



# SMALL **BUSINESSES** Mastery

A COMPREHENSIVE GUIDE ALL ABOUT SMALL BUSINESSES

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# Introductory

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**Running a small business is much harder than running a corporation. Surprising? Not if you're a small business entrepreneur.**

As a fledgling business owner on a restricted budget you have to multi-task, juggle, prioritize and balance. Unlike corporations, you don't have a specialized professional team to help you manage, allowing you to focus on more critical business strategies.

Neither do you have the capital to afford such luxuries. At best you have about twenty employees that you need to train, supervise, motivate, schedule and pay.

You're the sole manager, running your business on a shoe-string budget with only 24 hours a day.

Given such stressful financial and time constraints, how can you successfully maintain a balance between excellence, efficiency, and improving productivity all on your own?

**The answer? Think big.**

Manage your business like the big corporations do. Corporations rely on efficient organization that is cost-effective. Yes, even big companies have budget (granted big, but not unlimited) constraints that warrant resourcefulness.

Today big businesses resort to business management software whenever possible to replace business processes that were once done manually, reducing costs of labor, time and human error.

Scheduling employees, for instance, used to be a tedious, time-consuming task before automated scheduling software made rosters, schedules and shift management a breeze.

Today, small businesses can not only easily be a more efficient organization with the help of such software but can also obtain business software at no cost. The business software market offers a variety of free trial software

programs for evaluation before purchasing. The downside of those programs is either a time limitation (meaning you might not get fully acquainted with all features) or limited in features (meaning you can't test all the features). If you like the program, you find out it carries a corporate price tag.

On the other hand, there are companies (few though they exist), such as Kippax, that offer free fully functional business management software, with no time/feature limitations.

Kippax, a leading provider of employee scheduling software, provides businesses of all sizes with DRoster Employee Scheduling. DRoster creates, manages, and automates shifts, rosters, schedules, personnel contact information, job descriptions and tasks.

DRoster Employee Scheduling software enables a small business to manage its workforce in advance. You can ensure replacement for absentees, breaks, time-off, vacations. Kappix gives small businesses the professional edge that big companies have. This software provider is an example of the few quality providers of true free business management software.

Now you can "think big" - focus on more critical business issues and leave the scheduling to DRoster. Kappix provides DRoster at no cost along with free support. Their employee scheduling software is intuitive and designed to meet the scheduling needs of a myriad of industries.

Free software like Kappix's DRoster Employee Scheduling Software, can afford you the time to boost productivity without sacrificing valuable money and precious time. Think big, like the big successful corporations. At no cost.

# Chapter 1: Skills Required To Run A Small Business

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**Would you like to run your own small business? Have you an idea for a small business but do not think that you could make it work?**

Are you bored of being an employee and yearn to become your own boss? Have you the required skills to run a small business? In this article I look at the type of skills that people need to possess to be able to successfully run a small business.

My name is Stephen Hill and I have been running my own business for around nine years now. Previously I had been employed by a major insurance company and even though I progressed well during my time there, I always wanted to run my own business, to choose my own hours of work and basically have no one to answer to etc.

I am now a speech coach helping people who stammer/stutter to achieve fluency and I also help people to promote their websites as a form of web marketer or web promoter.

I love what I do as it allows me to take my children to school as well as to pick them up from school. I am able to watch their football and netball matches and attend their school plays and other functions.

I am not bound by what hours I work, for example nine to five. I sometimes work late at night when I do the web promotion work but have the day free to relax. This is not to say that I do not work hard, because I think that I do work very hard.

Self-belief is an important skill required to be your own boss. If you have an inner belief and self confidence that you will make the business succeed, then you will have a great chance to make it work. There will be times when during a month you only earn a small amount of money but in other months you should earn quite a lot.

Some people prefer to know exactly what their income will be each month and these people may struggle to be their own boss.

Discipline is another requirement if you are to be a success at running your own small business. It is very easy to become lazy and to watch too much television or to have an extra couple of hours in bed in the morning. Even though you may have nobody to answer to, you have to be of the character to ensure you put in the required number of hours and work.

I also think it is important to have a positive attitude. There will be periods when business is slow, this is where you may start to think in a negative way. This can lead people into becoming very stressed and even depressed.

