

Selling, building sales channels and routes to market

Strengths:

- People
- Relationships
- Promotion

Ideal business type:

- Sales franchise
- Promoting a brand
- Affiliate or Network marketing

- Public relations
- Any business where you can increase its sales channels

Tempo Genius

Deliver the product or service

Strengths:

- An eye for detail and quality
- Managing things on the ground

Ideal business type:

- Service franchise (note you'll need a strong sales person if they don't provide customers)

Steel Genius

Simplify the business

Strengths:

- Analysis
- Simplify
- Systemize

Ideal business type:

- Analysis, Consulting, or Systems Provider Business
- Financial services
- Legal services

6. What type of business?

So, based on your results, what type of business should you choose?

There are a number of opportunities available to you, each with positives and negatives. We'll look at each in turn.

- Buy a franchise
- Start from scratch
- Buy a business
- Be an Intrapreneur

Buy a franchise.

Positives: A proven system, a recognized brand name, business support

Negatives: Unable to change things, cannot add services or products to the existing offering, can be a large upfront cost to buy the franchise. Most of the time you need to develop your own customer base

Start from scratch.

Positives: You can create your own business model

Negatives: Highest risk strategy, high failure rate, no brand recognition, potential to lose your investment very quickly, build a customer base from scratch

Buy a business.

Positives: An existing customer base, a recognized business name and reputation, structure the purchase according to future profits, low risk if managed properly and the business has a good reputation.

Negatives: Risk of alienated past customers, possibly taking on someone else's problems, risk of any staff members leaving with the old owner, you need to have run a similar business before

Be an Intrapreneur

Being an intrapreneur means starting a business within an existing business. This means teaming up with an established business owner, and using your skillset to help them in their journey, in return for a piece of ownership in that business

Positives: Established customer base, team of employees you can tap into when you need, the business has an established track record and reputation

Negatives: You don't get your 'brand name' above the door, You don't own 100% of the business

7. Understanding you

Aside from the personality test, this section is really to help you understand where your test results fit, and perhaps where you should look for an opportunity. If you already have an industry/business in mind, you can either skip this section or use it as a point of reference.

- What are your strengths?
- What roles have you enjoyed in the past?
- Do you know why you enjoyed doing them? Perhaps it was the people interaction, or perhaps more that you like to be organized and have everyone around you organized.
- What experience do you have?

If you've worked for a few years in a particular industry, you know how it works at one level or another (whether that's hands-on delivery or the back office process). Either way, you have some insider knowledge (and probably some contacts) in that industry.

If you don't have experience in that industry, (i.e. perhaps you're a retired soldier, a graduate, a high school dropout, etc.), then you have two options:

- 1) Find paid employment and learn about a particular industry,
OR
- 2) Look deeper into your hobbies & interests.

Either way, you need passion in that industry. If you lack passion in the industry in which you work, you'll likely give up when times get hard (which they will).

- Why do you want to start a business?

If it's for money.... STOP! The journey will be too hard for you and you'll probably lose everything long before you earn anywhere close to the kind of money you're earning in your full time job now.

If it's for freedom....STOP! The biggest misconception is that you'll be free. Instead of having one boss to keep happy, you'll now have 50, 100, or 150, or more, all expecting you to satisfy them RIGHT NOW! Every single customer will believe they own you. They're paying you, so you'd better be ready to kiss their rear end!

Until you have 50+ employees, a full management team in place, and generally someone to do the 'rear end kissing' for you (or the equivalent in virtual outsourced staff), you'll be working 18 hours a day, 7 days a week. You will be free, however, to work whichever 18 hours of the day you wish. For example you can choose to work 6 am 'till midnight, or, if you

like, 5am 'till 11pm. Hey, you couldn't do that in regular employment – don't knock that freedom. Remember: it's what you wanted!

8. The options to starting a business

Based on your personality type, I've listed the opportunities available to you, and in my view, the best options to improve your chances of success.

Dynamo Genius-

- 1) Buy a business.
 - Create a new service, or improve existing products and services. Ensure you have a management team in place to manage delivery and make sure the business can support your expenses. You'll not be working "in" the business. Don't try and work "in" the business; this isn't your strength, and you'll only be unhappy as well as unsuccessful.
- 2) Start from scratch.
 - Based on your industry experience, improve something within that industry.
- 3) Buy a franchise.
 - This option will make you very unhappy. You will not be able to express your creativity, and the business will inevitably fail, taking your investment with it.

Blaze Genius-

- 1) Buy a business.
 - Increase sales channels, and promote the business in as many ways you can. Make sure you have a good delivery team in place or your quality will suffer.
- 2) Start from scratch.
 - Take an existing brand and multiply its sales channels. Affiliate or Network marketing could be beneficial for you. Changing an industry or literally starting from scratch is not for you.
- 3) Buy a franchise.
 - A sales franchise is perfect for you. It gives you a brand to promote, along with the proven systems and business model to let you get on with it. Try to find a franchise model that removes as much paperwork for you as possible, leaving your time freed up to build those vitally important sales relationships.

Tempo Genius-

- 1) Buy a business.
 - Improve service delivery quality. Make sure you have a good sales team in place, and plenty of sales channels. If the sales dry up, you'll find it hard to keep the business running, especially if it's not a well-established business in the industry.

2) Start from scratch.

- Unless you plan to be self-employed, providing hands on services to existing businesses, this isn't the best option for you. You'll struggle with making new sales, and your business has to be a copy-cat business. Don't try and change the world; it'll drain your energy. To be a success in the self-employed model, you need a strong sales team and the systems to make sure you can grow the business as you add in more hands-on staff.

3) Buy a franchise.

- A service franchise is perfect for you. It gives you a recognized brand. If you buy the right franchise, you won't need to worry about making sales. You will be working in a proven and profitable business model. With this model you can focus on delivering good quality products or service, in line with how the franchisor has trained you to. Wherever possible, try to find a franchise business that doesn't need you to "sell" the business. Some franchise providers do this role centrally.

Steel Genius-

1) Buy a business.

- An early stage business is the best opportunity for you. If you have management experience a turnaround business might be suitable. Many small businesses fail because they try to grow without putting the systems and back office structure in place first. Your analytical nature is strong in this area. Analyze the business, make it simple, and improve it by putting in place the processes and systems to make it better. It's quite common for this personality type to work with a dynamo type and create the business into a franchise brand. Many business investors also have this personality type.

2) Start from scratch.

- This is probably the hardest business for you to succeed in. The best type of business to start would be one with automated sales, such as an online business where minimal face to face contact is needed to make a sale. You prefer simplicity, and some customers see this approach as brash. To be a success in this model, you'll need the proven business idea/model. You'll need the sales channel, and you'll need hands-on people delivering the goods. Understand that your strength is in transforming "things that already work" into "things that work amazingly, with less pieces." If you have computer coding experience, creating Apps and internet based platforms can be a route for you to choose, but work with either a dynamo or blaze genius to understand what the customer wants, and what type of problem you're solving, or else you could wind up creating a solution for a problem that doesn't actually exist.

3) Buy a franchise.

- This is not the best option for you, you'll be extremely bored, and you'll be working in a system that's already proven. You'll have nothing to do, and you won't be able to improve the business processes.

Many people think the only option to starting a business is to take the obvious route, and just start from scratch. In reality, this is the most risky. If your personality fits, explore the franchise, or business purchase options, further. Although the initial cost can seem uncomfortable, the end results might just make it more viable. Don't be discouraged by the initial cost factor.

Starting from scratch will cost you a lot more money to get to the same proven stage with the same brand awareness in your market as the other two options. You may think it's possible to start a business for very little cost of doing it from scratch but trust me, it will cost you a lot more money than you expect.

