



## How to Start and Grow a Business

### MODULE 7: Set Up Shop On Land and/or Online/ Write Company and Team Contracts

#### 1. Decide What Type of an Office/Location/Set-Up You Need.

##### Find and secure a location

How important is location to the success of your business? If you have a business service in a particular neighborhood or community, you need to be physically located in or near that area. If you're in retail, the choice of location is absolutely critical and may determine whether you have enough customers to stay in business. A factor as seemingly insignificant as which side of a particular street you're on can dramatically affect the amount of customer traffic you'll receive.

If you're a manufacturer, you'll need access to raw materials, a shipping system (whether that's trucks, air, ships, or rail), and a good labor force, but location may otherwise not be that important.

And then, there are a lot of companies that provide services from a distance (thanks in large part to recent technologies such as the internet) so business needs don't direct their choice of location at all.

Even if the site of your business doesn't seem critical, the choice of your facilities and neighborhood has an impact on how you and your employees feel about coming to work. A pleasant building, in a safe neighborhood, with nearby parking and friendly neighbors can make work more enjoyable. It can even help in recruiting employees.

Many entrepreneurs know exactly where they want to work—at home! Working at home can be a great advantage but it also presents some challenges especially if you have children or spouses there. Planning your home office—it space, storage, and policies—helps you make the most of this arrangement

In this section, the tasks of finding and securing your location depends on what kind of space you're planning for your business, either:

- Rented space
- Home office

Go to the section appropriate for your business to see the tasks associated with your needs.

## 2. Research the Options

### Rent space

#### Decide on the necessary attributes of your location

Before you begin to search for rented space, prioritize your needs. Generally, this depends on what kind of business you're in—retail, manufacturing, service, or another type of industry—and your specific business activities. For instance, a publisher's company will deal with heavy boxes of books daily. So, when they look for new facilities, even for their administrative offices, they will want to find space on the ground floor or with elevator access.

Don't forget less-tangible issues, especially ones important to the quality of life for you and your employees. After all, you aren't starting your own business to hate the place you go to work!

Of course, you need to figure out about how much space you need and what your budget can handle. You may want to start small—with a short-term lease—until you are somewhat well-established.

As you ponder the necessary attributes of your space, consider your needs depending on the use of your facilities:

**Office/Administrative:** Virtually all businesses need at least some office space. Many businesses only need office space—professional, sales, or administrative offices. On the other hand, if the main purpose of your business is retail or manufacturing, your “office” may only be a small portion of your total site.

Since you are just starting out, and if your company has just one or two on your staff, one approach to office space may be to rent an “Executive Suite” office or to find space to sublet from another company. This gets you up-and-running much faster, since it may be set up with furniture, internet access, conference room, and the use of office equipment (copier, printers, fax machine). It may also give you the flexibility of a short-term or month-to-month lease.

**Retail:** Location, location, location. One of the most important considerations for a retail business is the choice of location. Do you want to be in a mall? On a popular pedestrian street? In a particular neighborhood?

If your business is easily seen by passers-by (such as in a mall or well-trafficked street) you can save considerably on marketing and advertising costs. Of course, these locations typically

charge higher rent. However, paying higher rent to get a more visible and accessible space may be well worth it.

Besides being seen by customers, they have to be able to get to your store easily. If customers have easy access—either walking, driving, or taking public transportation—you have a competitive advantage over businesses that are hard to reach or find.

**Manufacturing/Production:** What do you make? Toys? Computer parts? Packaged organic vegetables? Obviously, the nature of your product dictates the kind of facilities you need.

Your production facilities can have a direct impact on your profitability. Is it set up to save on energy use and costs? Can you lay out your production processes efficiently? Are you near your customers or shipping facilities? How much does it cost to have waste removed? Understand all costs and benefits as you choose your space.

Also consider whether you need your own facilities or whether there are contract manufacturing facilities available. Some industries have contract manufacturing/production facilities (such as contract kitchens) that give you the flexibility to start up without investing large sums of capital.