By thinking in a positive way and by working even harder to attract more work is the only way to react in this situation. This of course is not that easy to do but in my opinion, there is not enough time in the day to get depressed.

Lastly is the ability to always try and improve your own self and to learn from any mistakes you make. We all make mistakes which is fine and natural.

There is again not enough time to beat ourselves up over these errors, all we need to do is to learn from them and to then move on. We should always be looking at ways of improving the business as well as our own knowledge. Standing still and treading water is no way to continue.

## Chapter 2: Small Business Networking

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**Small business networking is absolutely critical to your business success. As a computer consultant you are in the professional services business.**

This industry is all about relationships and relationships are built through networking.

You will need to make small business networking your priority for the first few months of operations. This is a process that can't be rushed. You're not going to go to your first network event and get six clients who all need network upgrades next week. But if you do participate in a small business networking event there's a good chance that you will come away five or six quality contacts.

### **Networking for Contacts**

Aside from the potential client contacts you make, the beauty of small business networking is that the accountant you struck up a conversation with just happens to have a neighbor whose brother is looking to network his company's regional office. Or the dentist you were talking to has a similar business philosophy and would probably be a great client to do business with. These contacts are priceless

Once you make the contact you then have to spend time following up with meetings, proposals and sales calls. But this time is much better spent than chasing down one-shot clients. Though small business networking you make in-roads with people who are, or who can put you in touch with, the steady clients that will support your business long-term.

Don't expect to walk out of every event with a handful of paying clients. Do expect, however, to generate a bunch of quality leads and referral sources. These referrals and leads are the crux of small business networking.

You need to have a bunch of different leads in your funnel and a lot of different contacts in your funnel at any given time. Some of these will be hotter at different stages and will be ready to move into paying client status



at different stages and different dates. Small business networking keeps you in contact with these people throughout their buying phases.

### **The Bottom Line on Small Business Networking**

Client contact and client referrals are what will lead you to long-term, steady clients - The kind of clients that will make your business a success. Getting out and attending small business networking events may appear to be unproductive socializing but the contacts you make will generate an enormous return on your invested time. Start your small business network today - you never know where it will take you.

## Chapter 3: Small Business Startup - The 90/10 Rule

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**Small business startups require a lot of work. You might however, be surprised by what type of work should be taking up the majority of your time.**

Computer consultants, when they contemplate small business startups, tend to focus on the technical aspects of the business. The rationale is that they want to offer a decent service and must have great technical skills before anyone will be willing to pay them.

In fact, the 90/10 Rule tells us that during small business startups, 90% of your time should be spent on direct marketing activities and only 10% on building technical skills.

**The type of small business startup activities to spend 90% of your time on include:**

- Prospecting
- Lead generation
- Going out on sales calls
- Preparing proposals

During the small business startup phase, you must be very attuned to the need for acquiring high quality clients. Every non-client hour that does not have to go into administrative or organizational duties should be plowed into prospecting and networking. This can ease up a bit once you start to get beyond the small business startup phase. For now, though, client generation is your priority.

### **The Bottom Line on Small Business Startup**

For small business startups, following the 90/10 Rule is critical. Spending 90% of your time on direct marketing and business development activity versus 10% on technical skills development is a trade-off that is well worth it.

There is no point gaining technical skills if you have no clients to practice them on. Small business startup is a time that will make or break your business. Put your training and certifications on hold for a while and get out meeting people and making as many contacts as possible.

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## **Small Business Owners - Listen Up**

Have you ever considered why SPAM has caused such a public backlash compared to the deafening silence from its unsolicited paper cousins of direct and junk mail? People seem to care a lot more about what enters their Inbox than their letterbox. And for the word "care" think about logical substitutes of "notice", "read" and "respond".

All this translates into campaign results that can surpass other forms of direct communication making it an ideal cost-effective option for any small business owner.

And what's more I believe that as a small business owner the odds are stacked in their favor to become budding email marketing superstars.

*Let me explain why...*

Firstly, it's about personality. E-mail messages written in a personal style seem to work the best. Writing this way doesn't seem to faze most small business owners. Usually their business shows more of their personality when dealing with customers than larger competitors so writing this way seems to be a natural option.

Secondly, a small business owner can understand what content that has a good chance of being read. With them working closely with customers they tend to understand what their customers want to know about and can easily translate this into articles and reports that will be read.

