

You Oughta Be In Business

The Practical Guide
for the Self-Employed

Michael Pilla

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ONE

Entrepreneurial Profiles

The Many Reasons for Taking the Leap

What would cause a seemingly stable person with no visible masochistic tendencies to leave the relative stability of the nine-to-five world and say, “WTF, I’m taking a chance on **me!**”

Small businesses are often heralded as the backbone of the American economy—it is often said that they are the engine of job creation. I find this ironic because many people start a business because they can't find employment in the first place.

Entrepreneurs may come in all shapes, sizes, and levels of bravado, but I have found that there are four reasons why someone might decide to “take the leap” and invest in themselves.

Reason #1

The Fickle Finger of Fate

-or-

*“Can you come into the conference room,
and please close the door . . .”*

My own journey to entrepreneurship started with an innocent request to come in early the next day for a “special meeting.” That morning, I discovered just how “special” special could be—I was led directly into the conference room only to be told that this great new company, that I’ve only been working with for a total of EIGHT WEEKS, has come to the sudden realization that they have NO CLIENTS, so here is your severance pay and would you PLEASE clean out your desk and leave within the hour, so as not to alarm the remaining employees that we will get around to sacking in a couple of weeks.

In other words, I got laid off.

Like most people, I had the Jean Paul Sarte Exit Package (that would be the “No Exit Package”), and I found myself facing a long and uncertain job search.

At that point I had had enough of corporate life and decided to seize this opportunity to hire myself—since it IS marginally better in the eyes of the world to call yourself ‘self-’ rather than ‘un’ employed—and if anybody was ever to fire me again, it would be me.

I suggest you give in to the urge to show your former employers what a bunch of short-sighted losers they are. As I learned from my Sicilian Grandmother, spite can be a powerful motivator. (She lived to be 94.)

There is the added satisfaction of knowing that if your former employer is doing as badly as they appear to be, you will be in business longer than they will.

Reason #2

Invisibility

-or-

“Oh really, you’ve been working here that long?!”

Has the top of your head been flattened from banging up against that cement ceiling? Is the buzzing sound you hear that of colleagues whizzing by you on the fast track? Does your boss regularly ask you to take the new guy or gal “under your wing” because the company has big plans . . . for THEM?!

You might do what you do so well that you’re taken for granted—you’ve been where you are so long that you’re practically part of the furniture.

It might be time to shake things up and take your talents on the road. Give yourself an opportunity to try new things, meet new people, and reassess where you are now and where you’d like to be in the future. You might even decide to take another full time job down the road, but you’ll do so with a fresh perspective.

Then there is also the matter of respect.

With your employer you may only be that funny little guy with a beard who works in the art department. With your clients, you are the guru, the outside expert, the answer man or woman—your every utterance a precious gem; every insight received with awe; your contributions are indispensable. Your participation is vital to the success of the project and, by extension, the company.

In other words: You’re the Star!

Reason #3 Your Own Momentum

-or-

“I can meet you after work, in the back of that little coffee shop. Bring cash.”

Depending on what you do for a living, during the course of your career you might have picked up some freelance projects. Slowly (or not, as the case may be) one project becomes three, three become five, and suddenly you’re working most nights, weekends, and holidays.

You feel like you’re running a covert operation. Lunch hours are now for abbreviated business meetings and your nights are filled with getting the extra work done, off-hour meetings at other people’s places of business, and clandestine strategy sessions in out-of-the-way parking lots under an assumed name. (“Hello, I’m Mr. Pink. This is my associate Mr. Black.”)

You’re running out of imaginative excuses to cover your many absences. You’re sleeping habits have become so erratic that the dark circles under your eyes have you looking like a raccoon; and your harried, dazed, and disoriented demeanor has your boss thinking that you just might be a zombie.

In other words, your full-time job is interfering with your freelance work. It’s time to come out of the entrepreneurial closet and stop living this double life.

Despite the damage to your health and general sense of well-being, there are many advantages to this scenario:

- You’ll be drawing a regular salary as you start building your business,
- You can afford to be choosy as to what work you take on.
- When you do “make the leap,” you’ll have an active client list to ease your transition.

- Best of all, if you've put away some of that freelance dough, you'll be able to self-finance your self-employment.

Reason #4
The Vision Thing
-or-
“Eureka, Goddamit”

Maybe you're the creative sort. The kind of person who always has “a better way” to do things, who can look at an everyday object and say, “If we put this over there and add that, we could really have something.”

Then one night, you're deep in REM sleep, with your mind awash in images, feelings, and mental bric-a-brac welling up from your unconscious when—you bolt upright in bed, gasping for breath, and you scramble to frantically get your thoughts on paper before the inspiration fades away— you have just been bitten by **THE BIG IDEA!!!!**

You are in the vice-like grip of sudden inspiration. It's The Next Big Thing. The Game Changer. A Thing that Does That Something Faster/Cheaper/Better than That Other Thing Ever Did. Hyper-focused, you spend the next several days, nights, or even years, breathing, eating and sleeping (or not sleeping) the realization of your vision. From now on, your life becomes all about TBI!

This is self-employment on steroids. People who get their TBI to pay off are considered the rock stars of small business. The Miracle Mop, FedEx, Wal-Mart, and the iThings from Apple all started as bursts of inspiration in the minds of their Messianic founders. Such individuals are passionate, focused, obsessed, and, at times, incredibly irritating to be around. Ironically, many

people who base their success on their VISION fail to SEE just how difficult they can be to work with.

If this sounds like you, give it a shot. Most revolutionary ideas started “off the grid” or “in somebody’s garage” (one day, to spur economic growth, a President will create a cabinet level position: Secretary of Garages). You’ll never know if your good idea is a great idea if you don’t take it out and drive it around the block a few times.