It will also take you many years to build your brand, and it will likely be very difficult for you to even find customers. I've been there myself. As a "start from scratch" entrepreneur, there will also be little or no financial support for your business, whereas both franchise and existing businesses are proven business models with banks and other financiers more willing to lend money based on the financial results of each business to date.

Whichever personality type you are, you will need others to support you. This may be directly through your friends and family physically helping you, or other entrepreneurs working in partnership with you. It may also be indirect support whereby you use the systems, brands, and business models already created by someone else to support you. A basic example of indirect support is the social media platforms such as Facebook or LinkedIn which provide a platform to let you promote yourself and your business to a mass audience. Another example of indirect support is accounting or inventory control software. When your business is ready for these, make sure you use them. They may seem expensive, but you can now pay monthly for most of them. Without them your business will never grow large enough to free you up from its 18 hour day demand cycle.

9. Identify your target customers

Okay, before you get carried away and start running before you can walk, we need to start at the beginning.

So you've got your business idea. Now you need to prove the business model.

If you've chosen to buy a business or buy a franchise, then someone has done this part for you already. Otherwise you need to work through the model to make sure it's profitable on a small scale, preferably one or two small customers, before throwing bags of money at it to scale it.

As with many things, persist at it. So many people expect success overnight and give up when it doesn't happen. I can guarantee it won't happen overnight. Stick in there, believe it can happen, and eventually you'll find the right approach, and probably the right audience too.

Similarly with buying a business or a franchise, you still need to know who your target audience is. Here are some questions that you should be asking yourself during this stage of the process:

- Are you targeting business customers (B2B) or consumer customers (B2C)?
- Who do your customers currently use to service their needs?
- What do your customers pay for this?
- Is it profitable for you to sell at 5-10% below these rates?
- If charging at 5-10% below your competitors, can you afford to employ someone else to deliver that service on your behalf and still make your business profitable/worthwhile?
- Is there something you can add to your competitor's services/products that might complement them, while giving you entry into the market by partnering with them?
- So you've chosen price as your differentiator? - Apart from price, why will the customer change to you – an unproven business?
- How else, apart from price, could you differentiate your business offering from that of your competitors?

I'm not really a fan of competing on price, although I've been there as an established business on many occasions. Rather than starting from scratch & competing on price, I think it's better to try and work with an established player in the market, as otherwise if there's two players in the market already, and you start a third business serving that market, well at best you'll only achieve a 30% stakeholding of that market. By adding something to an existing player you don't dilute the market further and everyone wins.

Differentiating yourself on price can lead to business disaster. You'll end up in a price war with competitors who have much deeper pockets and eventually kill all value in your industry. Eventually you'll have customers who think they can name their price because your approach comes across to them as being desperate for their business.

As an established business, many years ago part of our business was involved in new house construction, on sites with upward of 200 homes on each site. These contracts were good for building capacity in the business as each site guaranteed that we'd need a certain number of staff covering that site, for a specific amount of time, which was normally at least 12 months. The problem was though, we didn't really make any money on these types of contracts, as whilst we had long term relationships with the clients, there was always someone willing to outbid us, and work for a lower price, in return for that guaranteed period of work. One extreme case of this was with one of the national house building companies, who, rather than us pricing up the contract ourselves, they instead would send through to us, a price which they then asked us to discount further. The winning contractor would be the contractor that gave them the biggest discount. When we priced up the contract ourselves, we determined that the price they'd given us, was in fact how much it would cost us for delivering the contract ourselves. This meant there would be no profit, and should the contract hit problems, or a delay, that additional cost would come from our own pocket. But it didn't end there, for the guarantee of work in a particular new location, we could have stomached that risk. The problem was, the client expected us to discount that price further, meaning we were essentially paying them. But this is where, trying to position your business as the lowest price, is eventually where it will lead. This particular client was so large, and was so confident in always playing one supplier off against another, it finished up dictating how much each contractor would be paid.

Imagine if every supplier chose the "lowest price" strategy. The price would be so low that nobody would make money and every supplier would go bankrupt. With an unprofitable service/product nobody would wish to supply it. Each supplier would stop training staff in that area of the business, and in the long term, there'd be nobody to provide it. Eventually it would all come full circle and there would be a huge demand for that service/product but nobody to provide it. The value of that product or service would actually skyrocket.

Naively, you might think, "Okay, I'll be here when it comes back around. That's nonsense because when people need something that's not available, they find other alternatives. With new technologies emerging all of the time, those alternatives will most likely be technology based.

As an example, imagine if cars were so expensive that nobody ever bought them? How would you travel? That's easy. You'd either walk, you'd cycle, or perhaps someone would invent another transportation system, removing the need for cars altogether. So while those car manufacturers are sitting around waiting for the process to come full circle, someone else has moved in and taken their market away from them.

If it's a business you're buying, you'll need to examine the existing customer base, which service type is selling best, and to which type of customer. Then you'll have to really dig down into the numbers.

You have two options here:

- 1) Focus on selling more of the most popular lines to similar customers (ie, identify your target),

OR

2) Focus on the product or service that isn't selling so well and try to understand why. If you know why, you can tweak it, or change your approach. In this tweaking process, you'll also learn more about your ideal target customer.

My initial focus would be on the popular lines. If it's in demand, and it's profitable, it's worth trying to understand why it's in demand, then just expand its reach to more similar target buyers.

One example of this could be a catering business. Selling catering services to a range of customers, its customer base was made up of 70% schools, 20% care homes, 10% offices. Using Option 1, you might decide to drop its approach to offices, instead choosing to use that resource for the schools sector.

Assuming the sales process is the same for each customer type, the catering business should be able to win 7 times as many orders as it did while approaching the smallest customer segment. If your sales resource is limited, which it should be as it's essentially an overhead to the business, this is the strategy to follow. You need to maximize the results from each of your sales channels.

Looking at option 2, we would look at the 2nd largest market (care homes), and dig deep into the reasons why it only makes up 20% of sales. Digging deeper will help you understand that the care homes have only been using your business as back up, as they already have in-house catering staff and facilities already. In this case, you can now adjust your approach to this customer segment, and pitch to the care homes on the idea of outsourcing their catering department, which would include benefits such as a reduction in on-site catering facilities, managing staff absence, along with a host of compliance related issues, and ongoing staff training.

When you've repositioned this part of the business, there could be other markets that open themselves up to an outsourced catering provision.

If you're buying a business, my advice would be to initially focus on the strongest markets and service lines; these are the service/product lines that are keeping the business running, so ultimately they are paying your business loan, staff, mortgage, vehicles, expenses, etc. When you've done this, the business will be much stronger and free you up to look at the other markets, i.e. starting option 2.

When doing this, start with the largest customer segment, then work your way down. This way you'll keep strengthening as you go. It's like adding 10% to \$1000, or 10% to \$10. Which would you prefer in return for your time? The more successful a market segment is already, the better you can make it, and the less risk you'll face of failure in doing so.

Rather than focusing purely on sales turnover, approach this exercise from a profit perspective. It's the profit that keeps the business running. The sales value just keeps people in employment, and we can all be busy fools. That's not the smart part of business. You will probably find that 80% of your profit comes from only 20% of your customers. While the least profitable 80% are keeping people in their employment, as you start to understand which customers/service/product lines make up your most profitable 20%, you'll have the extra resource available to bring over to your more profitable customers segment as you develop this further. By doing this, it means we don't just drop the least profitable 80% customer segment.

If the least profitable customer segments were dropped overnight, you would seriously damage your business, as well as hurt possible relationships that the business has built up over a long period of time. You'd also incur large costs related to staff redundancy, so that's always best avoided. It might be possible to add something to these customers' existing lines that would quite easily double the profitability from that segment.

There is no secret here. Every business will be different, but the important thing is to really understand these customers, and where the sales/profits are in the business. When you have that information, you can make an informed decision about moving forward.

