Limits of Liability / Disclaimer of Warranty:

The Authors and publisher of this book and the accompanying materials have used their best efforts in preparing this program. The authors and publishers make no representation or warranties with respect to the accuracy, applicability, fitness, or completeness of the contents of this program. They disclaim any warranties (expressed or implied), merchantability, or fitness for any particular purpose. The authors and publisher shall in no way be held liable for any loss or other damages, including but not limited to special, incidental, consequential, or other damages. As always, the advice of a competent legal, tax, accounting or other professional should be sought.

This manual contains material protected under International and Federal Copyright Laws and Treaties. Any unauthorized reprint or use of this material is strictly prohibited.
About the Author

Joel Davis is a graduate of the United States Military Academy at West Point where he majored in Pre-law and minored in Systems Engineering. While at West Point, Joel was a four year varsity letterman in football and elected team captain his senior year. Upon graduation from the Academy, Joel was commissioned as a Field Artillery Officer stationed at Ft. Sill, Oklahoma.

Upon receiving an honorable discharge from the US Army Joel joined the Cincinnati Bengals and later the Indianapolis Colts as a reserve offensive lineman. After ending his football career, Joel returned home to southern New York where he started his first company, a non-emergency medical transportation company that continues to grow and thrive to date. In addition to a successful medical transportation company, Joel has added a consulting company and several other successful online and offline ventures to his portfolio.

On a daily basis, Joel continues to mentor literally tens of thousands of entrepreneurs from around the country.

Through his best-selling ecourse, “How to Build a Million Dollar Medical Transportation Company,” his sold out Million Dollar Seminars and DVD Series, various online newsletters and exclusive membership sites and more, Joel continues to help his clients realize their dreams of wealth creation and financial independence. Joel is a popular author, mentor, coach and motivational speaker. If you’d like to contact Joel, he can be reached via email at jdavis@milliondollartransportation.com or at his New York office at (607) 797-1477.
# TABLE OF CONTENT

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>5</td>
</tr>
<tr>
<td>Choosing the Right Business</td>
<td>10</td>
</tr>
<tr>
<td>Leverage</td>
<td>15</td>
</tr>
<tr>
<td>Time Commitment</td>
<td>28</td>
</tr>
<tr>
<td>Stress</td>
<td>34</td>
</tr>
<tr>
<td>Insecurity</td>
<td>40</td>
</tr>
<tr>
<td>Capital</td>
<td>54</td>
</tr>
<tr>
<td>Sales / Profits</td>
<td>60</td>
</tr>
<tr>
<td>Getting Started</td>
<td>84</td>
</tr>
<tr>
<td>Playing the Game on Par</td>
<td>128</td>
</tr>
<tr>
<td>Building a Legacy</td>
<td>132</td>
</tr>
</tbody>
</table>
INTRODUCTION

Congratulations on taking a very BIG step towards achieving financial and personal independence. Creating wealth starts with your first step and reading this material is definitely a great investment.

Secret Strategies for Building Wealth & Independence is dedicated to educating, stimulating, motivating, and helping you to take charge of your financial destiny through entrepreneurship.

If you already own a business or you’ve owned a business in the past, I’m confident that Secret Strategies for Building Wealth & Independence will offer you new ideas and insight that can help you improve your new or existing business. After all, success is a journey – not a destination. You can always afford to learn new ideas and strategies for improving efficiency and creating wealth.

We’re in the Information Age and thus, information is ever changing. Therefore, you should always be looking for new ideas and information that can spark your creativity, encourage efficiency, and help you to increase productivity.

We’ll be discussing many topics and business development issues. However, there exist an untold number of different business opportunities in a wide variety of industries and markets that we simply won’t have time to cover. And that’s why it’s my hope that this material will be only one of many resources that you’ll use to help expand your entrepreneurial education.

“More than ever before, Americans are suffering from back problems. Back taxes, back rent, back auto payments...”

- Robert Orben
Why start your own business?

Let’s be honest. We’re interested in making money! And the more the better! Why – because we want freedom and flexibility. We want all our bills paid and still have a lot left over in the bank!

I know. The reason you want to build your own successful small business is obvious. But you really need to think about your motivation. It needs to be more than just because you can’t stand your boss! That might be one motivation, but it certainly shouldn’t be the only reason. If that’s your only motivation then you’re definitely going to be hard pressed to remain motivated over the life of your business – especially when you face challenges.

Starting a business can be one of the most rewarding and meaningful undertakings. A successful business can greatly enrich your life mentally, physically, spiritually, financially and give you more freedom and flexibility.

If you’re like most ambitious entrepreneurs, you’re self-determined. You want to live life on your terms and spend more time doing what you want when you want. You want to be able to define what’s important to you rather than having it defined by someone else. As I tell people, I want to be a “Yes Man.” When I’m invited to go somewhere or do something, I always want to be able to say “Yes.” I don’t ever want time or money to be deterring factors in my decision making.

But did you know that only three percent of America’s population will retire financially independent!

“Poverty often deprives a man of all spirit and virtue; it is hard for an empty bag to stand upright.”

-Benjamin Franklin
To me, this marginal statistic is absolutely incredible! It’s incredibly pathetic! Why - because our country is so ripe with opportunities. No other country on earth provides more freedom and wealth building opportunities as that of America.

In my opinion, with such prime opportunities you have no excuse not to accumulate wealth. With more and more Americans reaching the millionaire status every year, the only barrier preventing you from getting rich and becoming financially independent is YOU.

**Education is a Journey, Not a Destination**

Many people are intimidated when it comes to entrepreneurship. Many feel that they’re not educated or just don’t know enough to be successful. They don’t know the “How To's” of starting a small business. So, they automatically rule themselves out as ever being a successful entrepreneur and that negativity automatically becomes their reality.

Sure, a good formal education is important and can significantly increase your chances for success. But expensive degrees don’t guarantee entrepreneurial success. In fact, I don’t know of a single entrepreneur that’s mastered their craft in the classroom. To the contrary, most successful entrepreneurs are self-taught through trial and error, mentorship, and self-education. They’re lifelong students committed to studying and learning from other, more successful entrepreneurs.

Another reason why the majority of people fail to become financially independent is because they’re never willing to “pull the trigger.” Sure, everyone wants to become financially independent. Who doesn’t? But unfortunately, most people are too scared to start. They’re not willing to commit to additional learning,
getting out and meeting and networking with new people, pinching pennies in the short-term, and more.

Another very important reason for lack of action is the universal disease called procrastination. Procrastination is a nasty little disease that can be contagious. And unfortunately, it is a part of human nature. You might think about taking action. You may even talk about it. But at the end of the day, many times you won't. You just never seem to “get around to it.”

But if you’re like me so many countless successful entrepreneurs, if you have a burning desire to be financially free, to live life on your terms then fear is never an option. Does that mean that you don't take risk? Does that mean that you're never concerned - of course not. Everything associated with being an entrepreneur is accompanied by a degree of risk. But risk does NOT automatically need to instill fear and paralyze you from even attempting to achieve success.

**The Rocky Road**

Starting your own business requires bold action and hard work – regardless of your business or industry. It’s not always easy. At times, you’re going to work long hours, pinch pennies, and invest a great deal into sweat equity. And, periodically you’re even going to have to face rejection. But who cares? Rejection should never be taken personally and your hard work should never be considered a waste. Rather, it’s an investment!

Contrary to the countless infomercials that are all over TV, **building a solid and lasting business isn't a get rich quick scheme.** It's not something that you just “plug yourself into the system” and sit back and collect checks. To the contrary,
a successful small business will require hard work, sacrifice, dedication, patience, leadership, responsibility, and accountability.

**Be the Wise Man**

The old adage “a smart man learns from his mistakes” is true. And a smart man should view failure and setbacks as a positive learning experience. But, I also believe that a truly wise man learns from the mistakes of others.

Failure and hands-on-training can be the best, most outstanding learning tools. But there are many ways to gain valuable business experience without having to suffer failure in order to gain experience.

Learning from the mistakes of others is the easiest way to learn and it’s a whole lot cheaper! I would rather save money, time, resources, and reduce headaches by learning about the successes and failures from those that have already won and lost than having to learn hard and costly mistakes first hand.

In this material, I’ve included many examples of my own successes and failures for your benefit. Needless to say, in my entrepreneurial travels I’ve made mistakes, lost money, and missed many opportunities. I’ve erred by poor planning, poor decision-making, failed to acknowledge market trends, and sometimes partnered with the wrong people.