BE WARNED: It’s been my experience that visionaries are the all-or-nothing guys of entrepreneurship. You run the risk of either being a huge success or a complete waste of time.

QUIZ

Are You Ready to Take the Plunge?

Hints that it might be time to start your own business.

Check all that apply:

- At least twice a week you have to say, "Thanks, but I've been working here for 5 years."
- You're paying the janitor a monthly fee to use his closet to make calls to freelance clients.
- You will only talk to people who are potential investors.
- You're asked to show the "New Kid" everything you know before the next pay period.
- You discover that, as of yesterday, you are no longer eligible for employee of the week.
- You spend all week preparing a major report and your intern gets all the credit—and a job offer—with an office bigger than yours.
- For the fourth time in last 3 months, you tell your supervisor that you're not coming in because you're having a colonoscopy.
- You categorize local coffee shops by their suitability for business meetings.
- You get up to get a cup of coffee and return to your desk to find your co-workers fighting over your possessions.
- Your department has been reorganized, renamed, repurposed, and moved to another part of the country; and you never get the memo.

- You start dressing like Steve Jobs.
- You've been using your photo to create mock covers for *Time Magazine*, *Fast Company*, and *Forbes*.

TWO

Passages

The Journey from “Newbie” to “CEO of You”

Much is written about the financial aspects of starting your own business, but making the switch to working for oneself is also a “Life Changing Event,” and like any other LCE, becoming our own boss does have some psychological ramifications.

Polling a random group of entrepreneurs found hanging around a local Starbucks (it was either there or Applebee’s), I’ve identified six emotional stages the newly minted entrepreneur can expect to pass through once he or she has taken the plunge.

They are, in order:

- 1. Euphoria**
- 2. Denial**
- 3. Panic**
- 4. Bargaining**
- 5. Acceptance**

6. Billing

Duration times may vary from one individual to another. Though these states may lead to some erratic behavior, none of them are inherently life-threatening, provided you don't really tick-off those around you to the point where they want to put you out of your and their misery.

Let's take a closer look . . .

Stage One: Euphoria

Stage One symptoms are immediately apparent after you've "cut the cord" and decided to go out on your own. Depending on your reasons, you may hear yourself saying things like: "I'll never have to work for anyone else again," or, "Finally, I can do things my way," or the ever popular, "Who needed those bozos . . ."

Later, visions of afternoons off, four-day work weeks, and never having to put up with office politics again dance through your blog. (Wow . . . you'll now have time to write a blog!) You're the captain of your own ship, the CEO of You, and your own personal hero as you set about actualizing your potential. You just can't stop gazing at your new business cards.

Stage Two: Denial

You refuse to alter your lifestyle to match your new circumstances: you still keep regular work hours, still buy extra-large soy half-caff lattes, and still drive that gas-guzzling SUV. But underneath it all, hairline fractures are appearing in that confident façade, and little voices in the back of your head start whispering words like: *defaulting*, *bankruptcy* and *destitution*. (Funny how those little voices didn't say anything BEFORE you abandoned a steady income.) Later, louder voices, usually

belonging to a parent or spouse, will point out that you no longer have any health insurance.

Stage Three: Panic:

OH MY GOD!!! I HAVE OH MY GOD!!! I HAVE OH MY GOD!!!

I HAVE . . .

. . . *Remember to exhale* . . .

OH MY GOD!!! I HAVE OH MY GOD!!! I HAVE OH MY GOD!!!

I HAVE NO JOB!!!! NO JOB!!!! NO JOB!!!!

NO JOB!!!! NO JOB!!!! NO JOB!!!!

This Stage usually lasts somewhere between two seconds and forever; in fact it's at this point that many people get cold feet, chuck the whole idea, and start frantically searching LinkedIn, Craigslist, and Laundromat bulletin boards for any opening they can find.

Just as you're about to lose hope, however, there's a break in the clouds as you regain your composure and take an objective look at your new situation.

Stage Four: Bargaining

Once you stop hyper-ventilating, you begin to take those first few baby steps towards gaining control of your life . . . which is why you're doing this in the first place, right? Besides, it's too soon to turn back. You've told all of your friends about your great plans, probably burned a bridge or two, and you spent all that money on those business cards!

You start negotiating with yourself: You'll eat lunch at home when not meeting clients; You'll set up a work space in the bedroom instead of renting an office; You'll call everyone you've

ever met in your life and ask if they can refer any work to you, or at least buy you drinks.

Slowly, you get used to your new reality, and you're ready for the first big break

Stage Five: Acceptance

As those initial changes in behavior slowly take effect, you realize that, though this may not be the worker's paradise you had in mind, it's not hell either. Yes, you're working more hours, but they are **your** hours. Yes, each client is another person you have to answer to, but even the worst of them is only one of many. No one person has your fate in their hands except you. You have the ability to choose what you work on and the freedom to try new things without getting written permission. Things may be messier than anticipated, but it's your mess and no one has imposed it on you.

You are now ready to enter to the Promised Land....

Stage Six: Billing

It happens almost without notice. You keep working on something until there is no more work to be done. You send out that first invoice. You're flush with feelings of achievement (you actually finished something!) and anticipation with every trip to the mailbox.

Finally, the big day comes. Inside your mailbox is a nondescript envelope addressed to your new company containing your final vindication, the ultimate sign of acceptance, the brass ring at the end of the entrepreneurial merry-go-round. It contains . . .

THE CHECK!

Take a victory lap to the bank! You have, in hand, proof-positive that someone is actually willing to PAY you to do your own thing!