Thirdly, the time and cost-efficient nature of email marketing ideally suits the busy small business owner. It can take the same amount of effort to

create an email newsletter for 500 subscribers as it does 50,000. Plus the costs of an email production are a fraction of the alternative paper option.

For a small business owner, a regular e-mail message can have as much personality and content to end up being the next best thing as a phone call from themselves, just more efficient and at a lot less costly to produce.

So, there you have it, three reasons why small business owners can make it big in the Inbox. Have fun harnessing this great tool for your company.

## Chapter 4: Small Business Mistakes

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**Here's an interesting notion: Do you realize that there are mistakes you can make at various stages of your business' growth that can be slowly killing it for months or even years if you don't watch for them?**

Well, these mistakes do exist and they are not just reserved for the rookie companies. Many working businesses, including those you might think are "successful" because they've been around for 10+ years, are often still making them... and are possibly losing a lot of money and/or wasting a lot of time in the process.

Although some of these big and sneaky mistakes seem aimed more at service type companies, they really do fit the bill for almost any type of industry. I've done my best with the listings below to give examples to prove it.

**Underestimating Project/Service Time-** This is a big one and it pertains to service companies as well as companies that sell a product. This is a service company's bread and butter. If you don't estimate your time to perform each and every service in your repertoire, you will get burned and there is little you can do about it but bite the bullet and learn from it.

The best way to estimate time is to do it once yourself or watch your best employee do the task and then throw in a little fudge factor on top of it. For product companies, time becomes an issue with logistics so be aware!

**Not Knowing YOUR Company Numbers/Incorrectly Setting Prices-** Notice I emphasized the word "your". It's a common mistake to use a competitor's as your pricing gauge without actually knowing why they use those numbers. Think about the nightmare you will get yourself into if you take a competitor's price, cut it by 10% and then start selling.

What if the competition has a bad pricing structure and is barely making money or even losing money What if your costs are more than theirs? You can use competitor as a starting point but you can't base your whole strategy on it.

Different industries have their own variables as far as costs go and you need to be aware of them for your project or product pricing. What you pay for a product you are going to sell is not the only cost to have in your head when you are pricing products. How much your labor and materials cost for a service is only a piece of an hourly rate.

Employees cost more than just salary and not every employee is part of your labor cost. Every company has insurance to pay for. There are tons of overhead expenditures that need to be part of your price. Oh, by the way, the big one that many people forget about in their price is the quality factor. What you include as "standard services" or "standard product features" as well as job site etiquette or in store service or warranties all need to go into your pricing. I'll get to more on why in the next segment.

Not Charging for All of Your Time & Costs- This seems like a stupid statement to some but I bet most business owners will admit that they have given away a little too much of the farm at times. Hey, there is nothing wrong with giving a little extra here and there to show you care. But either way, that's not what I'm talking about here.

What concerns me are those that put a lot of quality into their work or products or stores and do not cover the cost for it. As an example, say you run a service company and your competitors don't do a certain standard service that you do. You can't just undercut their price to steal a job; you need to have that cost covered in your rate and advertise the fact that it comes with the price upfront.

Stores undermine themselves, for example, when they put more people on the floor for customer service but don't charge for it. These things cost you money and when your competitors don't do them it costs them less money. Put out better service and then underprice them, and your competition just has to wait a little bit for you to fall on your face so they can swoop back in.

As a business owner you need to believe that you are providing your clients worthwhile wares that deserve to be paid for. If you get the chance to explain why your prices are higher, then take that opportunity and do it.

If they don't like the fact that you include things that others charge extra for later or that you treat them better, then they are most likely completely price shoppers. You don't want them as regular customers anyway. Trust me.

Not Getting Paid Fast Enough- That's right, the old cash flow issue. As long as you are actually making enough money to pay the bills, this problem can be solved, prevented or at least made to be not as bad as it could be.

**Here's the deal:**

First off all, bill customers very promptly. It is very common for a small business to not have the procedures or systems in place to get invoices generated and out the door in a timely fashion (see the next segment for more).

Again, this would seem unlikely since that's the reason why we are doing the work- to get paid. But it is very easy for the people responsible for getting this info to the billing people to be too busy to get it there or not have enough organization to give it to them the right way.