But I’ve also done many things right! I’ve created wealth and independence by learning from my mistakes and also making many good decisions. Although no one likes to lose money, all of my failures have been incredibly valuable lessons.
CHOOSING THE RIGHT BUSINESS

When I purchase educational books, CD’s, and attend seminars I look for at least one idea that I can use to apply to my businesses. To me, this one piece of knowledge will justify my time and financial investment.

Although I hope that you learn much from this material, if you learn just one thing, I hope it’s that you clearly understand the importance of choosing the business opportunity that’s “right” for you. I know that sounds obvious and overly simplistic. But, it’s much more involved than you may think.

First, just because a business generates revenue doesn’t mean that it’s profitable. We’ll talk about this simple concept in greater detail a bit later. It’s very important. I’ve seen too many entrepreneurs think that they’re “making” money just because their revenue continues to increase. But realistically, their bank accounts are consistently empty at the end of each month! Simply, they’re not making money! They might think they are – but they definitely aren’t!

Next, because a particular small business opportunity has the potential to generate a profit it doesn’t necessarily mean that it’s the “right” business for you. You need a business that has the earning potential that you want. A small business that turns a few thousands dollars a month isn’t going to give you the nice big house with the pool and cars and the nice vacations. It’s not automatically going to give you wealth and independence. Don’t even waste your time, money, and effort investing into a business if the max return can’t even meet your financial needs and expectations.

Also equally important is that you choose a business that is compatible for you. This mean that you choose a business for which you have a passion for and it
doesn’t conflict with your lifestyle or circumstances. Be honest with yourself. Don’t kid yourself into thinking that you’re going to be successful in a business that you really don’t have a passion for.

Now I know that everyone would like to own a business that yields tens of millions of dollars in profits. But again, that probably isn’t realistic either for the average entrepreneur. Does that mean that your small business is a failure? No, absolutely not. Nor am I trying to discourage you or limit your vision. But realistically, not every business can deliver on such high expectations. The profit earning potential just isn’t there for every small business idea.

However, what is realistic is that you can develop a small business that is profitable and lucrative. I know it because I’ve done it! You can build a successful small business that covers all your expenses and builds a high level of profits and savings. And if you have a few successful businesses, then you’re really on the road to accumulating wealth and independence.

Just know this. A business that generates 1 million dollars in annual revenue is just as broke as a business generating $100k per year whose revenue all goes out in expenses. Further, a small business generating 100k per year in revenue is just as capable of high profit margins as that of a business generating 1 million dollars per year. It’s all relative. That’s why the only thing that really matters in business is the bottom line!

I know that it’s Economics 101. But you’d be surprise how many people fail to understand simple economics. It’s not how much money your business generates that’s most important. That should never impress you. Rather, what really counts and is most important is how much money you keep!
This diagram, what I call the *Three Stages of Business Development Diagram*, is designed to serve as a type of litmus test that allows you to evaluate potential business opportunities.

Prior to starting any venture, you need to decide where you want and where you realistically can be on this diagram. Based upon six key factors, Time Commitment, Insecurity, Stress, Leverage, Capital, and Profit, you need to determine if your prospective business opportunity has the potential to meet your goals and expectations.

In looking at the Diagram, you should see that the majority of benefits rest with a Stage III Business Owner. Stage III requires the least amount of daily personal time commitment. They are typically more established financially, in experience, and in market share so they tend to have the least amount of insecurity. As a result, a Stage III owner will typically experience the least amount of personal stress. And they definitely experience the greatest amount of sales and profits!

However, starting as a Stage III business does require the greatest amount in upfront capital. For this reason, it is much more likely that most of us will be starting our small businesses as a Stage I Self-employed owner – and that can actually be a greater advantage as we’ll continue to discuss!
Let’s take a moment to discuss being a Stage I, Self-Employed owner. Do we all want to be a Stage III Owner? Yes, of course. But starting there just isn’t realistic for all of us.

As the Diagram illustrates and in keeping with reality, a Stage I small business requires the most in daily involvement and personal time commitment. As a result, a Stage I business definitely experiences the greatest amount of stress and insecurity. Is that a bad thing – no, not necessarily. It just is what it is and goes with the territory. But know this, it’s not where your business starts that counts, it’s where you finish. There are countless tales of ventures starting very humbly yet growing into prosperous and lucrative multi-million dollar businesses.

Although a Stage I business typically maintains the least amount in leverage and statistical overall sales, it does require the least amount in start-up capital. And it is for this reason why so many of us start our businesses at the Stage I level – limited start-up capital.

But again, it’s not where you start that matters – it’s where you finish. I have been very fortunate and very blessed to have built a handful of very successful businesses at the Stage I level and grown them into a Stage III business. My ventures include a non-emergency medical transportation company, real estate holdings, a consulting company, several online ventures, and a network marketing business. So trust me, do not under any circumstances be discouraged if you plan to start you business at the Stage I level.
Evaluating the Stages of Business Development

Most ambitious entrepreneur want to be a Stage III Business Owner. And for this reason, I believe that you need to understand and consider these Three Stages prior to starting your new business venture. Not every business opportunity can progress and develop through these three stages. Some businesses simply don't have the growth potential. Regardless of your effort or vision, if your business idea doesn’t have the potential to develop into a Stage III business then you’re wasting your time and “spinning your wheels.”

“Before starting something new, you have to make sure your primary business is a mature business, meaning it’s self-sufficient and can function without you. Getting the right people and procedures in place in a new company so that you don’t get bogged down with the details.”

“if you’re trying to do everything yourself you won’t have a chance to do what you really need to do: Be the entrepreneur.”

Keith Barfield, CPA
Barfield Murphy Shank & Smith

Remember, choosing the “right” business is the most important decisions you’ll ever make as an entrepreneur. Choose the right business and you can meet and exceed your expectations. Fail to choose the right business and you can find yourself wasting a lot of money, a lot of time, and increasing your headaches.
LEVERAGE
The Most Important Law

You’ve probably heard the saying that a successful business comes down to location, location, and location. And for many businesses, location is very important. Good location encourages increased traffic.

But not all businesses require a physical location in order to achieve success. Many entrepreneurs work from home or have a remote office location. In fact, there are countless home-based businesses that you can start at the Stage I level and grow them into thriving and prosperous Stage III businesses. So in regards to a home-based business, location is irrelevant!

Instead of thinking just location, location, location, you should be thinking leverage, leverage, leverage. In my opinion, the Law of Leverage is the single most important law that you must understand as an entrepreneur.

Leverage can either make you a success, or it can put you out of business. It can keep you operating as a Stage I owner, or it can make you a wealthy Stage III business owner. It all depends on how you identify, recognize, develop, use or don’t use leverage within your business that will determine your level of success.
Secret Strategies for Building Wealth & Independence

What is Leverage?

When people think of leverage they usually think of some kind of a tool or a position in which to lift or move an object. These are examples of physical leverage. But just as you would use a tool to leverage an object, entrepreneurs and businesses use different forms of leverage every single day to create and multiply their wealth.

Wealthy people and entrepreneurs use what’s called financial and operational leverage every single day. Such leverage is an advantage that allows them to effectively and efficiently multiply their gains. So because operational leverage is so important, let’s begin discussing some of these forms in more detail.

Leveraging Knowledge & Education

The first and absolute most important form of leverage that you have absolutely 100% control over at all times regardless of who you are and where you’re from is your knowledge and education. And guess what. As an entrepreneur, your education should be never ending. A smart and motivated entrepreneur is always engaged in education. They’re attending seminars, listening to books and CD’s, and learning from their mistakes as well as the mistakes of others.

Now I know that we’ve all heard success stories of entrepreneurs that flunked out of school and end up becoming multi-gazillionaires. But let’s be realistic. Those

“If money is your only hope for independence you will never have it. The only real security that a man can have in this world is a reserve of knowledge, experience, and ability.”
success stories are infinitely few and far between. For every one of those success stories there are a hundred thousand failures. So before you start thinking that I’m not a big advocate for a formal education – think again. Although these stories of success make for a good read, they’re definitely not the norm. Rest assured the more education that you can apply to your business the better. A good education can significantly increase your chances for success.

But gaining a formal education is more than just mastering a few subjects or an area of study. First, the overall majority of America’s workforce is comprised of people working in industries other than their field of study. But what is important about taking challenging courses while in school is that even if you don’t use such information in the “real world” you will have gained valued study and learning skills – skills that can definitely be applied later.