WARNING:

For some, this is a dangerous time. Avoid the temptation to return to your pre-entrepreneurial ways . . . deposit the check and sit quietly in a dark room. Ignore the urge to buy friends dinner, fly to Rio, or invest in an Amway franchise. You worked hard for that money . . . hang on to it for a while. Savor the moment. Later you can do something wild and crazy with it, like pay your electric bill.

And so the journey begins, you've completed the "rites of passage" and have successfully made the transition from "working stiff" to "CEO of You." Whether you stay with it or take another full-time job, become highly successful or have to move back in with your parents; only time and the IRS will tell.

Now What!?

Once you've decided to "Become the CEO of You," there are a few things you should do to get your new enterprise off to a good start. If you happen to make a go of it, a little work now can save a lot of headaches later. There are any number of books and organizations a Google search away that can supply you with more detailed information. Here are the basics:

Make It Official

Get a Name. What are you going to call your business? Register it with the appropriate state agency. You'll need to declare what type of business, or entity, you intend to operate. If it's just you, the simplest ones are either a Sole Proprietorship or a Single Member LLC (Limited Liability Corporation) if you want to protect your personal assets. With a Sole Proprietorship you can use your Social Security number, otherwise you'll need to apply to the IRS for a separate Employer Identification Number. There are also various levels of incorporation you can wade through. If none of this makes sense, please seek advice.

Once you've straightened out all the paper work, take your newly minted business certificate and open a bank account in your business's name. This will allow you to cash checks, deposit money, and so on. If you're running a "cash only business," you're on your own.

Cover Your Back

Get an Accountant. The last thing you want to do is run afoul of the IRS. (See last chapter for reasons why if you're feeling cocky.) Having access to legal advice is also helpful. Regardless of the size of your business, there will come a time when someone won't be happy with either you or your services, or they may just flat out refuse to pay you. You'll need the help.

If you're doing business under more than just your name—and have gone so far as to have a logo—it's also a good idea to claim ownership and protect your business's intellectual assets. The easiest way is to place a small "TM" after your name/logo. For maximum protection you can register your name with the Federal Government—which involves something of a process. Again, seek advice.

Spread the Word

Get a business card. You'll want something to hand out at parties, networking events, and random moments so you're not continually scribbling your name and number on odd bits of paper every time you meet a prospect. A basic website is also helpful. If you're feeling flush you can get a printed brochure with your basic sales pitch printed out and ready to go.

(See chapters Branding, Digital Marketing and Networking)

Planning your Business Plan

Business Plans tell people why you're in business. Ask most budding entrepreneurs, and they will reply that they're in business to "make money." Well, so is the Mafia; so at it's most

elementary level, a Business Plan explains how your business is different from the Mafia.

Better minds than mine have written countless books and conducted just as many seminars, workshops, and coffee klatches about writing a Business Plan, but I will offer the following words of advice.

The basic Business Plan contains the following items:

- ✓ Executive Summary
- ✓ Company Description
- ✓ Market Analysis
- ✓ Organization & Management
- ✓ Service or Product Line
- ✓ Marketing & Sales
- ✓ Funding Request
- ✓ Financial Projections

However, none of those apply if you're starting out working in your bathrobe. With a freelance, part time, stay-at-home business, it may be premature to spend time fiddling with your organizational flow chart before you've had the chance to take your new endeavor out for a spin, as it were. You want to make sure your new business is something you can, and want to, do over the long haul. Just "finding a need and filling it" isn't always enough.

For example, people will always need those little plastic tips, they are called aglets, one finds at the end of every shoelace. Is making or selling them something you want to spend the rest of your life doing? If you aspire to be the "Aglets Meister" then go for it. If not, you need to look elsewhere before making any revenue projections.

Start with a simple plan and attainable goals, and keep track of your progress, or lack thereof as the case may be. After three

to six months you'll have a bit of a track record, hopefully a client/customer or two, a few bucks in the bank, and an idea if this is something you want to stick with. At that point you'll have some real world experience and practical information to base your plan on.

Or you can just jump in and make the whole thing up. Many successful Business Plans should have started with the words "Once upon a time..."

QUIZ

Match the "Passage" to the statements below:

- A. Euphoria
- B. Denial
- C. Panic
- D. Bargaining
- E. Acceptance
- F. Billing

___ 1. You're proud of the fact that you've been working 36 hours straight, in your pajamas, subsisting on only coffee, breakfast cereal, and a Fruit Rollup your 5-year-old offered you in pity.

___ 2. You spend your days in a fetal position fondling your old employee ID card, softly whimpering, "precious . . . my precious," over and over.

___ 3. You burn your boss in effigy.

___ 4. You buy an Armani suit, leather briefcase, iPad, iPhone, a Keurig Coffee maker; rent an office, and sit back and wait for the jobs to roll in.

___ 5. You return the suit and the briefcase, sublet the office space to an import/export company from Uzbekistan, and start an email marketing campaign.

___ 6. You dress up to check the mail.

THREE

The “Four Horsemen” of Small Business Success

The Book of *Revelation* is best known for its prediction of the Apocalypse, heralded by the arrival of four horsemen: Pestilence, Famine, Death . . . I believe the fourth one may have had something to do with Reality Television.

I don't normally spend a lot of time obsessing over the Apocalypse (though, now that I think of it, it would get me out from under that Visa bill), but I did have a “revelation” of my own about running my business.

Shortly after I got started, I found myself besieged by late invoices, a sales pipeline badly in need of Drano, projects that went on forever, and cranky clients who all appeared to need a time-out. As Captain of My Own Industry, it was no longer enough to focus on my area of expertise and simply get the job done (gasp).

I ALSO HAD TO MANAGE THE BUSINESS!

My revelation was in realizing that every business challenge I faced fell into one of four categories; that I was being overrun by the different set of “Four Horsemen” who were rampaging

through my workday, ravaging my finances, and pillaging my sanity.