The second part to slowing down or stopping a regular cash flow crunch is to make the quickest payment deals possible with customers and the slowest possible with vendors and employees. If there is any way not to pay employees any more than twice a month, you better do it.

Contractors always have an issue with this. If you must pay weekly, then tell them before they are hired that they will be getting the first week held back, essentially buying you a week. It will help, I promise.

Part three involves credit. If your company can get a credit card, then get it. This allows for certain important things to be bought (that you can afford) that might come up during a cash flow crunch. Better yet, especially if you have no choice but to deal with 45+ day customer payments, do your best to get a company line of credit.

This is a must if you plan on selling to the government or doing commercial service work. These clients often have 60 to 90 days wait periods.

Failure to Have Solid Systems and Procedures in Place- Too many procedures (known as "red tape") is the reason why many people start their own business in the first place. Unfortunately, having no procedures and systems in place at all is not an alternative.

Depending on the type of industry, business owners must come to a happy medium or chaos and the unknown will ensue. Some basic examples where procedures or systems are needed include billing, collections, payroll, hr. (interviewing, hiring, vacations, benefits, job responsibilities, etc.), manufacturing, operating equipment, maintaining equipment, inventory, sales calls/visits and logistics to name a few.

Even a one person show needs to have some admin procedures in place. This will make it easier to hire temps and subcontractors and control what they are doing for you. Without at least a watered-down version of a system or procedure to do every day work, you will be to blame for causing many major headaches as your company grows.

I can't emphasize how important this is for when you bring on new employees. I'm sure you heard this before, but I am also a big proponent of having an employee handbook even for one employee. It's amazing the trouble people can cause business owners just because they allow you to pay them.

Spending Advertising Money Just to Say You Advertise - I would almost rather see my clients not advertise then to spend without regard to tracking the results. There is no point in a marketing campaign if you do not put things in place that allow you to measure how well the plan is working.

The other wasteful part of marketing that many people make the mistake of doing, is not tracking their previously successful campaigns. Why some people think that just because a \$400 dollar a month ad worked once very well for one busy season, that it will automatically work every year after that is beyond me.

Spreading Yourself Too Thin- This is a classic mistake made by every entrepreneur. The key is to figure out when you are at that "wearing too many hats" point and start getting some help. The solution here is to know your strengths and to be able see when you are not performing the duties that demand these skills.

If you are the best sales person on the company, you can't get caught up in day-to-day operations. If you do, sales will slip and eventually you won't have any operations to worry about. Think about this to help you figure out if you are spread too thin: Did you really go into business for yourself to work 80+ hours a week?



Not Getting Help Soon Enough- Set goals to know when to hire people to take over where you are light on knowledge. Not getting help or waiting too long can kill a company. Most people who start a business do it because they are good at the technical end or the sales end. If you know the best way to make a widget, then your strength is in production and that is where your time should be spent.

Hire an outside company or consultant to take care of the sales and marketing and then hire inside when you can afford someone full time. Don't be something to your company that you are not. It will only hold you back.

The three big issues people like to tackle themselves but usually are least knowledgeable about are legal issues, accounting/bookkeeping issues and daily operations issues.

The odds are that these three things are your weakest link so if you don't have a partner that has the background for these subjects, then be prepared to get help as soon as possible. It's preferable that you do this before you start a business.

Although looking for these problems at any time is a good idea, the end of a year or season is an excellent business interval to make sure you are not making these errors. Take the time, or make the time, to fix these problems. If you don't know how to reverse the problems, then get some help.

If you really don't have enough time to either figure out if you have these issues or know they are there and can't break away long enough to do it right, then get some help.

## Chapter 5: 'Stop the Stupid Stuff' In Your Business

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**We are living in a world of change. Shift happens! Competition comes from all over the world, which means that many American businesses are in trouble.**

Many decisions are being made that are contrary to both good business sense and building customer loyalty.

Most organizations' marketing is usually an exercise in figuring out what to do to get current or potential customers to spend more dollars with them.

I'm suggesting that instead of thinking about what to do, figure out what to stop doing. In other words, stop doing the "stupid stuff."

Not doing the stupid stuff means finding out what prevents customers from spending money with you and making sure that that action or reaction never happens again.