By taking challenging courses of study you’ll actually be expanding your ability to think logically, critically, and analytically. I know people hate taking tests, but test taking is an awesome educational tool. It forces you to think under pressure – pressure being time and accuracy. Writing is incredibly important. It helps to develop and express your thoughts and ideas. And there’s a host of other skills that can be learned from a formal education – skills that you’ll be able to leverage later as an entrepreneur.

While at West Point, I majored in pre-law and minored in systems engineering. Now, can I tell you everything I learned? Heck no. Let’s not get crazy! I’m not that smart! But since starting my own businesses, I’ve realized first hand that it’s not just what I learned in the classroom that’s helped me to be successful. Rather, it was the entire environment and the additional activities that I was involved in that have helped me the most.

The military training, being an Army football player, and by being involved in athletics and other leadership roles taught me a great deal about discipline,
responsibility, accountability, preparation, hard work, communication, leadership, and more. And needless to say, on a daily basis I leverage what I’ve learned from those wonderful experiences.

But outside of the school world, where else can you gain valuable experience and education? Hopefully, it’s your job! One of the best opportunities that you might have in expanding your skills and education is your current job. Working for someone else definitely won’t make you rich – unless you’re the CEO of a top company. Because so many jobs require specific training, you might have a great opportunity in front of you to gain invaluable skills that can transfer and apply to your future business. After all, the high majority of all small businesses are started by people with prior experience in that specific industry.

Let me tell you about a very good friend of mine. He’s doing very well for himself as an executive of a large international corporation. The company recently offered him a promotion that would require him to move near New York City. Although he would receive a considerable raise, he rejected the offer and has chosen instead to go to China for three years. Why - because his ultimate goal is not to continue to climb the corporate latter. Rather, his goal is to own his own international shipping company. More specifically, his goal is to be a Stage III business owner versus being one step on the ladder of someone else’s international company. None of his higher-ups understand why he’s rejecting their offer in pursuit of the China position. But he has a plan – a good one too!

Regardless, here’s the point that I wanted to make. His job demands that he does considerable traveling. He attends meetings and seminars all over the country. And each time he attends such events he pays close attention and takes meticulous notes. He’s like a dry sponge to water. He soaks everything up. Why – because he’s sowing seeds into his future. He’s expanding his education daily. And his never ending education is going to significantly help him
as he starts his own business. He’s using every opportunity he has at his current job to expand his education to help his future business.

**The Finite Factor**

This is one of the absolute most important forms of leverage. Pay close attention. You absolutely have to understand this form of leverage. What is it - it’s “TIME,” and it’s definitely finite. Regardless of who you are, you only have 24 hours in a day. Rich or poor, lazy or motivated, you only have 24 hours in a day for which to be productive. And because time is finite for everyone, it is automatically a great equalizer. Knowing that nothing lasts forever regardless of who you are or how much money you have, “time” automatically levels the playing field for all of us.

But what separates the rich from the poor is how they use, manage, and leverage their available time. **Wealthy people understand that time is a commodity and, thus, has serious value. So they leverage time both in life and in business.** So right here and right now you need to start thinking about how important and valuable your time is to you and to others. You have to place a value on your time – each available working hour.

How much value you place on your time can depend on a lot of variables. Your industry, your skills, education, training, and experience are all variables that incur value. Further, your desire influences the value you place on your time. If you’re required to work in the evening or weekend hours, a time you would rather be with relaxing with friends and family, realistically you would demand more compensation. Why – because you’re placing a value on your time. To get you to give up your “personal time” you’re expecting a greater compensation for working “after hours.” Call a plumber for an after-hour emergency and see how much you’re going to pay versus calling him during the day.
I know its common sense and pretty obvious. But you really have to think about it for a second. Every single hour of your day has value and ultimately, only you can determine what the value of each of your hours is. As an employee, working for a salary or an hourly wage, you automatically place a limited value on your time. The wages that you accept is the value that you place on your time. But now, as an entrepreneur leveraging the efforts of many versus just you, you have the ability to exponentially multiply the value of every single hour.

**How to Leverage Time**

There are two ways to leverage time. One is to leverage time itself. The next is to leverage other people’s time. But first, let’s talk about leveraging time itself.

Money IS leverage and it facilitates gaining further leverage. Why – because (1) if invested correctly, money can multiply and create more money, and (2) money can buy you skilled help to further multiply your money. And the great thing about money is that the power of money is universal. Everyone needs it, uses it, and wants more of it. If money wasn’t so desirable it would be as worthless as tissue paper. But guess what – it’s not!

Now, I’m not going to waste your time talking about the power of money. My motivation for accumulating wealth has nothing to do with power and has everything to do with freedom! Money, if properly used, can create new opportunities, can satisfy needs and hunger, can bring people together, and can enrich people’s lives immensely.

> “The highest use of capital is not to make more money, but to make money do more for the betterment of life.”

Henry Ford
But if abused, if used for power and control, money can enslave you, can divide you and others, can cloud your judgment and can make your life miserable. So I trust that you’re going to avoid abusing the power of money.

I believe it was Albert Einstein that said something to the effect of compounding interest is the greatest man-made invention. And guess what, he’s probably right. The power of compounding interest is absolutely phenomenal. Each one of your invested dollars is its own little hard worker busy multiply over time. The greater the time that your money is busy investing the greater the yield.

I recently heard a tidbit of fact on CNBC that said that if starting at the age of 20, you invested $2000 per year consecutively until you’re 65 and the money averaged a return of 10% you would retire with 1.2 million dollars! Now think about that. You’re investing $2000 per year for 45 years for a total of $90,000. Yet, you’re return will be $1.2 million. That means that you worked hard for $90,000 over the course of 45 years, but each one of your invested dollars worked even harder making you $1,110,000! Now, these numbers could definitely fluctuate. You could make a lot more.

Compounding interest really is the greatest invention. When you properly invest your money over time those little dollar soldiers are going to making you even more money. And when you own your own business making even more money you’re able to invest that much more into compounding interest. Trust me, there’s nothing better than looking at your investments each day, each month, and each year and seeing your accounts getting bigger and bigger. It’s a beautiful and enjoyable site – one that you never get tired of!

Now let’s talk about the second form of leverage - leveraging other people’s time. What’s that mean? By fairly and strategically leveraging the time, skills, and efforts of employees and strategic partners you can automatically multiply your hours of productivity.
Think about it. If you’re an employee or a Stage I owner operating independently without leveraging the time of others, you only have a productivity ratio of 1:1. If you want more money you have to invest more time. But for every one hour you invest into your business you can only expect to yield one hour worth of work.

**Your Time + More of Your Time = Increased Revenue**

Needless to say, this formula for productivity is very inefficient – especially over the long-term. It won’t make you a successful Stage III business owner and certainly won’t make you rich!

But if you’ve chosen a business that allows you to leverage the time and skills of others, then you’ve instantly multiplied your productivity ratio and, thus, your profit earning potential.

**Your Time + the Time of Others = Increased Revenue**

Look at the difference between the two equations. Instead of investing your time plus more of your time to increase productivity, you’re adding the time and skills of others so that you can exponentially expand your profit earning potential. And as you expand your leverage and make more money you can decrease your personal time involvement. And in my opinion, at the end of the day, it’s all about freedom!

“Being rich is having money; being wealthy is having time.”

Stephen Swid
Limiting Your Productivity

If you always remain a Stage I business, never leveraging the skills and efforts of others, then you’ll essentially be putting a ceiling on your growth potential – permanently. Realistically, without the help of others you’re a one man operation. And that’s a whole lot of work for you! It’s challenging enough trying to find and cultivate sales leads. But when you then have to manage the daily affairs of your business as well as juggle any personal time commitments your headaches could increase dramatically. So again, in researching the business that’s “right” for you, make sure you select ventures that allow for you to find and leverage the time and skills of others.

I have a friend who’s operated a Stage I business for a number of years. She owns and works very hard at her bagel/sandwich shop. I commend her on her dedicated hard work. It’s very admirable. She tries to do as much as she can herself because she believes that’s she’s saving money. Sure, she’s paying out less in payroll. But she’s working around the clock tirelessly to save that money! And in my opinion, I don’t see an end in site for her. I love her, but where’s she going to be two, three, five, ten years from now? Is she still going to be putting in 12-16 hour days? Her little deli/sandwich shop has great food, but what’s the end game? If that were me I’d lose my sanity!