**Warehouse/Storage:** Some facilities are used primarily for storage. In these situations, you have many of the same concerns as manufacturing: Shipping, docks, utilities, safety, access, security, and proximity to distributors. Be particularly cautious of environmental considerations that may affect the products/materials you are storing.

### **Meet with a real estate agent**

Once you know what you need, you can start shopping for space.

The first thing to do is to start driving—or walking—around the area that interests you. You might want to drive around a few different areas before settling in on your first choice. You're likely to find some "For Rent" signs if there are lots of properties available.

However, commercial properties are harder to find than residential. They're not as likely to be listed in the newspaper or online, and often, there's not even a "For Rent" sign in available commercial property windows. There isn't a "Multiple Listing Service" as there is for home sales.

As a result, you're probably going to want to work with a commercial real estate agent, especially if you need a lot of space.

You'll have to be persistent. It's often difficult to get fast action from agents or landlords if you only need a small amount of space. So you have to stay on top of the process.

Find a real estate agent who specializes in either the location that interests you or your type of business. Ask other entrepreneurs if they have any agents to recommend.

Remember, most commercial real estate agents represent landlords and specific properties, so you may end up working with different agents for different properties. Make sure you have someone who's looking out for your interests review any leases or contracts you sign.

### **Compare properties**

Once you start looking for space, you'll need to know common commercial real estate rental practices and terms.

Typically, you'll be quoted rental prices on a "per square foot" or "sf" basis. (If you're subletting or renting executive office space, you might be quoted a flat rate). In most of the U.S., the square foot price is given on an annualized basis (e.g., \$12 a square foot); in parts of the Western U.S., it's quoted on a monthly basis (e.g., \$1 a square foot).

Before you make your first call, familiarize yourself with terms brokers and landlords toss around. Beware! Definitions vary from landlord to landlord, so have them make clear what is included:

- **Triple Net or NNN:** You, the tenant, are responsible for all costs of your portion of the building including property taxes, insurance, utilities, and maintenance. In other words, you pay these costs in addition to your monthly rent.
- **Full service of Gross:** Your rent includes all—or some—of those triple net costs, so you need not pay them separately. It's most likely to include taxes and insurance. Ideally, it includes utilities, janitorial, and perhaps—if you're subletting—internet access.
- **Modified Full Service:** The rental price includes some, but not all, of triple net costs. Typically, utilities and maintenance are excluded.
- **CAM or Common Area Maintenance or Load Factor:** An additional amount—usually a percentage of your base rent—you're charged for common areas you share with other tenants, such as halls, bathrooms, entryways. So while the space you're renting may be 1000 s.f., your landlord may charge you for 1200 s.f.—the extra 200 s.f. you're paying for is the CAM fee.
- **T.I. or Tenant Improvements:** In some cases, the landlord, at his own expense, will be willing to make improvements or changes to the space before you move in to accommodate your needs. The larger the space, the longer the lease, and the softer the rental market, the more willing a landlord is to make improvements. Make it very clear in the lease what improvements will be made—and paid for—by the landlord.

Whether you are using your space for retail (a store), administrative (office), manufacturing (a plant), or storage purposes (a warehouse), you face many of the same considerations.

That brings us to the question of how long a lease to ask for. This depends on the stability and stage of your business, the quality and price of the space, your future plans, and your comfort level with taking on a long-term obligation. As a new business, you may be better off with a short-term lease, even if rents go up in the future, or you have to move. If you take a long-term lease, make certain you can sublet it.

And remember before you sign any contract, including a lease, go over it with your lawyer first.

### **Set up a home office**

For many years, I ran my business from my home. I enjoyed working from home, and I never had more than what I jokingly called my “one room commute.” When I finally decided to lease office space, I left home with some regret. Running a business from home has many advantages, but it has its challenges as well. The key is to set up a home office right.