The Horsemen represented an organizing principle that would allow me to rein in the day-to-day minutia of running a business, and gallop into the land of success.

The Four Horseman of Small Business Success are:

Cash Flow

Client Acquisition

Project Management

Client Relations

Just as the original Four Horseman were harbingers of misery, destruction, and the onset of Armageddon, the failure to rein in these Four Horseman of Small Business Success foretold unhappy clients, sleepless nights, and the onset of “Arma-get-a-job,” before the specter of bankruptcy comes for you.

Horseman #1: Cash Flow

Everything comes down to Cash Flow. With this one under control you have resources, you have options, and you have no reason to hide under the desk when caller ID flashes “Unknown.”

Many business books see this as simply a matter of keeping track of income and expenses. They reduce managing cash flow to an exercise in bookkeeping, of adding up neat little columns of figures, subtracting one from the other and making sure the one marked "IN" is bigger than the one marked "OUT." Just avoid buying things you can't afford, and things will just be hunky-dory. This is fine if your business is located in Fantasy Land.

For one thing you have no income! You're self-employed, remember?

For another, unless you have an alternate source of cash, a pliable Sugar Daddy, or access to the bank account of an aged, but inattentive relative, you'll need to get your hands on all sorts of things you won't be able to afford. You're going to need everything from smartphones to paper clips.

You'll have to get creative and think out of the box, if you can afford a box, since you have to spend it to make it, even though you may not have it. You'll need to work both ends of the pipeline simultaneously, spending only what you need to on your day-to-day up-keep while putting what money you can into growing the business, which leads me to . . .

Horseman #2: Client Acquisition

Thomas Watson, Sr., the founder of IBM, put it best when he said, "Nothing happens until someone makes a sale."

In order to insure a steady flow of cash, one needs to continually be on the lookout for new business. Whatever the method you use to acquire new customers on an ongoing basis is referred to as your "Sales Pipeline." Right up there with food and oxygen, keeping your Sales Pipeline open, flowing, and unclogged, that is, continually finding new clients/customers, is—WAIT FOR IT—***crucial to the survival of your business.***

A lot of somethings have to happen before you get to making the sale, from selecting your targeting market, to identifying prospects, to perfecting your sales pitch, to making sure you have the correct address and your socks match before running out to that sales call,

There are any number of sales techniques available to you from the one-on-one intimacy of networking with colleagues, to the dizzying array of Digital Marketing platforms, to shamelessly sponging off of friends and relations—all designed

to get you in front of someone who can actually pay you for what you do.

Regardless of your sales technique, once you get the work or find that customer, you're only as good as the job you do, which brings us to . . .

Horseman #3: Project Management

You went out on your own to do something you love, but now you spend so much time managing the projects that there's little time to actually practice your craft. If you've worked for a company, there were always people around to spellcheck (see what I mean?), get supplies, make schedules, and so on.

But now, it's also up to you (yes, you!) to see that the whole project is on time, within budget, mistake free, on target, washed, dressed, and invoiced. You are the work your company produces and, ultimately, you're only as good as your last project.

Welcome to the fun-filled world of Project Management where you are responsible for the work that other people are, or are not, doing. The sooner you are able to automate or delegate some or all of these functions—be it to freelance vendors, unpaid relatives, or sometimes, even the client—the better.

In spite of your best efforts, there will always be bumps in the road, and it helps if you have generated enough good will to get you through the rough spots. A business relationship is still a relationship. It needs to be worked on in order to be successful. You need to give some thought to . . .

Horseman #4: Client Relations

I've known many an entrepreneur who proudly say, "When my clients ask me to jump, I ask how high." They pride themselves on having no pride and place themselves totally at their client's beck and call. They just want to be liked!

There are two reasons why this might not be the best approach:

First, you are ceding control of your company, and control is one of the reasons you started this business in the first place, isn't it? This may make sense if you have only one client who generates so much income that you can be available 24/7 . . . or, of course, if you really like jumping.

Second, this strategy only works if the project proceeds smoothly and the client has a minimum number of psychotic episodes. Once there is a problem, stuff will hit the fan and you may have to deal with an angry client on top of everything else.

Just as Project Management deals with the physical aspects of the job/project/assignment, Client Management deals with the emotional roller coast that is part of doing business.

You want to be able to guide that relationship and be seen as something of a professional equal, someone with knowledge and experience in your own right, and not a jumping "Yes" person.

Think of yourself as "The Client Whisperer," part therapist, part business partner, part whatever it is you do. The Client Whisperer nurtures a feeling of trust, manages the client expectations, and understands how the client's personality impacts the job at hand.

So there you have them, The Four Horsemen of Small Business: **Cash Flow**, **Client Acquisition**, **Project Management**, and **Client Relations**. Depending on how you manage them,

they can either come riding to your rescue or be the harbingers of doom we've all come to know and love.

QUIZ

Match the "Horseman" to the statement below:

- A. Cash Flow
- B. Client Acquisition
- C. Project Management
- D. Client Relations

- _____ After regaling you with tales of his wealth and success, a potential client asks you to work "pro bono," happily informing you that you will be paid in "karmic" dollars.
- _____ You think you might need to replace an online vendor, who has been out of touch for over a week, when you learn that they are situated in a remote, rural location and that they possibly may have been eaten by bears.
- _____ Parking tickets, credit cards, vendors, or your mortgage—eeny, meeny, miny, moe, who's the first to get your dough?
- _____ Your biggest client has a short temper, a short attention span and short legs for that matter—he's an angry little man—you humor him by complimenting his business savvy while pointing out that this week's list of demands will completely undo last week's list of demands.