Let me give you an example of her many tasks that, in my opinion, should be outsourced. She handles all of the calculating and processing of the payroll for her handful of employees. Although it’s not the hardest task, on a weekly basis she takes the time to tally up employee hours, calculate all deductions, sign, and file all of the necessary paperwork. Similarly, she files all of her quarterly statements and prepares W-2’s at the end of the year.

On many occasions I have suggested that she use a local payroll service to eliminate this task. A professional payroll service could offer her a more efficient
service at a very reasonable cost. Such a modest investment could save her plenty of hours each week and reduce her headaches immensely.

How do I know? Because I use a payroll service for my medical transportation company and it saves me HUGE amounts of time and headaches. And it only costs a tiny amount each week! They file the necessary state and federal taxes, make appropriate deductions, issue quarterly reports, and literally deliver the checks to our office! You just can’t beat it. It’s too easy and saves me too much in time, effort, and headaches.

This is just one of many examples where my friend (God bless her) believes that she’s saving money by not incurring additional costs. But she’s actually costing herself more money and incurring more time-consuming responsibilities and headaches – especially when she has to do it after a long day’s work!

But let me be clear on something that’s very important. Leveraging other people’s time is much more than just finding people and telling them what to do. Rather, leveraging the time of others require that you’re a fair person with strong character, sound principles, resolute, and dedicated leadership. Further, you’re going to have to create an environment in which your employees or network partners can flourish and achieve success.

And trust is also going to be another very big and important factor that you’re going to have to consider in leveraging the time and effort of others. But I’m not just referring to the trust that others will place in you. That trust is definitely importation. You definitely have to be loyal and trustworthy as a leader. But what I’m also referring to is the trust that you must have in others. Such trust is very important and can’t be taken lightly.

In leveraging other people’s time, you’re going to have to yield a high degree of control and autonomy to others. And doing so can be much more difficult than
You might think. Yielding certain controls and discretions of your business, a business that you built from the ground up, requires a high degree of trust and confidence. Many times, Stage I owners fear delegating tasks and responsibilities because of concerns that employees won’t perform at the same level as they would personally. And, that’s an understandable and realistic concern.

But let’s be honest. Realistically, no one will ever care for your business as well as you. That’s just fact. So, in my opinion, you shouldn’t have any grandiose ideas that all your employees are going to care for your company and your interests as well as you. No one is willing to invest the blood, sweat, and tears into the growth and development of your organization as that of you.

As the owner, you’re prepared to make necessary sacrifices, spend the extra time, and invest personal funds if necessary. And because employees have no personal liability in your business they really “have no skin in the game.” When their shift is over, your employees just want to head home! And there’s nothing wrong with that. But you on the other hand, will many times have to continue working – especially in the beginning stages of your business.

But again, if you want to become a successful Stage III business owner and you want to maximize your growth potential, delegating and yielding a degree of control to others is a necessity. So you might as well begin to start preparing yourself mentally for the day when you do yield control to others.

Let me relate one of my own experiences. It’s with my medical transportation company. I was doing extremely well, was working hard and it was paying off. The company was taking off quickly. However, as a result of this exponential growth, I was becoming overextended. I was so short on time and, as a result, was struggling with accounts receivables. Being so busy was a great problem to have. But, getting behind on collecting my money wasn’t!
Needless to say, it was quickly becoming obvious that I needed to hire someone that could focus solely on billing and collections. I was overextended and not collecting my money! I had roughly $80,000 just in overdue invoices alone that needed to be collected. Needless to say, I needed a money collector ASAP! So I hired a very responsible and reliable woman who had gained much of her computer and personal skills working for an airline company.

Initially, my new employee was hired part-time so that she could ease into the position. But upon her arrival, I had plenty of work to keep her busy – about $80,000 and growing! Long story short, just working part-time exclusively on accounts receivables, she quickly reduced the number of overdue invoices within a short few weeks. Her efforts quickly and positively influenced the cash flow of the company – which made me very happy!

Needless to say, she quickly became a valuable asset. Her efforts had an almost immediate and positive impact on the finances of my company. Her effort injected new life into my cash flow and also allowed me to dedicate my efforts into other areas of my company. I was able to successfully leverage her time, skills, experience, and efforts to positively effect and better my company.
TIME

COMMITMENT
The Time to be Free

What’s the absolute most basic reason why you want to own your own business? No, it’s not money. Money is only the tool that facilitates what you want. You want to own your own business because you want freedom! You want independence. And contrary to what most people believe, freedom and independence is NOT measured in wealth.

Freedom is measured in time!

Honestly, most people are a little confused when I first say this. Freedom is measured in time – not money. Although it sounds simple, it really is a revolutionary idea. But it is true. Most people are so fixated on money, money, money. But money is only a tool to buy what you want – freedom!

Think about it. The amount of wealth that you can generate in your lifetime is infinite. Thus, the only ceilings or limitations on how much money you can make are self imposed. No one is limiting you except yourself.

But remember the Finite Factor. The amount of time for which you actually have to build your wealth is very much finite. Throughout the course of your lifetime, you can generate untold millions of dollars. But you only have so much time for which to do so. And the worst part about it, no one knows how much time you really do have! And because we want our freedom sooner rather than later, we need to find ways to create wealth in a shorter period of time. We need to find ways to leverage time.

So going back to the Laws of Leverage, we’re not working to leverage the time and skills of others because we’re mean, greedy people. And honestly, we’re not pursing leverage just because we want more money. Rather, we’re working to
increase leverage because we want more freedom. We want more independence. We want more TIME!

As an entrepreneur, where do you personally want to be in this diagram? Do you want to be at the bottom of the Time Commitment Pyramid? Or, do you eventually want to be that Stage III Business Owner with more leverage and more personal time?

Let me tell you about another one of my friends who’s been in the landscaping business for well over 30 years. He and I recently had lunch where he told me a story that demonstrates how he has absolutely no idea how to place a value on his time.

He has a crew that works for him during the week, Monday through Friday. On the weekends, he has a handful of clients that he attends to himself. He’s a great guy and a very hardworking and diligent worker. His dedicated hard work is very much to be commended. My office is in front of his so periodically I’ll see him returning to his shop at the end of a long day. And when he returns, he just looks physically spent. He’s beat and miserable! He’s been doing the same thing, working hard, from sunup to sundown for literally 30 plus years and counting. And in some way’s, he’s a far better man than me. I don’t think that working so hard, physically, and consistently over such a long period of time is possible for me. I’d go crazy! Not to mention, I’d probably break my back! So if he can do it for so long, he’s a better man than me.
Anyways, my friend and I were supposed to meet at 12:00 PM for lunch. Unfortunately, he showed up about twenty minutes late. And as soon as he sat down he began to apologize for his tardiness. He started explaining how he had to “run across town to pick up a quick $12.” I asked what the heck he was talking about and he went on to tell me that he had to attend to a customer’s lawn. However, as my friend admitted, this particular “customer” rarely uses his service. Why - because he doesn’t like to pay for lawn care! He’s some old cheap guy that only called my friend to service his lawn because he was sick.

So my friend, being the dedicated hard working guy, packed up his lawn equipment on a moments notice and drove approximately 12-15 miles to care for the customer’s lawn. He unloaded his equipment, performed his service, and then reloaded his equipment. With travel time, the whole outing took well over an hour and a half before he was done. He then drove back across town to meet me late for lunch.

Needless to say, although a very hardworking and motivated worker, my friend never takes “time” into consideration. He never considers the value of his time. After thirty years, he remains a Stage I self-employed business owner – and honestly, it’s no accident. We’ve talked countless times about how he can make his operation more efficient, productive, and profitable. But, he’s just stuck in his ways and remains cynical about change.

But on this specific afternoon, he was happy that he just made a “quick” $12. He claimed, “It was a small lawn.” But who cares? That’s not the point!

Was it really a “quick” $12? First, you should be charging well over $12 – especially for a Saturday! Further, how much work and time was required to load up his equipment? How much gas and time did he use to drive 15 miles across town? How much effort did he expend cutting this guy’s lawn? How much time,
effort, and gas did my friend invest into reloading his equipment and then driving back across town?

And all of this was for a stubborn, penny-pinching customer that rarely uses his service! The customer didn’t even give him a tip! In my opinion, this is insanity. And no, I don’t blame the cheap customer. It’s not his fault. Rather, I blame my friend for being such a sucker! I love my friend. He’s a great guy and would give you the shirt off his back if you were in need. But he’s crazy! His business sense and his business model are completely inefficient. You either charge more for your time and effort or you don’t perform the service at all. Do you really think he made a profit off this $12 trip? I don’t see how he could have.