In the case of a location based business, let's use a hotel business as an example. Most hotel businesses are made up of different customer segments including:

- Business/Contractors
- Travel groups/agent bookings
- Private – within 100 mile radius
- Private – Same country, more than 100 mile radius
- Private – International

If you categorize and analyze your customer segments like this, you might see that travel groups are the least profitable, but do keep the business running during the off peak season. Likewise, you might see that customers travelling from overseas cost you 30% of your marketing budget, but only give you 5% of your sales/profit. The obvious answer is to either drop the international market, or look for a sales agent that can bring your marketing costs down to this segment, while still getting you the bookings.

If you're buying a franchise, the service approach will already be proven. There are rules around how you operate a franchise, and how you approach a particular market/service offering. It'll be unlikely you can change this, although I'd have to question why you would want to change a proven model of success. That's essentially what you're paying for after all.

A successful franchisor certainly won't let you change the service approach at all. That's why you buy a franchise. The methods are tested, with systems in place to help you work through the process as fast and efficiently as possible. With this option, make sure you get training included within any initial or upfront fee.

Just to give you a clearer understanding of the fee structure of a franchise business, it will typically be made up as follows:

- Upfront fee - Pay an upfront fee to get started.
- Ongoing management fee - This covers all kinds of services dependent on the franchisor, but can include your IT, back office support, help desk, etc. This might be a fixed fee, or could be a percentage of your sales revenue.

- Marketing fee – This will normally go towards nationwide or regional brand awareness, such as advertising in industry magazines, TV advertising, or approaching national clients. Some franchise businesses will remove the sales process from you altogether, and the marketing fee goes toward covering the cost of this also. Remember that without marketing/sales your business won't exist. Since someone has to do it, why not let the experts do it?
- Royalty fee – This is a small ongoing fee, normally based on a percentage of your sales revenue, but is really where you're paying for the usage rights of the franchisor's brand, and systems. This is generally where the franchiser recovers their initial investment into building the franchise model. The other fees don't normally include a 'profit' element for the franchiser, so this is part of the franchiser's profit element. Don't grumble about this; they've provided you with a platform to be successful, now they need to be paid for that. Without profit, there'd be no reason for the franchiser to build a model, and most franchisors will invest many millions into setting up the business model. A support structure to keep your business running behind the scenes.

10. How will you reach your target?

Okay, so how are you going to reach your target customers, and why will they buy from you?

Whatever approach you've decided upon, whether a franchise, buying a business, or starting from scratch, in my opinion, this is probably the hardest thing to get right. You need a few things combined to make this happen:

- 1) Proven experience
- 2) A trusted relationship with your prospect
- 3) Brand/business awareness
- 4) Value proposition
- 5) Influence

We'll go through each area in more detail below in order to help you understand the buying process from your target customer's mindset. Bear in mind this is more focused toward business customers, and consumer buyers might not be as strict in some areas, but may be more skeptical about your business. Think of it like when you get a spam email through from some "sales guru." What do you think when you see this, "Oh, it's just another spammer?"

1) **Proven experience.**

People will want to know you can deliver what you promise with no problems. They'll need to know that you've done it before. You can do this in a number of ways.

- Testimonials
- Case studies
- Contract references
- Recommendations
- Leveraging your previous employment experience, preferably with contacts you already know through your time in paid employment.
- Technical accreditations & memberships

2) **A trusted relationship with your prospect**

Unless you're selling something online, there'll almost always be an element of direct trust that has to be present before a prospect will purchase from you. Even with an online business, a prospect will still want to know about the business, make sure it's a registered business, and it has all the necessary trust certificates, and "safe payment" certificates in place.

If you can find a relevant online platform for your business, such as eBay, or Amazon, for online sales, this will go a long way toward making sales in the online world because you're basically using a trust factor that's been built up by these global brands. This is called 'Borrowed Trust'.

At first it's best to focus on people you know, or perhaps people you've met during your career to date. You should've built up some kind of trust with these people through your association of working together previously, even if indirectly. People have short memory spans, so you may need to remind them when you last dealt with them or their team.

Nurture the relationship, become their advisor, do favors for them, help them to achieve their own success. When you've delivered your product/service to these customers, request that they provide you with an honest review of your business offering. By getting this feedback, you'll identify weak points to build on, you'll see things from the customer perspective, you'll continue to build a caring relationship for your customer, and, if the feedback is good, you can use it to promote your business to other target customers.

3) Brand/Business awareness

This also comes down to trust, but the brand is really the experience that people can share: "I used Bizco last week, they were really cheap," or "I took my dry-cleaning to Bizco. They cleaned it, pressed it, and delivered it back to me within 2 hours". Your brand will be what people say about you. Do you want to be known as "the cheapest," "the fastest," or perhaps "the most reliable"? Either way, consider this in your approach.

If you make your product or service "the cheapest" but then bid for work in a high tech, expensive, quality driven industry, your prospective customers might automatically imagine you as second best compared to your "quality focused" rivals. Your brand will be based around what your ideal target customers' want, so build it around them. If you try and do "cheapest" and "high quality," your brand message will become confused, and you'll lose both customer types.

As an example, people buy Mercedes Benz cars because they want quality and refinement. They don't have to buy the car to know what experience they'll get; they know because the brand message has told them. The brand message has already done most of the sales work before the customer has stepped into the car showroom. On the other hand, if they want cheap, no-frills, A to B motoring, there are a host of manufacturers that focus on this end of the market. Some of these have started to reposition themselves as "affordable quality." I personally think their message is becoming a bit confused.

The other side of this section is about considering how you'll reach your target audience and let them know about your business and your brand message. You can have a brilliant, unbeatable brand message, but it's worthless without a channel of communication directed to your target audience.

Unless you've got very deep pockets, it's going to take a long time, and a lot of hard work, to become front of mind with your buying audience. "Front of mind" is where your target will think of your business first when they want your type of product or services. As a real life example of this, if you want an online auction site, where do you think of first? Most of us think of eBay. What about an online bookstore? Amazon.

What about fast food? McDonalds and KFC. You don't have to be a huge global business to be front of mind. Just give your target customer an experience that's hard to forget (hopefully in a good way). As an example, think back to the example of Bizco the local dry cleaning company.

My tip to success is to focus on a single customer segment. For example, if you know your target is any business, anywhere in the world, that's an extremely large marketing budget you're going to need. In the UK alone, there are 6 million businesses, of which around 98% are small businesses (under 50 employees). Narrow your target audience down. The first step is to target your geographic location, preferably a single town or city. If you're only covering one city, break it down into neighborhoods. The next step is to further break it down by industry category.

Go for the industry category or customer segment you have most experience and recognition in already, and preferably, the one that's most profitable. Remember that you'll need to show these customers your previous experience, so some industry or customer segment experience will go a long way in building trust with them. A customer segment in the B2C sector could be those over fifty or perhaps, the school leaver.

If you can narrow it down to where your existing customers already are, this would be ideal. Let's consider your target is pharmaceutical companies that all work in a particular business park or zone in your city. By focusing on this segment, you can use your time much more effectively because you don't have to travel across the city between visits to your customer sites. Ongoing development from this would simply be to copy the approach to neighboring zones or business parks.

Next, if you know who is most likely to buy your product/service by age group, gender, or job role (or all of them), you can target it very specifically to these exact people. Rather than a target audience of one billion people, you've narrowed it down to just 30. It doesn't sound like a lot, but these 30 people are the total number of buyers in your chosen industry. They are the ones that matter because they're the people who will buy your offerings and ultimately determine whether you become a leading player in that industry.

I'm not going to go too deeply into naming your business, or in the design of your logo. There are professional designers that can create your logo for you very cheaply. In thinking about your name, this should be based around what you're offering. What are your brand values, and how will your customer think of your business? Look at competing businesses to understand what their brand name says about them.