### **Find the space to work**

A home office can take many forms. It might simply be one end of your dining room table. It could be the guest room, as long as no guests come to visit. You might claim a section of your garage, and even build walls and install a window, shelves, heating, and air conditioning.

If you’re serious about your business, you need good work space. You don’t necessarily need a separate room, but find a space without too many distractions. Once you’ve chosen the physical space for your office, consider what will go in it:

- A desk or work table. At the very minimum, you should have a desk or table used only for work. Having to clear your stuff off the dining room table every night quickly gets old. Make certain it’s the right height for what you’re doing.
- A good chair. Get out of that folding chair and buy yourself something comfortable enough to sit in for hours. Your shoulders and back will thank you.
- Good lighting. Most homes don’t have sufficient lighting to work all day, so in addition to overhead and indirect lighting, get a desk light. Don’t put your computer monitor directly in front of a window (you’ll squint all day), and watch for glare from other windows.
- Heaters or air conditioners. The temperature in your office is more than just a matter of personal comfort (which is very important). If you have equipment in your office, you need a stable temperature. I ruined a computer hard drive because my office was in a room that got very cold at night and condensation formed on the drive.
- Storage. When you run a business from home, you accumulate stuff—a lot of stuff! You need someplace to put it. Purchase an office type storage cabinet or put shelves up in a closet. Put stuff you need to use frequently within easy reach. Trust me, you’ll underestimate the amount of storage space you need.
- Electricity. Surge protector strips have the benefit of increasing the number of your electrical outlets, but be careful not to overload circuits. Buy the kind of surge protectors that can handle ‘transformers’—those big electrical plugs on many technology devices.

## **Plan how to meet with customers**

If you work out of your home, one of the biggest challenges is often figuring out where and when to meet with customers. If you only meet customers at their place of business, at trade shows, or over the internet, no problem! But if customers are going to come to you, how will you arrange your space so you look professional?

If you're going to be meeting with others regularly, ideally, you want to set up your work space separately from your family surroundings. If possible, have a separate entrance or at least a path to your office that doesn't go through a messy playroom or kitchen. If you're meeting clients infrequently, or on a regular schedule, you may be able to use your own living or dining room as a meeting space. Just make sure the rest of the family, if any, know to stay away!

What if you don't want customers in your home but need to meet them somewhere other than their offices? Look for other, "neutral" locations, such as a lunch meeting in a restaurant. If you have an ongoing need, find another company that will allow you to "sublet" or "rent" a meeting space or conference room on an hourly basis (such as a small law firm). "Executive suite" services—short-term office rentals—often offer hourly rentals as well.

## **Decide whether you need a separate business address**

When you work from home, you face a dilemma: what address should you give out?

If you use only your home address, are you comfortable putting it on business cards and marketing brochures that you hand to strangers, or put on a website where the world can see it? If you don't put any address on these marketing materials, you might seem less than professional.

One alternative is to get a Post Office box from the U.S. Postal Service. The problem, however, is that then your business address is only a post office box—or "P.O. Box"—number. That may make your business seem somewhat insubstantial. Moreover, the U.S. Post Office usually refuses to accept deliveries from private delivery services such as FedEx or UPS.

Another, often better, alternative is to rent a mailbox from one of the many private mailbox providers (such as "The UPS Store"), also called a "commercial mail receiving agency." A private mailbox gives you a secure place to receive mail, and there is someone there who can sign for and receive packages for you. They generally will accept deliveries from private services as well as the U.S. Postal Service. Moreover, they often offer other services such as mail forwarding, calling you if you receive a special delivery, packing and shipping items, and allowing you to call in and check your mail if you're on the road.

One other advantage: with a private mailbox, you can usually use their address, followed by the "#" symbol or the word number and your box number, so that you don't have to use the term "P.O. Box" as your address. (For example, The Planning Shop's private post box address is 555

Bryant St, # 180, Palo Alto, CA 94301). Just be sure to verify your wording with your mailbox service before you print business cards.