Had my friend wanted to provide added value to a loyal customer, then it could be argued that his efforts this day were worthy. Had his efforts been invested in building a client base for a start-up then it may have been a necessary sacrifice. However, none of these scenarios were the case.

So this leads to another VERY importation point. **Just because you’re generating money doesn’t mean you’re making money!** My friend brought in $12 in revenue. But there’s absolutely no way he profited $12 - or anything, in my opinion. I’m thinking the entire outing was a loss across the board – time, money, and effort.

It probably comes as no surprise to you when I tell you that my hard working friend is always short on time and money. He never takes vacations, he never travels, he doesn’t have nice possessions, and he drives a beat up truck. Although he has a handful of workers helping him during the week, he obviously remains a Stage I owner – and in my opinion, it’s by choice. In 30 plus years he has yet to change his business model. He hasn’t done anything different to provide him with more time, more money, and even more sanity!
Why does my friend consistently fail to change his business model? I’m sure there’s a variety of reasons – some I probably don’t even know of. But honestly, I think there are two primary reasons. First, he’s stuck in his ways and is scared of change. Secondly, he’s deathly afraid to yield any management control to his employees. I gather that sense from things we discuss in simple conversations. Regardless of the reason(s), instead of him leveraging time and others, time is leveraging him – BIG time!
STRESS
It’s Part of the Job Description

When you’re starting your Stage I business, you are the business – you’re self-employed. So do you think there are going to be times when you’re stressed? Yes, most definitely. If you’re the only one investing the time, effort, and sweat equity into the development of your business you’re going to be short on time. You have to do everything yourself.

According to the U.S. Census Bureau, 75 percent of all U.S. businesses have no payroll. In other words, these Stage I business owners work alone. Thus, without your daily influence and direction, your business will stop generating revenue – think that adds some stress?

But what is stress? Stress is relative and different for everyone. And everyone handles stress differently. According to an online dictionary, stress is defined as:

1. A mentally or emotionally disruptive or upsetting condition occurring in response to adverse external influences and capable of affecting physical health, usually characterized by increased heart rate, a rise in blood pressure, muscular tension, irritability, and depression.
2. A stimulus or circumstance causing such a condition.

In my opinion, the best thing that you can do to reduce stress is to expect and prepare for stress. That’s why I’m telling you upfront right now, as a Stage I owner you’re definitely going to experience at least some kind(s) of stress as you start your business. So knowing that you’re going to face a variety of stresses, I recommend that you “partner” with stress from the very beginning. Why – because it’s going along for the ride with you whether you like it or not!

But let’s be realistic. Who wants to deal with stress? No one does. But again, when you’re building your business, stress goes hand in hand with the job description. Most certainly, there will be times that you’ll feel as though you’re
being pulled in multiple directions. And if business is really good, you'll feel like you’re being pulled in so many directions you can’t stretch anymore! You can stress over a lack of time, lack of finances, management problems, legal issues, production and distribution shortages, marketing issues, and whatever else is associated with your business.

Since being in business I’ve learned that there are many different kinds of stresses and everyone reacts to stress differently. What may be stressful for me may not be stressful for you and vice versa. I personally tend to enjoy a degree of stress. It keeps my blood going and keeps my “head in the game.” Some people think I’m crazy. But I like challenges and like a degree of stress. I call it “drama.” And, I love my drama.

As I mentioned previously, while at West Point I majored in pre-law. Although I am far from a lawyer, I do enjoy the challenges of legal drama. For example, I like going to small claims court and taking legal action when customers or tenants don’t pay their bills. When they default on their financial obligations, it’s necessary to take legal action. Why – because you need to collect your money and you can’t be a pushover when you’re in business. Over time, through these legal experiences, I’ve gained incredible insight into how I can better protect myself and my businesses.

So in a very much weird kind of way, I personally welcome certain kinds of “drama.” I always learn something from it. Now I know what you’re thinking - I’m a bit of a wacko. But to me, stress always seem to get my blood flowing and presents a good challenge – especially since I’m expanding my education!

Maybe it’s the football player in me, but I like a challenge and attack it like a game. When I go to small claims court I have one position and the delinquent customer or tenant has another. And when you’re properly prepared, you’ve
documented your case and can prove to the courts that you’ve properly carried out your responsibilities then you’re always going to win.

Adversity Reveals a Man to Himself

How well you deal with stress can either help make you successful, or it can help put you out of business. When your business faces obstacles and challenges you, as the owner and primary leader, will have a great opportunity to establish a climate of resilience, persistence, and dedication. Your actions, whether positive or negative, will set the tone for how your company will meet, accept, and overcome challenges and stressful situations. You’ll be setting an example for your employees, partners, and affiliates – and trust me, they’ll be watching you! If you fail to handle times of stress with confidence, assurance, and perseverance, you’ll automatically help to undermine your credibility and can compromise your business climate.

I hear from many entrepreneurs that say that as their business grows in size so does their level of stress. Sure, you’ll get busier. But my logic and way of thinking is if your stress is increasing in proportion to your level of growth, then why grow? Who wants to deal with compounding stress? No one (except me) likes stress, headaches, problems, or conflict. So why become an entrepreneur if your stress level continues to increase in proportion to the growth of your business?

I’m no doctor. But, continuous stress can’t be healthy. And long-term stress is only going to lead to you becoming burned out. Too much stress can affect your judgment, your decision-making, and can cause you to become ineffective. So for these very important reasons, stress is a very important variable that you need to consider prior to starting your business venture. How much stress can you deal with and how can you reduce your stress as you grow your business?
My little secret for eliminating and reducing stress is this – look for ways to work smarter not harder! I know, I know. That’s not an earth shattering answer. But, it’s true. Look for ways to work smarter not harder. Always look for how and where you can use leverage to your advantage. Look for how you can use leverage to increase efficiency and productivity.

**Working Smarter Reduces Stress**

The first step to working smarter and not harder is to invest in a business that’s going to allow you to leverage the efforts of many versus the efforts of few. Using the Laws of Leverage, you must surround yourself with diligent, hardworking, likeminded people that can grow and develop with your business.

The “right” people will be instrumental to your productivity and to your sanity. The “wrong” people will add to your age!

People you hire or partner with should be part of the solution, not part of the problem. You want people that are willing to take action when necessary versus remaining idle. I know that this sounds easier said than done. Periodically, you’re going to make mistakes when hiring. Trust me, I know it – I’ve done it! You might hire someone that appears promising only to find out the hard way that it was a disastrous personnel choice.

It’s very easy to be an optimist and think that everything is going to be great. When people tell you how diligent and hard working they are you want to believe them. But, just because they have good references and interview well doesn’t mean that they’re going to work out.
Reduce Stress through Preparation

Working smarter automatically denotes detailed preparation. Preparation can be one of the best deterrents of stress. When you’re prepared, your people are prepared, and your company is prepared you’re ready to accept success.

When preparing for success, look at your entire business as one big system - a system that needs to be efficient to be profitable. Ask yourself, what are the weaknesses of this system? Where are you vulnerable to problems, malfunctions, wastefulness, and inefficiencies? Now, reevaluate your business by breaking it down into further systematic components. Your entire business, one big system, is a conglomerate of smaller systems. Now again, ask yourself where are your individual components vulnerable? Where is each system weak? Where is each system inefficient, wasteful, or non-productive?

I know this is a lot of asking questions. But it works! You’re placing yourself in position to be an unbiased third party viewer able to look into your business so as to assess your strengths, weaknesses, and vulnerabilities. Recognizing such conditions is the first step to making your business stronger. Now, based upon your review and evaluations, it’s up to you to develop and implement plans and procedures to deter such problem(s).

Your anticipation and forethought can be the best remedy to preventing problems and reducing your stress. Waiting for problems to produce themselves versus working to prevent them in advance is a fool’s game. You stand to lose big and significantly increase your level of stress.

"The rung of a ladder was never meant to rest upon, but only to hold a man’s foot long enough to enable him to put the other somewhat higher."
– Thomas Huxley, biologist
INSECURITY
The Rules of the Game

In any business, there’s one thing that is absolutely guaranteed – *There are No Guarantees!*

Nothing is a guaranteed unless you make it happen. Revenue is not guaranteed. Growth and development isn’t guaranteed. Your success is not guaranteed! And it’s because there are no guarantees that so many people consider entrepreneurship to be risky business. They’re not going to take a chance – it’s too risky! They’re not going to take bold action – it’s too much work! Such people are more content working for someone else, getting their paycheck and going home. To them, placing their employment status in the hands of someone else is security.