It's also important at this stage to understand what colors to use. Many design experts will tell you that certain colors can mean certain things to a customer. For example, the color green might be related to environmental related products or services. Red and blue are most suited to different types of service businesses. A designer can help point you in the right direction here, but by looking at your rivals, you'll see what they're already doing, and hopefully get an insight into why they're doing it, too. In designing your logo, make sure it represents your principles as a business.

4) Value proposition

The Value proposition in simple terms is what you're offering the customer, and the reason why they'd choose to buy it. It is the solution to someone's problem. The value proposition almost never comes down solely to price if you've never supplied a new prospect. If it's solely on price, chances are you're going to be providing your product/service for free, just to get a foot in the door.

My advice would be to always look for something else. By bidding on the cheapest price, it's a good strategy to build capacity in your business, but you'll eventually meet a rival with deeper pockets. If your only differentiator is price, your business will die.

The cheapest price also brings an extremely low profit margin, and with that, cash flow problems. Unless you want to keep investing your monthly salary back into the business, the chances are your business won't survive very long.

The easy option is usually to pitch on price alone, but a word of warning to you: Your rivals have relationships already, they are also much bigger than you, and they have deeper pockets. If they don't like your strategy, it'll be quite easy for them to simply discount their bids, effectively losing money on that contract just to force you out of business. If they have many contracts, they can discount one bid heavily, but make up the loss on a more profitable contract elsewhere. You don't have that flexibility as a startup. The other options as differentiators depend on the business, the industry, your targets etc. The obvious ones could be:

- Quality – only the very best
- Image - Think Rolex, Gucci, & Brioni
- Fastest
- Reliability
- Support – Are you available on New Year's Day when your rivals are all at parties?

Ultimately, the larger the industry you choose, the more players there'll be. This means it'll be harder for you to make your business different. As someone who's competed in industries with over 100,000 similar businesses all offering the same type of service, my advice is to look at the top 20 businesses in your industry. These are most likely global players.

See what these businesses do, and see if you can find something that your local rivals don't do. See if there is anything you can improve on, but generally use this as a stepping stone. The top 20 are generally there for a reason, and it takes more than just money to get there.

5) Influence

The best way to get into a prospect is to have someone else do half the work for you. Having someone in your corner, on the inside, makes it much easier to win new work. We aren't talking about corruption here; that's illegal and I'd never advise that. Everything I tell you in this book is based on good ethics, so to tell you to do something illegal would be wrong for

me to do, both morally and ethically, and it would also damage my reputation in the business community.

The only way to have an insider is to provide a good experience for your customer to start with. Let's look at an example. Let's say, your business provides environmentally friendly cleaning products. Your buyer will probably be a facility manager, cleaning manager, or perhaps even a professional buyer if your customer is big enough. In this instance you might want to approach the person responsible for environmental management. It's the responsibility of these individuals to improve the environmental practices of the business, so if your service or product can help them do just that, you'll have someone fighting your corner for you. In smaller target businesses, or with B2C (Business to Consumer) transactions, it would be the same as having a past customer recommend you to their friends. Dig deep into your offering to understand who might indirectly benefit from your businesses offering.

11. The Financials

Okay, now we move to the somewhat boring but necessary bit to keep things right and to keep you on the right side of the legal justice system.

Up to now:

- You've identified your strengths
- You've identified your target customers
- You've planned how to reach your target customers
- You've ideally got some target contact names listed, and hopefully also spoken with them to get feedback

Next, on your initial business idea, you might want to do a quick cash flow projection to see how much money you'll need now and at which points in the future. As you've not done anything yet, it'll be very hard to generate specific figures at the moment, so it's just a hopeful estimate. Thinking about this helps you to understand the importance of making a profit as quickly as possible, along with always keeping profit front of mind in everything you do.

Chances are, you'll get about 5% of the customers you expect to get, and your expenses will be at least twice as much as you estimate. The most important thing now is to do things as cheaply as possible. Just because you have money in the bank doesn't mean you need to pay a cleaner to clean your spare room/office for you.

I know of so many start up business owners who've spent half their savings on a new car, just because they think it's what people in their position are supposed to do. They couldn't be more wrong.

The key points to making up a cash flow projection is to use a calendar format, either on a weekly or monthly basis, and plot the following items for each month, as you'll either receive them, or as you'll pay them out. This tells you if you have a shortfall in funds in a particular month.

A cash flow projection will include:

- Sales into the business
- Any other income to the business
- Any costs to the business.

Breaking your costs down into legal costs, financing costs, staffing costs, marketing costs, inventory costs, utility costs, property costs, and expenses that you might incur during the course of business for that particular month. When you have these figures, add a 20% contingency to your costs which will include any unforeseen items. It's also advisable to reduce your sales expectations by 20%, which should give you a little bit of breathing space should sales not come through on time, or if you incur late payment from your customers.

12. Choose a Legal Structure

Depending on where you are in the world, you'll have different names for the various legal structures available for setting up your business. Most developed nations share a similar structure to one another. These are as follows:

- 1) Sole Proprietor
- 2) Partnership
- 3) Limited by Shares
- 4) Limited by Guarantee
- 5) Social Enterprise or Charity

1) Sole Proprietor

This is the most basic legal set up. Depending on your taxation laws, it's probably the most tax efficient, up to the point of what a single person could earn in a good salary every year. However, it offers very little legal protection. If your business goes bankrupt, it basically means you also personally go bankrupt unless you have personal savings that can cover any liability in the business. If someone takes legal action against your business, then it's ultimately your personal life (including your spouse) who will face the consequences.

2) Partnership

In my opinion, the partnership is the worst legal set up. In this structure, it's basically the same as putting multiple sole proprietors together, but removing their individual rights. As a partner, you hold joint liability for anything your fellow partners do in the business, but have no control over those other partners legally. Likewise, they have no control over your actions either. Each faces the consequences of the actions taken by every partner within the business. Unlike the sole proprietor, you have reduced tax efficiency, as you all effectively agree to the payment structure. This means that, unlike a sole proprietor, you can't maximize your tax allowances due to someone else's decision. Should the business go bankrupt, or have legal action taken against it, every partner will be held personally and financially liable.

3) Limited by Shares

In my opinion, this is the best option for legal protection and, when the business is large enough, it can be much better for tax efficiency. The costs for set up are higher than other types of legal setups, and auditory reporting is strict. If you don't file returns on time, you'll get a large fine, and repeated lateness can lead to the business being closed down by the courts. In extreme cases this can lead to a jail sentence for the directors of the business.

This option is much more transparent to the outside world, which can be seen as both good and bad. However, in the long term it also makes it much easier to bring in investors, as well as to sell your business later on. It can also appear more professional to the outside world.

If the company goes bankrupt, you'll only lose what you've invested. In some countries, if you've performed negligently or illegally then you, along with any other directors, will be held personally liable for your actions. In some instances, you as a shareholder may be required to give a personal guarantee for debts as well, which is normally requested by investors, banks, and other finance providers to the business.

4) Limited by Guarantee

In most countries, this structure isn't available to most normal business types. Similar to the limited by shares structure, your liability is limited only to the guarantee you place. It doesn't have shareholders. We won't dwell on this type, as it's much more complex in its set up, and not readily accessible to the majority of people.

5) Social Enterprise or Charity

Unless you intend to do something to change your community, or perhaps support a charitable cause through a business model perspective, this isn't the model for you.

A social enterprise is run by a management team and overseen by trustees. A social enterprise makes no profit; it is run for the benefit of its members, or for the cause it supports.

Here is an example of this type of legal set up: There was a social enterprise set up by the local government to provide incubator office space to new startup businesses in rural areas. The startups rented office space at reduced rates, and got their back office administrative support (printing and copying, call answering, etc.) provided by the social enterprise. All proceeds from the social enterprise were channeled back into the enterprise and used to further expand the business into neighboring areas and reach other business people. They also provided additional support such as startup training and legal support.