Here's an example of what I call "stupid stuff." Some airlines now want to charge customers who want to speak to a live agent.

That's stupid stuff in two ways. First, they've chosen to penalize customers who want to continue getting what they've always gotten - one-on-one attention. Worse, they've done it by saying they will charge more for this previously standard level of service. How many customers will they lose because of this decision? I know of at least one.

There are subtler, but no less damaging, stupid things businesses need to stop doing.

Take, for example, the new Wheaties boxes. General Mills recently introduced Wheaties boxes with photos of the U.S. Olympic gold medalists. One was missing: Paul Hamm. Why?

**This was General Mills' response to my inquiry:**

"Selecting a Wheaties Champion has never been an easy task, especially when we have witnessed so many outstanding performances by so many championship athletes. But it simply isn't possible to honor every champion on the Wheaties box."

So they leave off the first U.S. man to win the Olympics all-around gymnastics championship in one of the sport's greatest comebacks? His return from a disastrous fall to a near-perfect high-bar routine won near-universal praise and, for most of us, defined the word "champion."

But there was controversy. As most of you know, a South Korean gymnast claimed that a scoring error cost him the gold and appealed to the Court of Arbitration for sport. The court recently ruled that Hamm can keep the gold medal.

Even though the medal was disputed, it was not because of anything Hamm did or did not do. Still, General Mills decided to do the "safe" thing. But by being safe and leaving out Hamm, Wheaties is alienating the millions of customers who see him not as controversial, but as a hero, and losing customers in the process. Now that's "stupid stuff."

So, start stopping! Stop saying "No" and start using the word "Yes." Stop charging for services that most of us think are free.

Find out what exasperates, discourages, hassles or confuses your customers and stop it.

## Chapter 6: Buying a Small Business

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**If you are looking for a business opportunity, the Small Business Administration (SBA) has an excellent website, including a search option for small businesses for sale in the United States.**

They also have financial options for those who are looking for a business opportunity to consider.

Small businesses consistently employ fifty percent of the workforce in the United States. Fifty-three percent of all small businesses are home-based, while three percent are franchises. You can always find a business opportunity that has to do with franchises. Franchises are a worthwhile consideration, simply because in most cases, the name and products are well known.

If you take advantage of this type of business opportunity and buy a successful franchise, you usually don't have to worry about it folding in the first year. Franchise.com has a list of franchises offered for sale in the United States, as well as in other countries.

You can look at a list of franchises and decide on the one you are interested in, and then learn more about it. The website also lists the franchise fees and investment required.

According to the SBA, there were 24.7 million small businesses in the United States in 2004, the last year for which figures are available. 580,000 new small businesses opened in 2004 and 576,000 closed in the same year. The competition for any small business to succeed is ferocious, but with more than 24 million in existence, it's clear that they do succeed.

If you are going to be working in the business yourself, it's important that you buy a business that you truly care about.

If, however, this business opportunity is purely an investment for you, then certainly the best business deal financially would make sense. Some people who open new businesses work 14, 16 or even more hours per day until the business really gets off the ground. This would be almost impossible to do if you didn't like what you were doing.

Home business opportunities are as far and wide as your imagination. You can start your own business or buy an existing one. You could have an online business, or a more conventional store or office. If you select a business opportunity that will have you doing something that you love, the money will likely follow.

It's not difficult to find a business for sale. There are listings all over the Internet, as well as in almost every newspaper in the country. What matters, obviously, is finding the right business - one that will meet all of your needs, not just your financial ones. How much time do you have to devote to this business? Will this be your only business or one of many? Will you run it yourself or will you hire people to do that for you?

You can do, or you can hire others to do, some sophisticated market research to ensure that your product or service will sell in certain areas. Of course, if it's an online business opportunity, you can do plenty of your own research quite easily. You can look at what other websites are selling, whether it is a product or a service, and to a degree, you can see how popular they are.

If you need to get a loan for your business opportunity, you have several options. The SBA can direct you to several loan options, although they don't lend money themselves. The SBA is a great place to start anyway, simply because they do have so many resources. They have a lot of statistical information that you might find helpful in your market research, and they have several free publications to help you along in your small business journey.

Probably the most important thing you can do before buying a small business is your homework. Investigate more than one business before settling on a specific business opportunity, and above all, make sure it is something that you enjoy!