But again, there’s nothing wrong with working hard for someone else. Such dedicated employment is essential for the workforce. It’s essential to our economy, our society, and to us as employers. But I just know that it’s not for me and many other rich and successful entrepreneurs. I’m from paranoid in thinking that entrepreneurship is too risky.

Although I don’t relate to it, I can understand this mentality. After all, it’s human nature to seek stability and certainty. No one likes uncertainty. No one likes to feel unprotected or to be lacking stability. And as an entrepreneur, you’ll want to do everything possible to increase your stability and to improve your chances for success.

You’ll notice that Stage I owners have the greatest amount of insecurity. And it makes sense.

"Whenever you see a successful business, someone once made a courageous decision."

– Peter F. Drucker, business strategist
Stage I businesses have not been in the market place as long as Stage III businesses. They haven’t developed a market presence, leveraged key partners and personnel, nor have they developed tested and effective systems and processes. Also, experienced Stage III businesses tend to have much bigger marketing, operational, and production budgets. Such resources allow Stage III businesses to have much higher degrees of security and stability as compared to Stage I businesses.

But unfortunately, even the largest of organizations encounter stability and structural changes – hence the periodic layoffs! Even the largest of businesses and corporations find themselves in positions of vulnerability. Such positions can be the result of changes in the market, mismanagement, or more.

I’m sure you’ve either heard of someone or have suffered personally from being laid off. Layoffs are a restructuring attempt to reduce cost. Regardless of the reasons that cause layoffs, they can be necessary to further stabilize and secure the overall well-being of the organization. Although layoffs may help stabilize the company, it obviously doesn’t help you, me, and the average Joe - the employee being laid off!

As an owner, there are many things that you can do to improve your business’ chances of success. But security and success starts with (1) your education, (2) your preparation, and (3) surrounding yourself with competent, qualified people – people that are assets not liabilities. As unorthodox as that might sound, you want to surround yourself with people who are smarter and more capable than you!
Whether its office personnel, management positions, sales reps, network partners, legal and accounting, or any area that requires reliable counsel and production, you need to find people that are highly competent, qualified, and specialized.

Remember the girl that I hired to collect on my accounts receivables. She obviously was a lot better at collecting my money than I was! She has the motivation and skills and I continue to pay her for her time. She’s an asset!

If you do a good job surrounding yourself with competent and capable people, you’re going to increase the security of your business by alleviating many burdens. Going back to my landscaping friend that I spoke of previously, he’s a Stage I owner. And because of his business model, he has considerably more insecurity than that of a Stage II or Stage III owner. If he fails to work, his business suffers. If he’s sick or were to suffer an accident, his business would be in trouble. He can’t even take a short vacation. I love him, but he’s literally too busy to enjoy life. He’s too busy working six to seven days a week.

**Licensing and Legal Requirements**

Depending on your industry, there may be specific licensing and legal requirements that you may need to comply with in order to get your business operational. For example, if you’re transporting product interstate, you may need some form of federal operating authority. If you’re selling retail, you may need to comply with interstate commerce laws.

A competent and qualified legal and accounting team can help you determine exactly what kinds of licensing and tax laws you must comply with for the nature of your business.
Legal Alternatives

Realistically, finances don’t always allow for you to hire an attorney when forming and building your business. I can’t stress enough the need for good counsel. A good attorney and accountant will be great attests to your team. But I do know from first hand experience the need to keep expenses down. With many startups, you just don’t have the money to afford an attorney from the start.

I fear giving this kind of advice, but I’m going to briefly explain how you can form your own company online without the help of an attorney and for half the price. But again, this doesn’t mean that you’re not in need of a good attorney. ONLY if you’re absolutely on a tight budget as you start your business should you consider forming your business without the guidance and instruction from an attorney.

There are a number of online services that specialize in forming limited liability companies and corporations. Most will also serve as the registering agent in the state of formation. A registering agent serves as the point of contact for any legal correspondence for your company if necessary.

One of the best companies, one that I support and recommend, is The Company Corporation. I’ve used The Company Corporation to form all but one of my companies. The only business I didn’t use The Company Corporation to form was my very first company, my medical transportation company. And that’s only because I didn’t know of them at that time.

The Company Corporation has been incorporating businesses since 1899! That’s a whole heck of lot of experience! Further, their customer service and support is second to none. I’ve called them countless times to get clarification or advice on forming my companies and each and every time they were extremely courteous and helpful.
The Company Corporation is also extremely efficient and cost effective. They can form a company in all fifty states and can do so faster than probably any legal firm or other company that I’ve seen. I was once in a hurry to form a limited liability company so that I could take advantage of an investment opportunity. The Company Corporation helped me file and rush the processing of the paperwork so that my company was legally formed in a matter of days.

After experiencing first hand the efficiency and professionalism of The Company Corporation, I decided to become an affiliate member. If you’d like to cut cost and form your company online, you can do so by contacting The Company Corporation at:

www.corporate.com/cgi-bin/a.pl?compcorp&1391

When they ask you how you were referred to The Company Corporation, just tell them that Maximus Management Group, Inc. sent you! They’ll know it’s me and I’ll get a small commission for my referral!

To further help introduce you to The Company Corporation, The following information are excerpts taken directly from www.corporate.com/cgi-bin/a.pl?compcorp&1391:

Learn About Incorporating : Advantages of Incorporating

Anyone who operates a business, alone or with others, may incorporate. Under the right circumstances, the owner of any size business can benefit!

- **Reduces Personal Liability**

  Incorporating helps separate your personal identity from that of your business. Sole proprietors and partners are subject to unlimited personal liability for business debt or law suits against their company. Creditors of
the sole proprietorship or partnership can bring suit against the owners of the business and can move to seize the owners' homes, cars, savings or other personal assets. Once incorporated, the shareholders of a corporation have only the money they put into the company to lose, and usually no more.

- **Adds Credibility**

A corporate structure communicates permanence, credibility and stature. Even if you are the only stockholder or employee, your incorporated business may be perceived as a much larger and more credible company. Seeing “,inc.” or “corp.” at the end of your business name can send a powerful message to your customers, suppliers, and other business associates about your commitment to the ongoing success of your venture.

- **Tax Advantages – Deductible Employee Benefits**

Incorporating usually provides tax-deductible benefits for you and your employees. Even if you are the only shareholder and employee of your business, benefits such as health insurance, life insurance, travel and entertainment expenses may now be deductible. Best of all, corporations usually provide an increased tax shelter for qualified pensions plans or retirement plans (e.g. 401K’s).

- **Easier Access to Capital Funding**

Capital can be more easily raised with a corporation through the sale of stock. With sole proprietorships and partnerships, investors are much harder to attract because of the personal liability. Investors are more likely to purchase shares in a corporation where there usually is a separation
between personal and business assets. Also, some banks prefer to lend money to corporations.

**An Enduring Structure**

A corporation is the most enduring legal business structure. Corporations may continue on regardless of what happens to its individual directors, officers, managers or shareholders. If a sole proprietor or partner dies, the business may automatically end or it may become involved in various legal entanglements. Corporations can have unlimited life, extending beyond the illness or death of the owners.

**Easier Transfer of Ownership**

Ownership of a corporation may be transferred, without substantially disrupting operations or the need for complex legal documentation, through the sale of stock.

**Anonymity**

Corporations can offer anonymity to its owners. For example, if you want to open an independent small business of any kind and do not want your involvement to be public knowledge, your best choice may be to incorporate. If you open as a sole proprietorship, it is hard to hide the fact that you are the owner. And as a partnership, you will most likely be required to register your name and the names of your partners with the state and/or county officials in which you are doing business.

**Centralized Management**

With a corporation's centralized management, all decisions are made by your board of directors. Your shareholders cannot unilaterally bind your company by
their acts simply because of their investment. With partnerships, each individual general partner may make binding agreements on behalf of the business that may result in serious financial difficulty to you or the partnership as a whole.

**Learn About Incorporating: Types of Corporations**

Businesses may choose from a variety of corporate entities, based on their needs. Below are useful descriptions. If you have further questions, your legal or financial advisors can help you decide which type of structure best suits your business needs. While The Company Corporation® does not offer legal or tax advice, we will help you form your new corporation or LLC in any state ... quickly, efficiently and inexpensively!