13. Setting up the business

Registering the business for taxation

The next step is to register with your government's taxation office as a business. Your business type (sole proprietor, partnership, limited etc.) will determine what you need to register for. For sole proprietor and partnership, you'll just be registering for income tax and perhaps VAT (sales tax) or export tax. With the limited by shares option, you'll be registering for corporation tax, along with sales tax, and export tax. There may be additional taxes you can register for depending on your government's support structure for businesses, but you'll see these when you register.

You can use a registration agent to register your business, or you can do it yourself. It doesn't take long to do it yourself, probably under an hour, but it saves spending money out that might come in handy afterwards. If you try and do it yourself, but find it too difficult, you can find a registration agent to do it for you.

To find your government taxation office, you can use google or any other online search engine, and search for <inland revenue> + <your country>. In the UK, the Inland Revenue is HMRC and in the US it's the IRS. To list every country would be exhaustive, but I'd like to think with the information in this section, it won't be too difficult to find the details you need for your own country.

Trading licenses or accreditations

Depending on your business services/products, you may need to register for a trading license or particular accreditations. This is relevant for consumer credit licenses, some technical service accreditations, medical or healthcare services, and anything related to the financial services industry. Find out if your industry is regulated or controlled by a professional body if you don't know already. Without these licenses or accreditations, you will be breaking the law, and regardless of your legal structure, you'll end up in jail and/or have to pay a large fine. It's important also to understand that you'll need to register for licenses in each state, region, or country you wish to do business in unless it's possible to export your product or service to that location. If you choose to export, it's important to realize that your delivered product/service still has to meet local criteria for standards, safety, and quality. Working with a good export agent can help you get this process correct.

Bank account

Get a separate business bank account. It's so important you keep your business and personal finances separate. It might be tempting to think, "This is my money, so I'll spend it on these new shoes," but actually it's not your money anymore. When you use it for business purposes, it becomes part of the business assets and balance sheet, so removing it for personal usage will see you hit not only with increased personal taxes, but potentially also criminal charges.

Compliance

Next you'll need to comply with your government's local legislation. We can assume you're not ready for business premises, and we'll cover the basic areas for most businesses. When you include premises into that mix, you'll have to consider an additional 300+ pieces of legislation relating to property. I'll cover this area in a much more specialized book later on. For now, we'll focus on the main areas:

1) Insurance

- Liability insurance
- Inventory / Stock insurance
- Plant insurance
- Buildings insurance
- Indemnity insurance
- Vehicle insurance
- Life Insurance
- Accident Insurance
- Healthcare Insurance

For a very small cost every month, you'll be covered for every eventuality. Without it, you could spend the rest of your life in a prison cell should things go wrong.

2) Health, Safety & Welfare

- Health & Safety policy & procedures document
- Risk assessments
- Method statements
- Manual handling assessments
- Do you have suitable welfare facilities? (WC, cooking, breakout, washing, etc.)

A good Health & Safety consultant can help you get set up with these.

3) Employment

The chances are, you're not ready for employees right now, but if you've bought a business, it will probably already have employees. Employ a HR consultant to make sure you have everything in place and make sure it's all above board and legal. Employment law is a very intricate and tricky subject, and the law can be different from one state, region, or country to the next, often with contradictions between each, so I'm not going to attempt to explain them here. I would say, though, as part of your business journey, and if you plan to have employees, be sure to get an understanding of employment law in your own geographic area, or wherever you plan to operate employees in your business. This knowledge should include subjects such as recruitment, discrimination, and discipline. Use a consultant to train your management staff in these areas as you grow the business.

We've completed the boring bit. If you're still awake, let's move on to making some money for your business.

14. Service Delivery

So far:

- You've identified your strengths
- You've identified your target customers
- You've planned your approach
- You've set up your business as a legal entity

It's now time to start that business process.

The objective of this section is to have you selling and delivering your product/service in relatively small quantities.

For the following process example, we'll assume your business is a traditional service business where you'll provide a mobile service.

The steps to servicing your customer:

1. Find a motivated customer
2. Make the sale
3. Sign the contract
4. Deliver the product or service
5. Invoice for the product or service

Before we get into this, I'll say one thing. Don't go setting up your business, paying for marketing, paying for logos, websites, business cards etc, until you've got a customer willing to pay you money for what you're offering. So many people dream up solutions for a problem that doesn't exist, then spend thousands building websites, and all sorts of other crap, without ever having a customer. Only when they go out talking to potential customers, do they find that the problem never actually existed in the first place.

1. Find a motivated customer

This is really the stage where you prove there's a market for what you're offering. We first need to identify those target customers again. We'll start with your past contacts, everyone you've come into contact with that suit the type of buyer you think would be interested in your product or service, AND can afford it. This is the easiest and most effective way. First of all we want to reconnect with them, aiming to rebuild that old relationship with them. We don't become friends with people by going in with the hard sell on day one. Get over to their place of business and speak to them. Do not sell to them. Tell them your plans. Tell them you're thinking of setting up a business to provide XYZ product or service. Get their feedback. Get them on board, but more importantly

find out their current problems, as that could well give you a better opportunity to work with them. If they seem interested in what you're talking about, it's worth asking them at this stage, before you go further, 'if I decide to start this business, is this something you'd be interested in buying', and if they say yes, ask for some kind of commitment. Getting a signed order at this stage will give you validation of what you're offering.

Keep going through your identified targets until you find someone that invites you to bid. At this point they'll probably be doing to trial how you perform, and to see where your pricing sits among their other suppliers, so don't be too disappointed if the lead doesn't go anywhere. Just stay professional, follow up on the tender, and get feedback if at all possible. The more feedback you can gain at this stage, the better you can position yourself in future bids.

Think about where your target audience might see you. For example, let's say I were trying to reach people that owned horses. Those people need to buy from, or work with a number of people during the care of their horse. I'd imagine that they probably buy from a food stockist, as well as other stable type suppliers, for things like grooming equipment, food, hay, etc. So let's imagine they all travel to these stockists once a month to buy supplies. One route to reach that target customer, could be for me to form a partnership with the stockist, whereby I can advertise my product or service alongside their business. Perhaps if it's relevant, I could do something similar with the local Vet's, when it comes to healthcare. I'd imagine this type of customer also regularly reads magazine articles about horses, horse events, and general animal care, so potentially writing an article about your product, and featuring it in the magazine could attract potential customers. Then I might look at Horse events run within the area I can serve. With events, such as showjumping, it will probably bring a large number of target customers and group them all in a very compact area. If I therefore exhibit or position my product or service, perhaps as a free trial onsite, then I can potentially win some long term customers there. The other benefit of this route is, because you're talking to them face to face, it builds a deeper connection with them, and by demonstrating your product, you win their trust.

Another route is to consider any trade association or directory. Often when a buyer is looking for a particular type of product or service, but doesn't have a supplier already in mind, they'll look to the trade association for that type of product or service, to see if there's any companies listed with them. Again this is where credibility and a portion of borrowed trust is built up. By being registered with the trade association, it normally means you're qualified to do what you're offering.

I think the important point to note here is just to understand your target customers' buying process. How do they buy from suppliers? Then just step into that process in the most convenient way that suits them.

2. Make the sale

Don't make your customer jump through 1000 hoops to buy from you. I see so many businesses, normally those types of businesses that are heavily technical or naturally bureaucratic, putting so many hurdles in the way of a customer buying from them. They have 'checks' to go through. Ask them why they go through these steps, or checklists, and they'll tell

you it's how it's done in the industry. Just because something's always been done that way, doesn't give good reason why it needs to continue to be done that way.