FOUR

Cash Flow

Making It All Add Up

Cash Flow, or Liquidity, if you want to get fancy, is the lifeblood of any business. Without the benefit of a regular paycheck, your first job is to find ways to keep the cash coming in. Your second job is to manage it properly so you'll have enough to keep the doors open and the lights on.

The words "Cash Flow" bring to mind images of a cascading, multi-denominational torrent of twenties, fifties, hundreds, and the odd bit of pocket change, filling your coffers to the brim, making all things possible.

In reality it's more like filling a leaky pail with an eye dropper.

Think of Cash Flow as a bucket with two spigots, one flowing in, and the other flowing out.

The one flowing in starts with your clients (assuming you have clients) and the fees you collect. The one flowing out starts with you and flows to your vendors, employees, the expenses that make it possible for you to do business.

Over the years I've come across a number of strategies, techniques, and, shall we say, "schemes" to properly manage

both faucets and keep enough in the bucket to pay my monthly bills, educate my daughter, and splurge on things like the occasional order of BBQ ribs.

I

CASH FLOW: INCOME

The “IN” faucet starts with your clients; you may not have total control of the situation. But ideally you have set up some sort of a sales pipeline to keep the income heading your way.

Here are a few key concepts that have helped me along the way:

Always be looking for new business

Think of each client as a mini-faucet. The more of these you have, the less likely you are to experience a serious interruption in income. Don't wait until things slow down.

The best advice I ever got was during lunch with an older, grizzled photo re-toucher, “The best time to look for new clients is when you're really busy, kid. You say you don't have the time? Well, make the time. You gonna finish that cole slaw?”

His point was that the average period between, “Hello, my name is . . .” and putting that first check in the bank is anywhere from three to six months. If I waited until things slowed down to start the process, it could be a while before the new billings started kicking in, and I might be facing the dreaded “cash drought.”

Work fast to keep the pipeline moving

Getting the sale is half the battle. It doesn't do you any good until you can start invoicing. The faster you execute the job, the sooner you can bill. Projects that linger and seem to never end can wind up costing you money in two basic ways:

1) **Extra work you are not getting paid for**

Now that they've gotten started, the client wants to expand the scope of the project beyond what was originally agreed upon, but, of course insists on the original fee. Many a client will try to bully you into doing the extra work at no cost. The more devious ones will try to play on your sympathies. I had one client, a nice little old man who planned corporate events, who would experience a senior moment whenever the words "*that's not what we agreed to*" came up in the conversation. My business partner at the time, a lovely woman with a big heart, just could not say no. Unfortunately, it was almost two years before the project was completed, all but destroying the profit from that job.

2) **The Client terminates the project before completion.**

I have had a few clients drag their heels to the point where they decide that, since they've lived this long without whatever it was I was doing for them that maybe they didn't need it in the first place. They canceled the project before it was completed, causing a proportionate dent to my income expectations.

Once you've reached the billing stage, there are things you can do to protect your Cash Flow:

Invoice in stages

Regardless of the size or duration of the assignment, get a deposit and bill the rest in increments. It gives you money in hand, and makes it less likely that they will back out of the agreement. If they do, at worst you're never out more than one installment.

Invoice promptly

Don't let those invoices pile up! You need to submit an invoice to get paid. If you wait 30-60 days to bill and the client takes 30-60 days to pay . . . well, let's just say that that bucket can empty in a hurry.

My preferred tactic is what I like to call "**Whinny Persistence.**" I'd call every other day or so and apologize for having to ask for money: "Look, I'm sorry I have to keep asking. The bank, they don't understand, they keep asking me for the mortgage payment. I know how hard you must work; if it were up to me, I'd work for free, but the kids . . . they get hungry."

Incorrect Invoice

Another favorite technique is to send an invoice for the wrong amount . . . add a 1 to the beginning of the number or a zero at the end and wait for the call.

Follow up on late payers

Collections are the bane of every entrepreneur. In general, the money owed to me has cost me more sleepless nights than the money I owe.

I have a theory that the Mafia was originally a consortium of businessmen who found themselves spending so much time

chasing after money that they decided to cut out all that non-profitable “work stuff” and just concentrate on making collections. Countless trees have been sacrificed in books and magazines on this subject, and while we all have fantasies that involve firearms, there are alternatives.

Whatever technique you use, just be sure to stay on top of those open invoices. Talk or send emails to the person directly responsible for cutting the check. With larger companies you might have better luck with the Accounts Payable person/department or the bookkeeper—it’s not their money. For smaller companies or individuals, you’ll just have to keep at it. As a last resort, tell their mothers.

FINAL NOTE: Don’t make the hole any bigger

Under no circumstances should you do additional work for a client who owes you money, especially one that hints that there is more work around the corner. They probably won’t pay for that either. The absolute worst is the client who tries to blackmail you into doing more work by threatening to withhold money you are already owed. In that case you have three options: do the work and hope that will be the end of it, take them to court, or walk away and move on to more profitable clients.

II

CASH FLOW: OUT-GO

Now that we've filled the bucket, how do we keep it all from running out the other end? Many entrepreneurs rely on cost control measures, but running a business entails more than just counting beans or stacking pennies.

Don't count your chickens until they cross the road.

That is, don't spend or plan to spend money you don't have in-hand or in the piggy bank or whatever. Many an overly optimistic entrepreneur has hired staff and bought or leased equipment because a client has hinted that more work was on the way. It's best to wait until you have actually been paid before you start spending the money.

Keep your overhead low

The trick here is to reduce costs while still providing quality goods and services. Keep in mind that time IS money; it does you no good to save some bucks if it means taking longer to perform any given task. That time is time you are not spending on more profitable activities.