**General Corporation**

A general corporation, also known as a “C” corporation, is the most common corporate structure. A general corporation may have an unlimited number of stockholders. Consequently, it is usually chosen by those companies planning to have more than 30 stockholders or large public stock offerings. Since a corporation is a separate legal entity, a stockholder's personal liability is usually limited to the amount of investment in the corporation and no more.

**Close Corporation**

A close corporation is most appropriate for the individual starting a company alone or with a small number of people. There are a few significant differences between a general corporation and a close corporation. A close corporation limits stockholders to a maximum of 30. In addition, many close corporation statutes
require that the directors of a close corporation must first offer the shares to existing stockholders before selling to new stockholders. Not all states recognize close corporations.

**Subchapter S Corporation**

A Subchapter S Corporation is a general corporation that has elected a special tax status with the IRS after the corporation has been formed. Subchapter S corporations are most appropriate for small business owners and entrepreneurs who prefer to be taxed as if they were still sole proprietors or partners. When a general corporation makes a profit, it pays a federal corporate income tax on the profit. If the company also declares a dividend, the stockholders must report the dividend as personal income and pay more taxes. S Corporations avoid this "double taxation" (once at the corporate level and again at the personal level) because all income or loss is reported only once on the personal tax returns of the stockholders. For many small businesses, the S Corporation offers the best of both worlds, combining the tax advantages of a sole proprietorship or partnership with the limited liability and enduring life of a corporate structure.

**S Corporation Restrictions**

To elect S Corporation status, your corporation must meet specific guidelines.

1. All stockholders must be citizens or permanent residents of the United States.
2. The maximum number of stockholders for an S Corporation is 75.
3. If an S Corporation is held by an "electing small business trust," then all beneficiaries of the trust must be individuals, estates or charitable organizations. Interests in the trust cannot be purchased.
4. S Corporations may only issue one class of stock.
5. No more than 25 percent of the gross corporate income may be derived from passive income.

6. Not all domestic general business corporations are eligible for S Corporation Status.

**Exclusions:**

- a financial institution that is a bank
- an insurance company taxed under Subchapter L
- a Domestic International Sales Corporation (DISC)
- certain affiliated groups of corporations

For more detailed information about these changes and other aspects regarding S Corporation status, contact your accountant, attorney or local IRS office.

**How to File as a Subchapter S Corporation**

1. Form a general or close corporation in the state of your choice.
2. Obtain the formal consent of the corporation's stockholders and note this consent in your corporation's minutes.
3. Complete Form 2553, Election by a Small Business Corporation. The Company Corporation® can provide you with the IRS Form 2553 as part of your incorporation process. See our online order form to receive your IRS Form 2553 as part of the Complete package, or order it a la carte if you prefer.

**Limited Liability Company (LLC)**

The LLC is not a corporation, but it offers many of the same advantages. Many small business owners and entrepreneurs prefer LLC’s because they combine
the limited liability protection of a corporation with the "pass through" taxation of a sole proprietorship or partnership.

- LLC’s have additional advantages over corporations:
- LLC’s allow greater flexibility in management and business organization.
- LLC’s do not have the ownership restrictions of S Corporations, making them ideal business structures for foreign investors.
- LLC’s accomplish these aims without the IRS' restrictions of an S Corporation.

LLC’s are now available in all 50 states and Washington, D.C. If you have other questions regarding LLC’s, be sure to speak with a qualified legal and/or financial advisor.

Although you may choose to use The Company Corporation or another online service to form your company, you should eventually find good legal and accounting counsel. As your business grows and diversifies, you’ll want as much sound counsel as possible. You want to make sure that you’re going to be protecting your personal and business assets while maximizing benefits.

Even though I form my companies via The Company Corporation, I still incorporate the help of credible and reliable attorneys and accountants. I save money incorporating via The Company Corporation, but before I form a new company, I check with my legal advisors and my accountant to make sure that I’m pursing a sound legal strategy.

Whether you choose to incorporate online or with an attorney, just remember, whenever necessary spare no expense to protect you and your business. The security of your business and your personal assets are worth the investment of the best most competent advisors.
I also recommend that you add a good financial advisor to your team – especially if you already have a 401K or other investments in your portfolio. A good financial advisor can advise you on tax related issues, estate planning, retirement planning, investment strategies, and more. Having a financial advisor during your preparation stages can help you establish a financial vision for both you and your business. Remember, your business is separate from you. Therefore, it’s important that you have a financial vision for both you and your business. Your financial planner should be able to help you develop ideas and strategies for how to best manage your cash flow and other financial obligations.

You’ll want to make sure that your business doesn’t affect your personal portfolio. If you already have retirement and investment accounts, you’ll want to make sure that your financial decisions in your new business won’t jeopardize your retirement accounts.

You don’t want to expose your personal finances to undue liability. Similarly, if you’re going to be using your own money as start-up capital, you don’t want to make risky or unsound decisions that could unnecessarily compromise your portfolio or long-term financial investment strategies.

Building a business requires bold decisions and always has a degree of risk. But, that doesn’t mean you want to be foolish or make rash decisions – especially with money. Your advisors need to respect and understand your risk tolerance, your ideas and vision, and your money! Although they’ll have experience and knowledge about many issues more so than you, their responsibility is to advise you on how you can best attain YOUR financial goals.
Your challenge will be to find the right financial advisor – one that can work with your accountant and attorney. You need an advisor that’s experienced and qualified, reliable and trustworthy, and is accessible.

Remember, with all your advisors, you're the client. They're paid to give you their best advice and suggestions. But ultimately, you make the final decisions. Again, you need to shop around. Interview several candidates to find the most competent, capable, and experienced advisor.

Depending on where you are financially, you may want to begin to interview and consult with a financial advisor while you’re in the planning and preparation stages of your business – especially if you already have money invested in the market.

“Wall Street is the only place that people ride to work in a Rolls Royce to get advice from those who take the subway.”

Warren Buffett
Funding the Project

The single most important factors that will determine whether your business will remain a Stage I, II, or III business is money. So, it’s official. There’s no way around it – money makes the world go round!

So there should be no surprise, when starting your business you’re going to need some money! And depending on the size of your business, your industry, and how soon you plan to become a Stage III owner will determine how much money you need to start. Generally speaking, the more venture capital that you have at the outset, the more diverse your options and opportunities. More money doesn’t guarantee your success, but it can guarantee that you have more options.

Theoretically, the more capital you have to start the sooner you can become a Stage II and Stage III business owner. The logic being - if you have the money and the growth potential the more quickly you can hire employees. But realistically, just because you have a lot in start-up capital doesn’t guarantee your success. Every day ambitious entrepreneurs with plenty of money quickly flounder because of poor planning and preparation. I’ve seen it time and time again and I’m sure I’ll continue to see it!

But don’t fret if you don’t have a whole lot of money to start. You’re definitely not alone. Check out the following statistics regarding sources of capital investments. This info was taken directly from Inc. Magazine.
The following information is based upon information published by Inc Magazine in their Inc 500 list and statistics.

<table>
<thead>
<tr>
<th>Amount of capital start-ups statistically have to launch venture:</th>
<th>Source of venture capital:</th>
</tr>
</thead>
<tbody>
<tr>
<td>(A) Less than $1,000 13%</td>
<td>(A) Personal assets 53%</td>
</tr>
<tr>
<td>(B) $1,000 to $10,000 23%</td>
<td>(B) Other founder’s personal assets 17%</td>
</tr>
<tr>
<td>(C) $10,001 to $20,000 12%</td>
<td>(C) From family or friends 10%</td>
</tr>
<tr>
<td>(D) $20,001 to $50,000 13%</td>
<td>(D) Commercial bank loan or line of credit 8%</td>
</tr>
<tr>
<td>(E) $50,001 to $100,000 12%</td>
<td>(E) Private equity investment 4%</td>
</tr>
<tr>
<td>(F) $100,001 to $300,000 13%</td>
<td>(F) Financing from supplier, customer, or other entity 4%</td>
</tr>
<tr>
<td>(G) More than $300,000 14%</td>
<td>(G) SBA loan or other government program 2%</td>
</tr>
<tr>
<td></td>
<td>(H) Formal venture capital 2%</td>
</tr>
</tbody>
</table>

These statistics are an excellent illustration of how much money people usually have at the start of their venture. Not having a lot of money to start shouldn’t change your motivation, only your options. Also, this information illustrates the sources of the venture capital. You’ll notice that 80% of all venture capital comes from private financing from a combination of personal assets, partner’s assets, or loans from family and friends.