An example of this is where a company asks to see a customer's bank statements, proof of ID, etc before signing them up as a customer. This is all well and good, and is a process that needs to be done for the company to comply with things like money laundering regulations. But the customer hasn't even agreed to buy from you yet. What's wrong with getting their signature on the contract, then get their payment, and then fill out the checklists as part of the service you're offering. Often these 'rules' are made by people sitting in darkened rooms, who never speak to anyone, and have no concept about business, or the psychology behind it. If there are rules to be followed, does it mean all 18,437 checkboxes have to be ticked before placing the order, or can they wait until day 2 after the contracts have been signed? My guess is the latter.

Speak their language. Customers don't know what a *'left-handed thread minor sprocket'* is, nor do they need to know. They are buying the 'WHAT', not the 'HOW it works'. Speaking in technical jargon to them will either send them to sleep, or it will break that rapport with them that's vital to closing a sale. Imagine if someone came to visit you, and then just started speaking in a foreign language. You'd look at them with a blank face wouldn't you? Whilst you might think a customer understands what you're talking about, they don't. If you really need to explain technical jargon, explain it the same way you would a five year old child. Otherwise, just tell them you're going to solve their problem, that's all they are really interested in.

If your prospective customer has a need they'll come to you out of curiosity. If that prospective customer doesn't have a need, follow up with them through other meetings when you're in the area. After all, we don't need to buy cleaning products every day of the week, just because a salesman has arrived at your office, doesn't mean we're going to change our buying process to suit him.

My estimate is you'll need a prospective list of around 100 motivated targets, and up to 6 months to nurture those targets before you'll be asked to start bidding for their business. I say 100 because you'll only have around 4% who have a desire at that exact moment when you contact them.

This means we have two key success factors here.

- I. Become front of mind to these motivated buyers,

And

- II. Time your approach to the exact time they need your business. Of that 4%, if you're an unknown provider, you'll simply get overlooked. It takes time to become front of mind with your target. Some marketing experts have research that suggests it actually takes 6 communications with a target before they actually recognize you as a provider. Don't take this fact too personally, it's just how our minds work. Think of the last time someone emailed you, you probably thought it was spam the first couple of times, but maybe on the third communication, you became interested in the subject heading. The fourth time you were too busy to take notice, the fifth time, you asked your colleague if they had ever heard of the mailer but then forgot about it. On the sixth time, you thought, "oh yes I remember him, I'll ask for more information", and that's just if you have an interest in what he provides. I'm only assuming these are the steps

in how it plays out in those surveys carried out by the professionals. Think back to the days of pre-email, you might have sent them 6 catalogues before they started to look at your products. Maybe then it was much higher, or maybe it was much lower? It probably depends on what you're offering, and how in demand it is with your customer segment.

A motivated target isn't just a company name. A motivated target is a buyer's name, contact details, and as much information about them, as might help you build a relationship. There are a lot of businesses trying to sell you lead lists for so-called motivated buyers. Having tested this route myself in the past, you can split these into two categories, firstly you'll get lists with just a company name, telephone number, and perhaps a centralized email address, such as 'info@'. The second source is where senior directors are listed, and occasionally you'll even get a direct email address for them too. Okay so these you might think are the most valuable, and you'll probably pay over the odds to get a copy, but does it mean the vice president or CEO will want to buy your product or service....Nope! Your email, or letter, will go straight to the spam tray, and you'll never hear from them again.

The reason for this is, because firstly these people don't deal with suppliers, and secondly because they probably get 100's of similar mailings every single day, from people they've never met, nor probably ever care to meet. So you've just wasted your money. Just because you have 1000 people's names on a list in front of you, doesn't mean they want to buy from you. The only real first contact that is motivated to buy is one that's contacted you. Don't fool yourself into thinking otherwise – it could get very expensive!

When you eventually reach the bidding stage there are a few key areas to get right:

- Find out exactly what the customer wants
- Sell them that exact product/service
- Just because your business can supply something that's more profitable to you, that customer has not asked for it. Don't try and sell it. Introduce it later, when you understand their needs, and buying habits.
- Present the benefits, not the features. I don't care if the cleaning fluid is 'new and improved', I'm a buyer, so explain how that will benefit me?

3. **Sign the contract.**

Larger companies have purchase agreements, but if not, get your own contract agreement and terms and conditions written up. It will be a small upfront cost that you can use as a template later on. It will also make you look more professional and organized, while also keeping you protected legally. If you work in a large industry, the chances are that 50% of your rivals don't do this. Would you like to look more professional than them in the eyes of your customer?

The easiest way to get this is to either go to a lawyer that specialises in startup businesses, or sometimes if you go to the local chamber of commerce or other business

membership groups like this, they will have startup packs that include the various legal templates that you might need for your business, and they are often very inexpensive.

4. Deliver the product or service.

- Confirm what they want
- Deliver exactly what they want
- Deliver exactly when they want
- Deliver exactly where they want
- Deliver it with care & quality
- Make the customer believe you care about them

It's not rocket science, but many small businesses forget at least one of these points, and then wonder why their customer went to the big nationwide provider instead. It's because they were consistent every time.

If a customer tells you they want a new heating system in their house, it's because they want a heating system working YESTERDAY. I've seen so many businesses provide a service, but just seem to take forever to deliver it. Having delivered some very large 7 figure contracts myself, timing is probably the most important factor when you get to this level of contract. If you can't turn up, or deliver what the customer wants, when you agreed you would, I'm sorry but this is just unprofessional, and you shouldn't be running a business. The world would be a better place if businesses took things a bit more seriously, instead of treating everything like a hobby. If this is you, STOP PLAYING AT IT.

5. Invoice for the product or service.

There are so many small business owners that don't like the paperwork. If you don't get paid, why did you do it in the first place? It's part of the business process, if you don't like invoicing the customer, then don't set up a business that needs an invoice and credit system. An example might be a retail store. With this comes other types of paperwork though. If you don't like paperwork, get someone else to do it, or don't start your business at all.

Whenever possible, set up an automated invoicing system so that you don't have to worry about it. A basic version of this would be, when you sign the contract, go back to your computer. If using a basic word processor package/spreadsheet package, just change the "Estimate" or "Quotation" heading to "Invoice." You might need to change some wording to past tense. If there is a guaranteed completion date for the order, then just attach it to an email right away, and set a time delay for delivery to the customer until after that date.

Alternatively, if invoices have to be posted, have it printed off immediately ready to be sent, and postdate the envelope so that you don't send it until after the completion date. You'll be surprised at how much customers like to receive an invoice on the date of completion. It makes you appear much more professional than the business that doesn't send an invoice to the customer for 3 months. If you feel guilty about asking for money from a customer, think back to your cash flow statement. If you still feel guilty, get out of the business and take paid employment. Or, an even better suggestion – Go and work voluntarily if you really don't need or want the money.

The above solution is a very basic system, but as your business grows, you'll obviously bring in a more professional system to cope with scale.

Make sure you know who's responsible for paying invoices. It's no use sending an invoice to the managing director if they have an accounts clerk. Find out the payment process in advance, and follow it exactly. Perhaps it needs to be signed off by someone else first? Getting paid on time can be much harder than making the original sale.

Most businesses pay on 30-60 day credit terms, but if you misunderstand the process, that time scale could quite easily double in duration, which could cause serious cash flow problems to your business.

15. Test and Perfect the model

So far:

- You've identified your strengths
- You've identified your target customers
- You've planned your approach
- You've set up your business into a legal entity
- You've sold, delivered and invoiced your product or service

Now it's time to analyze what you did, and when you did it. Below are a number of questions you should ask yourself. If you took notes at the start of the process, document it at each stage, with timescales, resources needed, costs for each process, etc., it will be much easier when you get to this stage.

- Could you speed up the sales process? You can't change the customer's actions, but you can improve your own actions.
- How many prospects did you contact and what was the response rate?
- How long was the sales cycle?
- Is there any way to reduce costs in this process?
- Can any of the processes be automated or simplified?
- Did you use different forms of marketing and which was most successful?
- Was there anything you could have done better to deliver the service?
- What feedback did the customer give you?
- Could you deliver the service cheaper or more efficiently?
- Can you simplify the delivery process?
- How will you maintain the same delivery standard?