### **Understand home-based office tax deductions**

When you work from home, one murky area you'll need to deal with is which business expenses are deductible and which aren't. If you buy a new work table that you use for both your office and for the kids' homework projects, is that deductible? If you add a space heater to your office in the garage, can you deduct the extra utility expenses? What if you let your kids use your office supplies?

Tax deductions for home offices are daunting and confusing. If you're setting up a home office, you should add these questions to the list when you meet with an accountant.

Most normal business expenses that you'd have whether or not you were working from home—postage, office supplies, advertising, wages—are treated the same way as any other business. You can deduct those expenses as part of your regular deductions for the cost of doing business.

Some deductions become more problematic, especially when the expense is—or could be—used for both business and personal purposes, such as telephones, internet connections, equipment.

You also have an additional tax savings option on our home office if you qualify, and if you choose to take it—the home office deduction. The home office deduction allows you to deduct a portion of your rent or mortgage based on the percent of your home or apartment used exclusively for business. That can be a nice extra tax deduction for you.

However, there are many considerations before you take the home office deduction. You have to meet the IRS's qualifications, and this is one deduction that frequently leads to an audit. Also, there are tax implications if you later sell your home. So you certainly want to discuss the home office deduction—and whether you should take it or skip it—with your accountant or tax advisor.

### **Plan ways to separate work life from home life**

One of the most difficult tasks for people who work from home is establishing a clear distinction between work and home. If you're not disciplined, you may find yourself distracted by non-business matters. One friend said her house was never cleaner than when she worked from home, since she did housework to avoid taking care of business.

On the other hand, many people who work from home find they never leave “work.” They end up working day and night, much to the annoyance of family and friends.

Separating your work life from home life can be especially difficult when you live with others: a spouse, children, or guests who come to visit. Friends and relatives often view home-based

entrepreneurs as people who are always available. They don't understand why, in the middle of a work day, you can't run an errand, go to a movie, or pick up kids from school.

The best way to deal with working at home is to be as professional as possible during the time you set aside for business, but allow yourself some flexibility you want from working out of your home.

Establish work hours: One of the best ways to protect your valuable personal time yet still have enough time to conduct business is by establishing set work hours.

Structure your week and your workday. Set a work routine that makes you, your family, and others more conscious of your business life. That doesn't mean you have to work from 8 am to 6 pm; just establish real working hours.

For instance, you can tell others (and yourself) something like: "I start work right after I take the kids to school; take a half-hour housecleaning, make bread around 10:30; a quick lunch around 1 pm; go to the post office, run errands, and drop kids off at classes or soccer from 4 to 6pm. Then, if I have to, I catch up on paperwork after 9 pm. On Tuesdays and Thursdays, I leave work early to go to exercise class."

Make sure that you, your clients, employees, friends, and family know what your work hours are, when and why you can be interrupted, when you'll take days off, and when your busiest time of the day, week, or year is. This will help you get more done.

### **3. Decide On/Acquire Furniture, Computers, Phone Systems, Equipment, Inventory, Software, Hardware, and More.**

#### **Design your layout**

Once you've found your location—but before you move in—begin to design how you'll use your space.

When thinking through your needs for office and administrative space, ask yourself the following questions:

- What are the necessary functions of your business? Administrative, production, shipping, etc., and how much space do you need for each?
- Do certain functional areas need to be near other functions (e.g., packing, near shipping or bookkeeping near customer service)?
- How will you divide the space between different functions? Will you want permanent partitions (e.g., walls) or temporary or partial partitions?
- How many employees will be working in each area of your space?
- Will you have employees working in an open environment? If so, will you need cubicles or other ways to provide some noise abatement and privacy?
- Do some employees need private offices?

- How much equipment will you have and how large is it?
- Do you need conference or meeting rooms?
  - Do you need a reception/waiting area?
  - Have you provided space for coffee/kitchen or other break-time/lunchtime needs?
  - How much space is needed for storage and where is it best located?