Generally speaking, the two big ticket items are space and people. For space, try subletting or using a virtual office set up, one where they answer the phone, collect your mail, and provide a venue for meetings. As for people, I have two strategies: I try using technology wherever possible, even if it's costly in the short term, and I make use of interns or people who are willing to work for less (or free!) in order to get experience. Stick to freelancers, only put people on the payroll when you're absolutely sure you can afford them.

Pay your taxes

Regardless of your cash situation, pay your taxes to avoid late fees, penalties and that sick feeling you get when your savings account has been levied. Most of the trouble people get into stems from their trying to avoid the whole problem. I know of one person who cannot leave the country because she's afraid of applying for a passport and showing up on the IRS's radar.

They can actually be pretty easy to deal with if you fess up immediately. There was a police show on TV where a detective would advise a newly arrested suspect that "if you come clean with us now, we can help you out, but once you get into the system, it's out of our hands." Same thing with the IRS, and State, and Local Governments. Come clean early and they'll work with you, but once it gets in front of a judge, you might be out of options, and *that* trip to the mailbox can be a scary thing.

Pay credit cards (if you're lucky enough to still have credit)

Keep up with those credit card payments if for no other reason than to keep your lines of credit open (think of them as alternate buckets that are controlled by the forces of darkness). They can be a very handy safety net (see: "deadbeats" below), and keep you from hitting up your parents . . . again.

Which other bills to pay?

The unspoken, unpleasant truth of running your own business is that there will come a time when you'll have to decide who gets paid this month. When times are tight, only pay the bills you have to pay. But how do you decide? Do you pay the vendor who is crucial to your business or the starving intern who does your proofreading? In comparison, King Solomon had it easy with that baby thing.

While I encourage you all to pay your bills on time, I would prioritize them thusly:

1. Never be more than one payment or one month behind
2. Pay for your home (mortgage or rent) first
3. Taxes would be next, followed by credit cards
4. Bills that are charging you interest or a penalty
5. Ideally, I like to pay freelancers, who are independent contractors and in the same boat I'm in, before vendors who are companies; I feel their pain.
6. Everybody else

III

NO CASH NEEDED

So, let's say you need something that you just don't have the money for? There are several methods of handling this situation without the risk of incarceration.

No cash needed: Part 1

This technique is sometimes referred to as "Soft Investment" in the business books or, "Can you do me a favor? I have no money," on the street. This one is tricky. Asking different people for the occasional favor is one thing, doing it on a regular basis and you're creeping into "Dead Beat" territory. I've done favors for people with the understanding that the favor will be returned at some later date (yes, just like the opening of *Godfather Part I*). Generally speaking, you should limit this to relatively small, highly specific favors—proofreading from an editor, cupcakes from a baker, advice on a business issue from a lawyer or accountant, or makeup tips from a paid escort. Also avoid going to the same person more than once unless you can reciprocate. That Dead Beat reputation is hard to live down.

No cash needed: Part 2

Bartering is another popular strategy among entrepreneurs. This can be quite effective as long as both sides are equally compensated, though in my experience one side always feels shortchanged. I once tried bartering design services for workspace and no matter how much work I did for this guy he was always annoyed when I worked on my own stuff. My other experience with bartering was in joining a bartering consortium. Most of the other members were lawyers and I wound up getting 25 calls from attorneys who wanted something in return for redoing my will.

QUIZ

Choose the Correct Course of Action:

What is Cash Flow?

- A. Don't say nothin', must know somethin', just keeps rolling along
- B. A bucket with two spigots: one fills the bucket, the other, usually much bigger, empties it.
- C. A simple matter of bookkeeping, subtracting expenses from income and managing whatever is left over . . . chuckled the White Rabbit.
- D. Something that will be easier to do once you actually have an income.

Answer: _____

What's the best way to collect on late payments?

- A. You re-submit the invoice adding 50% to the amount due to get their attention
- B. You casually mention that you have underworld connections
- C. You have your mother call, and she apologizes for having to ask for money but, "you know, my son, he works so hard and he has all these bills to pay and the banks just won't leave him alone. He looks so thin, he never sleeps and I don't think he's eating right either; I mean why did he marry that woman, she can't save a penny? And that house! Why did he buy such a big house when he was just starting a business . . . ?"
- D. You offer to come by and pick up the check.

Answer: _____

You just received a large payment.

What should you do?

- A. Buy yourself something nice.
- B. Let the check sit on your desk for six weeks until your account has a negative balance, then run to the bank in a panic and beg the small business specialist to clear it immediately so your children will have a roof over their heads.
- C. Divide it equally between bill paying, savings, and investment.
- D. Get the total amount in quarters, spread it out on the bed and roll around in it.

Answer: _____

What does "Don't count your chickens before they cross the road" mean.

- A. Don't do your bookkeeping until your invoices come home to roost
- B. Don't plan on spending money you have coming in before you actually have it in hand.
- C. The "chickens" are the work you've been promised, they are carrying your money to you on the other side of the road—since they are notorious for not being able to navigate their way through traffic, it's best to take a wait and see attitude—the middle of this highway is loaded with flat chickens.
- D. Unless you're in the poultry business, stay away . . .

Answer: _____

FIVE

Client Acquisition

Finding new business is the real business of small business, otherwise you're out of business.

Consider the Shark...

Built for speed with a powerful physique and senses so acute that they can detect a frolicking sea lion or a surfer with a paper cut from miles away, all capped off by an endless supply of teeth that can take a bite out of everything from a 1,000-pound tuna to a small marine vessel. All it does is seek, find, and catch its prey: nature's perpetual hunting machine.

I bring this up because as an entrepreneur, you too need to be constantly on the prowl for “fresh meat,” or “fresh produce” if you're more of a vegetarian. But in your case, you're feeding your own kind of primal urge: the need for new business.