The objective here is to perfect your business model. This is something most businesses don't do. When they achieve sales, they believe their business is perfected. They believe they have the optimum process and business model already, regardless of whether it could be done more efficiently and make ten times as much profit.

You'll do this now, but you'll also do it in 6 months, 1 year, 2 year, 3 year, 5 year, and so on. With continuous technology changes, you can improve your own process efficiency very easily. If your rivals don't do this, then it puts you one step ahead, and potentially makes you more profitable as well. I've seen this a lot, particularly in older family run businesses, who have

failed to grasp technology. I've seen some who still use typewriters instead of computers. Can you imagine how much more efficient your business is compared to this type of business? Businesses that don't keep up with change, or fight change, ultimately end up dying. A typical example of a business not keeping up with change is the large video rental chains. Fifteen years ago, video and DVD rental was big business. We had rental shops in every shopping center, and every town high street. Compare that to now when we can watch any film we want to, either online, or through pay per view via a digital TV, a service that's in many households with a modern television. So for a very low cost every month, we can watch as many films as we want.

The large video rental chains must have considered that the internet would fail, and their business model would be safe. What a mistake that they didn't embrace change, and reposition themselves in the changing marketplace.

16. Put a plan in place.

Okay, so far:

- You've identified your strengths
- You've identified your target customers
- You've planned your approach
- You've set up your business into a legal entity
- You've sold, delivered and invoiced your product or service
- You've perfected your business model

Now you need to plan based on your experiences up to now.

This is where your business plan comes in. It's at this point you can potentially approach someone for funding. You can build projections based on real life examples. I'm not a big fan of business plans; I think they are a tool that's been used by banks as a template to make decisions. I think they don't truly represent a business or its owners, and they also take a lot of time and resources to put together. A business plan can be written excellently by a university student, but it means nothing about the viability of the business to gain investment. It's all just a big wish list. Unless you have a crystal ball, how can you predict the future?

Saying that, we do need to present our results in some format, and if it's a bank you approach for funding, unfortunately you'll have to follow their procedures and build a business plan. Set aside 6 weeks in your calendar, and you should just about get it finished. If you choose this route, ask your bank for a template of the business plan they use. This will give you an idea of the most important points they want to see covered in the plan. I've previously developed a plan and delivered it, only to find they wouldn't accept it as it wasn't in their "approved format" for layout, etc. It was at this stage I realized that the actual business didn't matter to these people. It was more about whether I could follow their procedures. I think there are better options to financing a business than through traditional bank lending, such as crowdfunding, equity investment, or a combination of the two.

Most of the time banks will not lend to a startup business unless you have significant levels of personal assets which they can take a charge over. Personally I'd never try to borrow money from a bank for 'new' ideas. Debt should only be used for a business that's already got good cash flow. The debt is essentially paying for what's already there.

For new businesses, or new ideas for growth in a business should be funded by equity investment. Whilst funding for a small business is extremely hard to find, I have given a brief insight into a few different avenues that you might consider looking into.

Venture Capital

- Venture capital funds invest in startup and early stage companies. They are primarily focused on companies that can become a billion dollar business within the next 6-8 years. If your business idea can't hit \$100million dollars in the next few years, I'd look

elsewhere. The majority of Venture Capital funds tend to focus on technology companies as these are less reliant on people or physical resources, so can scale very quickly.

Angel Investor

- The Angel investor title was previously only reserved for the High Net Worth individuals, but this bracket has now opened up to anyone with a small amount of savings in the bank. Whilst having access to more people can be a good thing, there are also major downsides, especially when someone with no business experience is trying to tell you the best way to run your business. The other side to this, is accepting the money, but having no guidance whatsoever either. If you find a HNW investor in this pool, they will likely want to get involved, and if they have the right industry experience, and connections this will only be a good thing - But in this expanding pool, this seems to be a rare find nowadays. There are many angel investor networks available to join for a small annual fee, and you'll normally pay a funding fee of around 5% of the capital raised

CrowdFunding

- Crowdfunding is basically a pool of investors that each put a small amount of money into a central pot. The pot then takes equity in your business. Generally when raising money through crowdfunding, you need to have around 70% of the money already raised through your network, in order to complete the fundraise. This comes partly down to other investors seeing momentum in the fund raise. With many crowdfunding opportunities, you will be given a specific timeframe to gain investment. If you fail to raise 100% of the money needed, everyone's investment is returned to them, and you don't receive any money. With crowdfunding, it's very rare that you'll have any interaction with the individual investors, as there might be 1000 or more investors, so if you're looking for guidance or business support, this probably isn't the best route for you. When you receive an investment through this route, you'll normally pay a funding fee of up to 5% of the capital raised

Grants

- Grants are occasionally available to certain types of business. This is normally dependent on what the local government priorities are, or whether you are providing a certain type of service. These can range from incentives, like low taxation for 3 years, or it can include free services if you set your business up in a particular location, or in their discounted business premises. Normally to secure money through a grant, you have to first spend the money before reclaiming it from them. This can be a very lengthy process. It is worth working with a professional bid writing company if you are interested in securing this type of funding support. Some industries that are normally favorable to issuing grants include hospitality, fishing & agriculture, and renewable energy.

Incubator Programs

- An incubator program is normally a short term program to help you set up the business, as well as obtain proof of concept. They will normally provide mentoring advice, as well as education to help get you started. Occasionally they will introduce you to a network of potential customers, or in some incubators they are managed on behalf of large corporate brands like British Airways, and they are looking for products or services that

they could add to their own business. Incubators occasionally have access to angel investors in your sector also. An incubator program can last anything from a few weeks, up to six months. Whilst you won't normally get funding from them, many provide free or discounted work space, as well as business support to help get you moving.

When talking to any funding source, there are some key areas of information you'll need to communicate to them, whether that be through a traditional business plan, through a pitch deck, or through a pitch presentation. I've listed some areas to focus on. Please note that all of these should be based on what's already happened in your business up until this point. If you predict achieving a sale from 50% of targets you approach, when in the past you've only managed 2%, your plans will be thrown out, as you have nothing to back up your predictions. If your projections are based on assumptions, try to prove or quantify as many assumptions as possible, so as to remove doubt from the process.

1) Marketing

- What marketing should we do?
- What results do we expect?
- What will it cost us?
- When will we need to pay for it?

2) Sales

- From our marketing, what sales will we achieve?
- When will we achieve those sales?
- What value do we expect those sales to be?
- How long will it take to develop those sales?
- How much time will we need to dedicate to sales?

3) Delivery

- How much will it cost to deliver our product / service?
- Is there any waiting time from our own suppliers?
- Will there be any reduction in costs due to scaling of the business?
- Will costs increase as we scale it?
- How much resource will it take to service the demand?
- Will we have suppliers and staff to pay, how much, and when?
- How much profit will we make?

4) Profitability

- How much do we need to put into marketing to achieve a living wage?

- What will the salary be for the owners / directors of the business?
- How much do we need to put into marketing to achieve a comfortable wage?

5) Cash flow and Investment

- Based on projections, when will we need extra cash investing in the business?
- How much investment do we need?
- What will the investment be used for?
- How have you valued your business for investment?
- If debt finance, how long will it take to repay the finance?
- How much investment can the owners put into the business, and how much has been put in to date?

6) Business plan

- What obstacles will the business face as it grows?
- How will we get around those obstacles?
- Why are we different to the other providers in the market?

17. Obstacles

I've included this chapter as more of a side note to the rest of the book, rather than an instruction. In the previous chapters I've taken you on a journey from thinking about your business idea, and transforming it into a pre-growth stage small business.