Don't forget to provide adequate space for all the usual business support functions—copying, faxing, mail preparation, bathrooms, and so on.

One way to design your space is to sketch a layout on a design grid. Start with a preliminary layout idea, measure your square footage, and then assign each square on the grid a measurement—one foot, ten feet, etc. Grab a pencil and start scribbling. You may want to make extra copies of the grid in case you need to start over.

Of course, you could hire an interior decorator or ergonomics specialist to help you with your floor plan, but resist spending more money than you need to now.

### **Order inventory and/or raw materials**

Purchasing supplies for your business is far different from your regular shopping. Your suppliers are a vital part of your company, especially if yours is a manufacturing or retail business. You depend on having the right raw materials or inventory at the right time. In effect, your suppliers become your “partners.” You are dependent on them to be able to go forward with your business.

So when you select vendors, don't just shop on the basis of price: make certain your suppliers are reliable, can maintain a shipping schedule that works well with your ongoing needs, can respond quickly if you have unusual needs, and can work with you on terms and payment.

Try not to be dependent on only one of two suppliers. If you are, you'll have less flexibility on price, and you'll be vulnerable if they experience problems in their business. If you have very specialized needs, you may be frustrated trying to find the supplies you require. Once again, industry trade shows and associations are a good place to begin.

Remember, however, that if you have very unusual requirements, you may end up dependent on only one supplier. Instead, try to design your production process so you can use more standard materials.

Questions to ask a potential supplier:

- How long have you been in business?
- What other customers do you serve in my industry?
- What is your usual turn-around time on orders? What is the quickest time possible in special circumstances?
- What payment terms do you offer? How large a credit line will you extend me?
- Can you meet special packing or shipping requirements

- Do you have minimum order requirements? Are there discounts available?

### **Research and purchase computers, software and other technology**

Technology is one part of your business you'll love and hate at the same time. Technology has enabled small companies to compete with large ones and has dramatically lowered the cost of performing many business functions. But dealing with technology can be an immense headache—decisions can be confusing and expensive to make, and difficult and expensive to change.

Whether you love technology or hate it, you've got to learn some of the basics. Just as you couldn't run a business without knowing what "accounts receivable" are, you can't run a company without being comfortable discussing internet connections or databases.

Before you start shopping to meet your technology needs, get a good idea of what you'll be looking for. Outline your critical business needs and then look for solutions that fit those needs.

### **Develop an approach to buying technology**

With technology changing as rapidly as it does, how do you buy something that fits your budget today yet will continue to meet your needs as your business grows and changes? Should you buy an economy model, realizing you may quickly outgrow it, or should you buy the latest, professional version?

My own rule of thumb has always been to choose products I think will meet my needs and handle technology upgrades for at least two to three years. That rarely means the latest, greatest fully-load versions of hardware such as computers, but it also means I skip the low-end model that's about to be discontinued.

Of course, in a new company, every dollar counts. That means you often have to settle for less than you'd ideally desire. Fortunately, many low-cost technology products—printers, copiers, some computers—offer excellent features that may meet your needs until your business has time to get established.

When comparing you options in choosing technology products, here are some questions to ask yourself:

- What features do you absolutely need? If you can't do the things you need, you've wasted money, even if you got a bargain. Consider what functions you need to perform and make certain your technology can handle those well.
- Are your needs basic or complex? Complicated tasks require more powerful equipment and software. For instance, tasks such as word processing, simple bookkeeping, and accessing email can be handled by the most inexpensive computers. A low-cost inkjet printer may suffice for a one or two-person office with

small printing needs. But if you're creating high-end presentations you may need a more powerful computer and higher-end printers.