I

The Sales Pipeline

One way to approach finding new business is by establishing a Sales Pipeline. Your Pipeline is a person, place, thing, process, mechanism, voodoo that allows you to find a steady stream of clients/customers. Depending on your situation, it could be many things. It could be a partnership with someone in a compatible profession (a Plumber and a Contractor, or a Skydiving School and a Funeral Home), it could be a membership in a professional organization (a trade association or the Cosa Nostra), or it could be activity on an online platform (LinkedIn or one of those “Chat Rooms”). With a Pipeline you’ll have some idea where your next juicy piece of business is coming from. Without one you could be like a sailor in a shipwreck, latching on for dear life to anything that floats by. The trick is not to acquire any old client/customer, but to “attract” the clients who are “right” for you.

Oh sure, you can go out night after night to one white wine/raw vegetable and onion dip drenched networking event after another and hook-up with a string of business owners in tawdry, one-time “quickie” projects, and golly gee, it’s fun . . . for a while. But then you’re left with that empty feeling when they don’t call back and you wind up leaving embarrassing messages like: “Hi, ahhhh . . . it’s me. We met at the Small Business Conference. We spent the weekend working on that rush project and I haven’t heard anything from you since. Did you get the invoice I sent you? Guess you’re busy . . . anyway, just checking in. I’m here. Call me.”

Pathetic, isn’t it?

True happiness is only found in mutual trust, long term relationships, and repeat business from paying customers. Acquiring such relationships requires a plan—identifying the type of clients you work best with and building your sales strategy and Pipeline around reaching and retaining them . . . and having the discipline to say no.

Keep On Your Toes

Even with a firmly established Pipeline, you never know when or where the next opportunity will present itself—your eyes, ears, and maybe even nose need to be on the lookout.

Be Focused

Have a clear idea of what and who you're targeting.

Be Prepared

Have a 30-second Elevator Pitch “handy” and ready to go.

Be Attentive

Pounce on the opportunity when it presents itself.

Be Responsive

Keep in touch with your leads until you get a definitive answer . . . don't assume they love or hate you until they present you with a signed contract or a restraining order.

Let me give you an example from real life—well *my* life anyway; the real part is another story:

My wife and I attended a concert by one Buckwheat Zydeco at a local performing arts center. Buckwheat popularized “Zydeco” (duh!)—a type of music popular in New Orleans. Since a recent vacation to NOLA, we'd been ragin' 'bout anything cajin', so there we were. We bump into a friend my wife had lost touch with, who also just happened to be the venue's Marketing Director. After the usual round of “You look great!” and “What have you been up to?” Her friend complains that

their website has been down since earlier that day, and the developer must also be a magician because he had completely disappeared—no one had heard from him in months.

Turns out, I have a digital marketing firm, and we design and develop—will miracles never cease—websites! I gave her my business card (I never go anywhere without my business cards. I even keep a few in my pajamas), along with my 30-second Pitch. Two weeks later the site is still down and I get a semi-frantic call to come in and discuss how I can help. Ultimately I get the contract to redesign/redevelop/rebrand the site. Fortuitous happenstance aside, it worked out because I was prepared to jump on the situation BEFORE it presented itself.

II

Finding New Business

If you're not comfortable relying solely on dumb luck or family connections, there are basically three ways to find new business; or better yet, have it find **you**:

Word of Mouth

Word-of-mouth advertising has historically been the best and most cost-effective way of getting new business. It opens the door and comes with an implied endorsement from the referrer.

WOM falls into two categories:

Clients of Future Past

Start with your current or former clients. Do a good job and you'll leave a trail of satisfied customers, most of whom will be happy to pass your name along. Like any relationship, these too need to be nurtured. Keep them informed about developments in your company.

If they come through, and the referral turns into an actual piece of business, it's usually a good idea to thank them in some small way. Take them to lunch or "do something nice" to re-enforce the human connection and show that you value and appreciate them.

A word of caution: "do something nice" usually means something like a cheeseburger, a nice bottle of wine, or a gift card. If you find yourself having to hand over envelopes of cash (some playfully refer to them as 'kickbacks'), you may want to reconsider the line of work you're in.

Just Plain Folk

Keep in touch with acquaintances, friends, family members, old college buddies, former lovers . . . they are also potential sources of referrals. Basically just hound every living creature you know, or come across, into handing over their address book.

Networking Groups

Another, more professional approach to WOM is to join a Networking Group—a loose association of business people who meet regularly for the purpose of swapping referrals. Usually these meetings are held weekly, bi-weekly or monthly, and you usually get an opportunity to talk about, and promote, your business in front of the group. A side benefit is that it's a great way to refine your elevator pitch. It's like having your own focus group, giving you immediate feedback in a more or less supportive environment. Of course, it would be nice if you were able to GIVE as well as GET referrals so as not to sponge off of others' generosity—BNI, LeTip, and others near you are only a Google search away.

Networking Events

Networking Events are a great way to meet new prospects you never would have met any other way. They can be productive, and even fun, but it takes discipline and finesse. The idea is to make “First Contact,” with the goal of developing relationships that will later result in new business. Don’t badger people with your pitch . . . you’ll get further talking about fly fishing than by droning on about your process for determining your clients’ projected ROI.

Remember, no one goes to a Networking Event because they have a \$25,000 project they’re just dying to give away. Most attendees are there to GET work from other attendees—and that includes you, of all people. Finding a live prospect in that sea of crudities, white wine, and needy handshakes requires skill.

I like Networking Events because I get to see, hear, and in a few unfortunate instances, smell potential clients—a rarity in today’s email, texting, tweeting business world:

- Does the person seem genuine?
- Can you talk with them easily and potentially establish a rapport?
- Do they have need of your services?
- Do they live in their car?
- Should they be medicated?
- . . . or do they just creep you out?