Now we're going to look at some of the obstacles a business can face in its early stages.

- 1) Short term cash flow
- 2) Finding the right business/model
- 3) Reputation and getting known
- 4) Making the jump from being employed
- 5) Not having the relevant business experience

1) Short term cash flow

Nobody knows how much money they'll need exactly, but there are ways to minimize this impacting on your business. The best process is to do your planning stages while you're employed, and while you're taking a full time salary. If you can run your business while still being in paid employment, choose that option.

Learn to live on virtually nothing. Cut back your expenses, move to a smaller house, if it's practical, and cheaper, then rent a room in someone else's house, or perhaps if you have spare rooms in your own house, rent these out to other people. Try to have some kind of other revenue stream coming into your home if only to pay basic living expenses

As you progress in your business, don't overstretch your bank balance. Do this by using your trial experience as a guide for what your results might be in the future. As time goes on, your previous results will improve. Whenever possible only use overdrafts and credit cards as emergency funds that can be replaced within a few days. They are extremely expensive, and your business shouldn't rely on them to make it work. If it does, then change it. Always aim to run your business as if you can't access these forms of short term finance. There may be a point in the future that you don't have these facilities available, so setting it up this way now, will help your business to grow without reliance on external finance.

2) Finding the right business/model

If you've followed the steps from the beginning, you will have now identified your personality type. This is probably the biggest and most important step in finding the right business for you.

Finding the right business model is trial and error until you get it perfect. You don't want to be the same as every other business in the industry, but you don't have to reinvent the wheel either. Just make it better in one small way. When they invented the tire, it wasn't as a

replacement for the wheel; it was to improve the experience received while using the wheel. Do the same with your business and you'll be on to a winning strategy.

3) Reputation/Getting known

It's hard to become known in a short amount of time. Your ideal position is to be front of mind with all your target customers.

Your reputation is what will make or break your business. We live in a world in which people like to complain and unfortunately, most also like to be part of the drama as well. If you've done something wrong, fix it immediately or your business will die overnight.

Working with your existing network of connections will significantly improve your chances of survival, as you've already built up trust with them.

Focus on providing a good experience, and your business will grow in good time.

4) Making the jump from being employed

Starting in business for yourself doesn't have to be the scary obstacle that many people foresee the process to be. Do your planning while still employed. When you've completed your planning and you're ready to start your business, it's always worth asking your employer whether they'll consider employing you/your business on a self-employed part time basis. This option could save your employer money and it should give you more money in your own pocket, too - dependent on the taxation rules in your particular country.

As a general rule, you should aim to have at least 3 months' worth of salary saved, which hopefully will give you about 6-9 months breathing space if you've reduced your expenses. You'll need the moral support of your partner/family at this point, too.

Have faith in yourself - as long as you have a plan, you can make it happen.

5) Business Experience

Most people starting in business have only ever had hands-on experience, and have never really been involved in the actual running of the business at the back end. This is an essential part of business success, and without 'business knowledge' you won't last very long. While you are still in paid employment, have a look to see if your local authority/business groups do any kind of startup training such as marketing, administration, networking, or financial awareness. This will be invaluable to you, and most such training I've seen tend to be free of charge if you join the group.

This is also a good time to meet others in the same situation as you. You might get to bounce ideas around and even tweak your existing ideas to make them better. These other people could also someday become your potential customer as well, so begin building your relationships early.

As one of my closing points to this chapter, I'd also like to discuss some fears that sometimes prevent people from starting on the journey of starting their own business. These are typically:

- Fear of failure
- Fear of bankruptcy
- Lack of a college degree

Fear of failure

Don't let the fear of failure put you off achieving your goal. Look at the greatest business leaders in the world. Many of them had some gigantic failures during their time, some still do now. They use the failures as a way to perfect their business model, and learn from the experience. Failure isn't an end to your journey – it's a beginning on your new learning journey. Look at some of the most high profile business leaders, Simon Cowell, Steve Jobs, Richard Branson. They made mistakes, but they learned from them and eventually made their dream a reality.

Fear of bankruptcy

At some point in the future, you may come close to bankruptcy. This doesn't mean you should be waiting for it to happen. I would advise, however, that you reduce the liability or downside impact on yourself and your family before it happens. It can happen at any time; your business might be flying high, but then you wake up to the news of an economic crash, or a big customer decides to not pay you, and BOOM, it's all over. Imagine waking up to find your business premises had been burnt to the ground. What if you were knocked down by a passing motorist and in a coma for 3 months? How would your business survive these types of incidents?

Set your business up in such a way to prevent any damage should such examples happen to you, and always make sure you pay yourself. If you don't have any personal funds in reserve, and the worst should happen, you'll end up with personal bankruptcy, too. Just when you thought things couldn't get any worse.

Reduce the risk: prepare in advance.

Lack of a college degree

Some of the biggest names in the world of business don't have a substantial academic background. You don't have to be good in school to be a success in business. Personally, I think it works in the opposite way.

Find your passion, use your strengths, work hard, and work smart. The only degree you need, is a degree of persistence.

Conclusion

Throughout this book, we've looked at the steps to transform your business ideas into a reality. It is never an easy process, but it is definitely a challenge. If you enjoy new challenges, you'll enjoy this process. If you see challenges as something negative, then starting a business isn't right for you.

I won't lie to you. There'll be days when you wish you hadn't started on this journey. Everyday you'll have doors slammed in your face, you'll have negative people all around you telling the reasons you can't do it, or it won't work. It's up to you how you get around this negativity. For me personally, it's a real emotional drain. I prefer to stay away from negative conversation completely. Their outlook on life is based on their own ability to turn a situation around, not yours, so take no notice and keep going.

If you do fail, then just learn from the experience, and do things differently next time around to avoid making the same mistakes. Dust yourself off, sleep on it, then start again the following day/week/month/year.

Going back into paid employment will seriously affect your self-confidence - it's much worse than the initial feeling of failure, so if it's possible, get back out and start on your business again, as soon as you can.

You'll face a new problem every day. For the first few years, you'll have no money. You'll learn to live on very little money, and you'll learn a lot more about business than you could ever learn in University, or in paid employment. Hopefully, if you follow some of the tips in this book, you won't start out blind on your journey. I welcome anyone to get in touch with me and tell me how you're doing on your own journey.

When you've established yourself in your market, then take a look at my next book, '*EXPAND: The 7 Fundamental steps to grow your business*', which takes you through the next stage in your business journey.

Until then, I wish you the greatest success in starting your journey.

It's going to be an amazing experience!

Contact Information

If you'd like to connect with me, I'm very happy for you to make contact.

If you'd like personal assistance or support for your business, or perhaps have a business proposition, I'm also very happy to hear from you.

There are numerous ways to reach me, but here are the main ones:

- Website: www.waynefoxuk.com
- Email: wayne.fox@cvigroup.co.uk
- LinkedIn: <http://uk.linkedin.com/in/waynefoxuk/>

My Other Books

If you have an interest in business, please look at my other books by clicking to my author page. By clicking the link below, it will take you to my author page.

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About the Author

Wayne Fox is a UK-born entrepreneur, author, speaker and business mentor, using his experience on a daily basis to help people to empower themselves and achieve their dreams. He is a firm believer in taking action to make things happen.

Wayne's industry expertise spans Construction, Property, Tourism, IT, Financial Services, Renewable Energy, Facilities management, Fleet management, Business Process Outsourcing, Media and Franchising. He has built up a number of businesses to become leading 7 & 8 figure industry leaders.

Reviews Request

This is the part where I get on my knees to ask you for a kind review.

Only about 1% of readers give a review. Reviews are a big reason many people choose one book over another. By taking two minutes to write a review you will put this book into the hands of many business owners that need help. I hope you've enjoyed reading my book, and hope it's given you some pleasure. Thank you for this opportunity