- Does your new equipment have to be compatible with other equipment and software? With stand-alone machines (such as copiers or fax machines), it may not matter if you buy an unknown brand, but with a computer or printer, you'll probably want to avoid the hassles of making an off-brand work with other equipment.
- Do you want single purpose or multi-function equipment? Many pieces of equipment now handle multiple functions, such as the fax/printer/copier/scanner all-in-one. These can be a good value, especially for a young company with limited demands.
- Are replacement supplies readily available, and how much do they cost? Especially with printers, fax machines and copiers, office and discount stores usually carry only the most well-known brands. Look at the cost of "consumables" such as ink and paper.

## **Get online**

The internet is part of every business in the same way as phones or the mail. It's a critical way to communicate. The fact that the internet can do so much more than just serve as a communication device may make it more challenging, but virtually every business has reason to use the internet on a daily basis.

internet connection: The first issue you'll face is how to connect to the internet. The options here keep changing, so you'll want to stay abreast of the choices in your area.

To get online, you'll need an Internet Service Provider (ISP). An ISP provides you with access to the internet, and typically, email. Most ISPs offer additional services for additional fees. Such services may include hosting your company website and registering your domain name.

Other companies can provide additional internet-related services, such as website design, database hosting, or writing small programs.

You'll have two primary choices for getting online, either a slower, "dial-up connection, or a faster, broadband connection using either DSL or cable technology:

Email: The number one use of the internet is for sending and receiving email. Email is an all-pervasive aspect of business life. Virtually all ISPs include an email program with the internet access, but you don't have to use the email program that comes from your ISP as your only choice. Indeed, many ISP-provided email programs are limited in their ability to handle attachments or graphics, and you may want to choose a different email program.

If you travel frequently, you may want a web-based email program so you can check your email from any computer. Yahoo and Hotmail both offer free web-based email, but once again, these may be limited in how they handle attachments and graphics. And you may not want a Hotmail or Yahoo address as your business email; it doesn't give as professional an appearance as having your own domain name. However, if your website goes down so will all email addresses

attached to it. Sign up for an email address (free) from Gmail (or others). Go to [www.gmail.com](http://www.gmail.com) and follow their simple steps to get an email address.

**Domain name:** In Week one, you learned how to reserve your own “domain name”—the name by which an internet site is identified and located on the web. The domain name of a company that publishes this book, for instance, is PlanningShop.com. The internet address for that domain name—or URL (universal resource locator)—is [www.PlanningShop.com](http://www.PlanningShop.com)

Once you have your own domain name, you can use that for your company’s website address and for your email (e.g., [Rhonda@PlanningShop.com](mailto:Rhonda@PlanningShop.com)). This obviously looks more professional than having a more generic email address (e.g., [somebody@hotmail.com](mailto:somebody@hotmail.com)).

More importantly, you can use your domain name with virtually any ISP, website hosting company, or email program. This gives you the flexibility to shop around, use the email program that best fits your needs, and to change providers if desired.

Ask your ISP, a technical consultant, or friend how to get set up to use your own domain name with your ISP and email program.

**Website:** In week six, you will set up a company website, with an eye to how you want to market your products or services. During this week, you want to make sure you consider who will host your website as you go about choosing an ISP. After all, you may use the same company that provides you with internet access to host your website.

It’s not necessary, of course, to have one ISP provide you with both internet access and website hosting services. However, it is frequently less expensive and less hassle to have one company do both, especially if you have modest requirements for your website.

However, if you want unique features on your website, you may want to use a company that specializes in hosting business websites. The types of features you might want to include on your site include items such as online forms for customers to fill out, connecting or website to a database of information (such as a catalog), or to have a “shopping cart” and enable customers to purchase online at your website. Ask other entrepreneurs for recommendations of website hosting companies that they use.

You might also want to check to see if there are website hosting companies that specialize in your industry. These might have “turn-key” solutions for you that can get your website up-and-running faster than if you had someone design a website for you. They might even provide some kind of joint marketing services. Check with your industry trade association for names/listing of website service providers.