You’ll pick up on a lot in that brief face-to-face meeting that can and will save you lots of time down the road.

Collect as many business cards as possible, and follow up by email within 48 hours. Invite them to visit your website or ask them if they’d like to meet again and continue the conversation.

If they do, you have a live one. If you don't get a response, move on!

Once you've made all those connections, how to keep in touch until they, or someone they know, actually need what you're selling.

The Wonder of the Internet

Digital Marketing is a great way to reach new prospects as well as staying in touch with current client and contacts. It's the perfect complement to Networking and all your other new business escapades. (More on this in a later chapter.) The idea is to develop an ongoing online presence, or "foot print," comprised of a website, as many social media platforms as you're comfortable with, an email newsletter, maybe a blog if you're really ambitious, a smattering of online ads—all giving people and Google, but mostly Google, plenty of ways to keep up with you or find you in the first place.

The ubiquitous website, the only piece of internet real estate you can have total brand control, is the center of your marketing universe. The other elements—Facebook, LinkedIn, Twitter, Email Marketing, and so on—are there to engage your current contacts, attract new ones, and drive traffic to your site. As with Networking, you are building relationships: be friendly, be generous with information, be entertaining. The ones who click through to your website are potential clients/customers—people who like what you are putting out and are predisposed to doing business with you.

Cold-Calling: The Incredible Hulk gets his clients this way

Sales coaches everywhere extoll the virtues of Cold-Calling. Many of them act like drill sergeants and turn this into a test of manhood ("Do you have the stones to make 800 calls a day,

maggot?!?”). The implication is that if it's not working, it's because you're not trying hard enough.

It's basically sales by brute force. That said, if you find this does work for you, go with God. I would recommend doing what you can to target your calls. Limit yourself to one industry at a time so you can research and anticipate their needs. Have a script ready so you're not making up the conversation from scratch with each call. Build a list through your referral network so you start out with a relationship in common, or buy a list of names from a reliable broker.

If at all possible, hire a professional to make the calls and save yourself all that rejection. If only I could have done that when I was dating.

Hire a Salesman

If you have more money than patience, go for it!

III

Closing the Deal: The Home Stretch

In the film version of David Mamet's *Glen Gary Glen Ross*, Alec Baldwin gives a classic performance as the guy sent by the home office to motivate a rather depressed sales team. To get their attention, he starts by telling a salesman to put down the coffee pot, declaring that "Coffee is for closers." He then proceeds to hammer home his mantra:

"ABC: Always Be Closing."

The point is that you don't want to come up empty after all this effort. The goal is to get the business (and get paid).

Tips for Closing

Success starts with picking the right prospects

As I've said before, don't throw yourself at any potential source of income that comes your way. The fit has to work both ways, and you need to have some level of rapport to start with. You have to want to do business together.

Listen to their needs

Once you get prospects talking they will usually tell you what they are looking for and what their concerns are.

Show them how you can meet their needs

Offer suggestions on how your company can solve their problem. (This of course assumes that you CAN solve their problem.)

Give them something

Offer some simple advice or a piece of information. Think of it as a free sample. It signals to the prospect that you are willing to deal and not solely interested in separating them from their money.

Follow up

Continue building the relationship. Keep the initial correspondence light and chatty. Stay away from the hard sell, but find a subtle way to re-enforce your sales message.

Submitting a Proposal when asked—and only when asked

Nothing says "God, I need this job," like a blind proposal. Submit it in a timely manner, but give yourself enough time to do a thorough job. Once submitted, follow up to see if they need any further information. Don't let your proposals fall into the prospect's "Bermuda Triangle." Keep in touch until you get a final answer one way or another.

Don't seem needy or desperate

Remain a professional, especially if you ARE needy and desperate. No one likes a basket case. Again, no hard sell, but keep them talking.

Know when to quit

The comedian W.C. Fields used to say, "If at first you don't succeed, try, try again. Then give up. There's no use being a damn fool about it." If you're not getting anywhere move on to more promising prospects.

When the call comes, jump on it

The whole goal of this process is to get the prospect to come to you, to make them think that it was their idea. When one of them calls wanting to do business, move quickly. Schedule the kick-off meeting, whip-up that contract, agree to any minor concessions; in short, don't let anything stand in the way of closing the deal now that they're ready.

When it's "No thanks, maybe next time," keep in touch

If they choose another company over yours, hang in there and be professional. In the event that your competitor screws up you could get a second chance and the opportunity to play the hero. If not, you might get lucky next time.

QUIZ

Check the best answer:

What is the real job of any entrepreneur?

- Finding an office
- Finding clients
- Finding lunch
- Finding Nemo

How do you find new clients?

- Be born into a rich family and mooch off of their connections
- Attend networking events and follow the best-dressed people home
- Make cold calls on prospects and politely inquire about their needs
- Beg

What does ABC stand for?

- Another Bitchy Client
- Anywhere But China
- Always Be Closing
- Anchovies Better Canned

How should you close a deal?

- Hound them mercilessly until they sign
- Offer a generous kickback
- Show them that you can meet their needs
- Grovel

SIX

Project Management

- or -

“It’s due when!!?”

Uncle Johnnie was my family’s unofficial baseball coach. Along with learning the finer points of the National Pastime, we also learned life lessons—like thinking ahead. I can still hear him reprimanding one of my cousins for dropping a fly ball after yelling, “I got it, I got it, I got it.”

“Now that you got it, what are going to do with it?” He shouted at the errant fielder.

Indeed, if your client-acquisition efforts have been successful, I would ask you the same question, “Now that you’ve got it, what are you going to do with it?”

The disheartening truth about entrepreneurship is that simply getting the work is not enough. I have often been horrified after a particularly productive business development period by the realization that I now actually had to get all of that