### **Find ways to get technical help**

Questions to ask a technology consultant: When selecting a consultant or technician, keep these questions handy:

- How long have you been in business?
- Do you do this full-time or is it a part-time activity?
- Which software programs do you have experience with?
- What hardware do you have experience with?
- Have you worked with companies in my industry before?
- Have you worked with companies my size before?
- How much do you charge?
- If you charge by the hour, will you give me a written estimate of how many hours my job will take?
- How much time do you have available?
- Are you available for quick help in “emergencies?”
- Are you available to answer tech-related questions over the phone?
- Do you have references I can contact?

Without a doubt, one of the most frustrating aspects of dealing with technology is the lack of capable, affordable help. Unless you have technology-proficient people on our own staff, you will be frustrated trying to find consultants or service businesses assist you.

If you can find reliable consultants or technicians, use them. Especially when you are first getting started, use the assistance of a consultant to help you plan and install your equipment and software. Ask for recommendations, especially from other entrepreneurs, of technology consultants they’ve used. And make sure they speak in non-technical language that you can understand.

To find a list of potential distributors, contact your industry trade association. Well-respected and known distributors are likely to be active in trade associations, and many associations maintain lists of distributors.

When entering into a distribution agreement, you should absolutely get a legally-binding contract, spelling out all the various aspects of your arrangement. Hire an attorney knowledgeable about distribution agreements to review your contract—even if the distributor says it’s their “standard” contract.

Sales representatives: In many industries, independent sales representative serve many of the same functions as distributors (although they are much less likely to do warehousing or shipping of products). These independent sales reps find and call on retailers (or customers) who might want your product. However, in most cases, these independent sales representatives work for many manufacturers at once, and your products become part of the broad list of products they show potential customers.

Moreover, because independent sales representatives handle many manufacturers at once, your products can easily get overlooked in their portfolio. As a result, you need to develop and maintain a strong, ongoing relationship with your independent sales representatives. After all, you want to make certain they continually remember to include your products in their sales presentations to prospective customers.

Once again, the best place to find a list of potential sales representatives is through industry trade associations.

Retailers: Your choice of retailers, too, is critical. The retailer needs to be able to attract a sufficient number of customers, promote and merchandise your products, and then pay you in a timely fashion.

Don't be entranced by big or well-known retailers. A friend's client was a sportswear manufacturer who was thrilled when he landed a major department store to carry his line. Over time, however, he discovered this store had costly requirements about how he had to package and ship his merchandise, and then made payments very late. And many large retailers are notoriously tough negotiators when it comes to price.

You may think that the deal you finally closed with that well-known big-box retailer is a dream come true, but once you discover how thin your profit margin will be, coupled with the retailer's strict requirements on everything from how to label your boxes to which shipping company you use, you may end up feeling that all the effort and expense of fulfilling this huge order just isn't worth it.

If you are selling directly to retailers (instead of using a distributor to reach them) be sure you understand all the terms of our arrangement. Who pays shipping? Will returns be permitted? Under what circumstances? What discount will they be given? How long will they have to make payments?

#### **4. Research the Best Banks for Your Needs; Open a Business Account.**

##### **Open a bank account**

A good relationship with a bank can be a big help to a growing company. Many people just select the bank located close to them, or the one with the lowest fees. But that doesn't mean it's the right bank for your, especially as you grow your business. Ideally, you want a bank that will work with you and your company as you grow, that will provide some understanding of your situation and allow some flexibility in dealing with you.

“Interview” a number of banks and meet their business account representatives. Develop a relationship with a good business bank while your business is still small. But expect that relationship to pay off—in terms of credit—as you get larger.

Take some time to “shop” for a bank for our business.

## **5. Get Everything Set Up and Ready to Do Business.**

### **Design procedures for handling administrative tasks**

Once your business is up and running, you’re quickly going to find yourself having to deal with a wide variety of ongoing administrative tasks. If you don’t prepare to deal with these, what inevitably happens is you soon feel overwhelmed and things start falling through the cracks.

One way to prevent this is by establishing some positive time management habits right from the start of your business and by setting up procedures to help you keep track of all the many tasks and administrative details you have to manage.

Of course, in a new business you don’t yet know all of the administrative issues you’re going to have to deal with. Don’t worry, your administrative procedures will certainly evolve and change over time.

Nevertheless, every business—whether large or small—has to deal with many of the same administrative functions—making sure bills are paid, invoices sent out, and that things that should get done actually get done.

These can be broken down by general area of responsibility/function:

General office management:

- Answering the phones
- Responding to emails
- Handling incoming mail and packages
- Preparing outgoing mail
- Answering customer inquiries
- Ordering supplies
- Scheduling
- Project management
- Managing the “to do” list

Bookkeeping/accounting:

- Paying bills
- Sending invoices
- Collecting on outstanding invoices
- Reconciling bank statements
- Transferring funds from accounts
- Preparing forecasts and financial statements
- Meeting tax deadlines and completing tax forms

Ordering fulfillment:

- Order taking
- Packing
- Shipping
- Tracking shipments
- Handling customer complaints
- Insuring sufficient supplies and inventory levels

One way to approach these issues is to begin an “Operations Manual” detailing how you handle the tasks you perform repeatedly. As you deal with an administrative task, jot down the steps you’ve used to complete it. That gives you the beginning of a procedures manual, so you won’t have to re-invent the process each time. Also, it will make it much easier to train employees.

Another useful approach is to create “templates” of all the forms you’ll use over and over again such as invoices, statements, proposals, product/service descriptions, etc. You can often find standard templates as part of your software programs (such as invoices, statements, and packing slips in QuickBooks) or from your industry trade association.

You can even prepare standard answers to email or phone inquiries. It’s okay to use the same form over and over or to repeat yourself from one customer or client to the next. After all, you don’t have to be very creative in handling these tasks.

Here are a few ways to make the most of our time and reduce administrative hassles:

- Maintain a calendar and keep it visible: You can use a paper calendar on your desk or on the wall, but you may find some of the features of calendar software programs (such as pop-up reminders) helpful. A good calendar software program (such as pop-up reminders) helpful. A good calendar feature is included in Outlook, included in Microsoft Office (not Outlook Express).
- Make a “To Do” list: Keep it somewhere where you can see it all the time. Look at it frequently and revise it daily. Check off tasks as you complete them—that gives you a sense of accomplishment.
- Prioritize: Often the things that are most important to your business don’t have deadlines. Make sure those vital tasks are on your “to do” list and keep them on the top of the list. Don’t let the pressing but unimportant details of your business keep you from attending to the truly critical.
- Set time aside: Make “appointments” with yourself to do important tasks and don’t allow interruptions. Make certain you schedule time for sending out your invoices.
- Reduce shopping time: Keep a list of things you need so you reduce repeat trips. Make certain you have enough of supplies you use regularly. Order online and/or have supplies delivered.

- **Eliminate errands:** Keep a list of errands and do a number of them at one time. Schedule your errands for the end of the business day, rather than when you are at your busiest. Use delivery (and pick-up) service for frequently used services (such as copy companies, shipping).
- **Use your “Vital Statistics” list:** In week Three you started developing a list of key company data. You’re likely to be asked this information on many forms or dealing with suppliers or government agencies. Have it handy so you don’t have to go digging through files.
- **Become an email power user:** Take time to learn a few key tasks in your email program, particularly setting up folders and filters. Create your address book or email “groups” to those you’ll email regularly.
- **Handle mail once:** The ideal way to manage paper is to handle incoming mail only once. In other words, as soon as you read it, deal with it. If you don’t need it, throw it out. If it should be filed, file immediately. If you have to take action, do so. Of course, this isn’t always possible, but get in the habit of deciding what to do with mail as you get it.

**Now it's time to take the short Module 7 Assessment. A 100% on this assessment allows you to move on to Module 8. You may take it as many times as you like.**