According to these numbers, very little start-up capital comes from institutional financing. That’s why it’s all the more important that you have good financial habits and a good financial plan. No successful business can afford to be wasteful. But especially if you’re starting your business on a shoestring budget, you definitely can’t afford to be wasteful.
Everyone Starts at Stage I

Regardless of your experience or the amount of start-up capital, every business starts as a Stage I self-employed business – even if for only a short period of time. Whether you have a lot of capital or a minimal amount of money, building a business will require great effort from the outset. So it doesn’t matter how much money and help that you have, you still have to invest serious time into getting your business up off the ground. You don’t just throw a bunch of money and a wink at someone and expect the business to start and flourish. You’re the one with the ideas. You’re the one with the vision. You’re the one that has to bring people together to form your team. You’re the one putting the financing together. You’re the one establishing the tempo for your business. Regardless of how much money you have, YOU are the start point. If you don’t invest the time, the plan, and the sweat equity the job won’t get done.

A very good friend of mine is a tax advisor by trade, but has recently become involved with purchasing franchises. By working with my company, he saw first hand the freedom and independence that I have as a business owner. Over the years we’ve formed a strong friendship as we regularly discuss many business related ideas and strategies.

Wanting to become a Stage III business owner himself, he began to research a variety of franchises. He had to take into consideration his current job commitments, his family obligations, available time, his skills, his education, and his finances. He eventually decided that, based upon these considerations, a Subway franchise was the best opportunity for him.

He had good credit and a nice little nest egg in savings. He was able to pull his resources together and, through hard work, had his first Subway open in approximately six months. He and I remain close and talk regularly. Since starting, he has added another Subway to his portfolio and he’s working on
several others. Needless to say, he’s doing well and heading in the right direction.

But, just because my friend purchased a franchise didn’t automatically make him a Stage III business owner. He had to invest considerable time into research, planning, and building the infrastructure of his business. He had to conduct market research, coordinate with banks and general contractors, attend training at corporate headquarters, and carry out many other managerial and project management tasks to get his doors open. He had to find and cultivate his work force. He had to ensure that his employees understood and performed all processes and procedures as dictated by him and by corporate.

Further, once the doors were open he still had to invest considerable time into establishing, monitoring, and managing his facility and his work force. Although he purchased a franchise, like every Stage I owner, my friend still had to work day in and day out until his business was at such a level it could be put on autopilot.

But because he was able to leverage the name recognition and the service and support from Subway’s headquarters, he was able to more quickly transition into becoming a Stage II and then Stage III business owner. He now spends his free time finding new locations for which to purchase and build new franchises.

Franchising systems and processes are simple, yet purposeful. They’re designed so that everything is uniform, efficient, and that any person can step

<table>
<thead>
<tr>
<th>Franchises can be great investments because they:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. <strong>Offer</strong> structure, policies, and procedures which can translate into profit</td>
</tr>
<tr>
<td>2. <strong>Already have</strong> a customer base - people already know who you are</td>
</tr>
<tr>
<td>3. <strong>Offer</strong> training, support, and start-up help</td>
</tr>
<tr>
<td>4. <strong>Offer</strong> more leverage than a new start-up. You can more easily leverage real estate, advertising, and other resources through franchises</td>
</tr>
</tbody>
</table>
into any role and be able to accomplish the company’s mission. Therefore, like my friend, franchising can help entrepreneurs transition from Stage I – Stage III much more quickly than building your own startup.

The reason why franchises are able to maintain uniformity and consistency is because they maintain the systems and processes that are universal to all their facilities. You can go into a Subway restaurant in California or one in New York and you’ll get the exact same product offered by the exact same service. And, it’s that customer expectancy and service consistency that helps to ensure profitable sales.
SALES

PROFITS
**Bringing in the Money!**

Making money is the name of the game! Everything else takes a back seat. Give to charity, help others, but make sure that you’re making money. In choosing the business that’s right for you, you have to choose a business that has the growth potential that you need, you want, and you expect.

Just because your business generates revenue doesn’t mean that you’re generating profits. To build a successful and thriving Stage III business you must ensure that as revenue increases so does your profits. Many people fail to realize the relationship between revenue and profit. Some businesses increase in size and magnitude but their profits fail to increase in relation to their increasing size. In such an event your business may not necessarily be regressing, but it definitely isn’t progressing. Instead, you’re just increasing expenses, increasing exposure to liability, and increasing problems and headaches.

This is a very important concept so please make sure that you understand it. Just because you’re increasing the size of your business doesn’t automatically mean that you’re increasing your profits.

For the last twenty-five years a friend of mine has owned an excavating company. Although his business is doing very well, he explained to me how his business was once considerably larger than its current size.
He explained how he started as a Stage I self-employed owner and his goal was to be the largest excavating operation in the market. He wanted to be able to take advantage of every opportunity. He never wanted to have to turn away any prospective jobs. Through hard work and great effort opportunities grew and his business began to increase in size. His trucks, equipment, and employees all grew in number.

However, in time he realized that just because he was growing to be the largest in size, he wasn’t generating proportionately greater profits. Conversely, proportionately speaking, as his company grew in size it also grew in inefficiency. While his business remained dormant during the winter season, he still had vehicle and equipment loans, insurance premiums, and general overhead expenses. Similarly, when poor weather or a slow market caused a lull in business he still had to cover his large overhead expenses.

After closely reviewing and monitoring his financial numbers, he realized it was essential to the longevity of his business that he scale back the physical size of his operation. In other words, he needed to trim some serious fat.

He started by reevaluating the size of the local market and the existing demand. Instead of being focused on being the largest in size so that he could accept every job and opportunity, he reduced the physical size of his operation and focused on specific profitable jobs. He eliminated larger jobs that tended to be less efficient and started focusing on a more limited yet profitable niche. For him, it was no longer about quantity – it was about quality.

Also, he invested a great deal of effort into creating better systems and processes to further promote increased efficiency and productivity. He rearranged labor schedules so that he had more people “on-the-clock” during peak times and less people during down time. He refinanced existing loans to lower interest rates and found other ways to cut overhead costs.
Secret Strategies for Building Wealth & Independence

His efforts proved to be wise as his business is now more profitable than ever. He streamlined his entire operation and now more keenly focuses his business on a targeted niche market. His past experiences and losses proved to be an invaluable education on improving overall efficiency and productivity.

Generating Sales & Profits

“Two kids in a garage – that’s who we’re most worried about.”

Christos Cotsakos, CEO of E*Trade

One of the best things about this country is that anyone can be successful. Regardless of age, race, sex, origin, or level of education everyone has the opportunity to succeed. And the best thing, our country is full of business opportunities. There’s no limit to your growth potential. The only limitations are self-imposed limitations.

There are four key elements that will help you create profits. They are Preparation, People, Production, and Promotion. Successfully manage all four elements and you should always find yourself profitable. Deny one, and you could lose them all. So let’s start talking about each of these in more detail.
I. PREPARATION

Preparation begins with establishing a vision of what you want and how you plan to achieve it.

Stop and think for a minute. It doesn’t matter what you want to do, how big or how small, if you want to achieve success you first need a vision of success.

And creating a vision for your business shouldn’t be taken lightly. It can be more involved than you think. The vision for your business will be the result of your passion, intuition, research, creativity, desire, goals, and realistic expectations.

At times, you may need to evaluate and readjust your vision. So be prepared for change. There are many variables that may call for adjustments. As your business grows and develops you may need to modify your vision. Your vision may also change based upon changes in the market. There may be new opportunities that you want to pursue while others cease to exist. Regardless, your vision today may be different three, five, ten, and many years from now.

Because establishing a vision is so important, let me share a couple of quick yet important notes about creating a vision. First, the only constant is change. Therefore, your vision and business must maintain a high degree of flexibility. Rigidity can make your business brittle. If you’re not prepared for changes in the marketplace you risk losing opportunities and market share.

Secondly, the more input and feedback you use to development your vision the more realistic and accurate your vision. So make sure you incorporate input from partners, advisors, strategic partners and anyone else of influence.

“Our vision controls the way we think and, therefore, the way we act . . . The vision we have of our jobs determines what we do and the opportunities we see or don’t see.”

– Charles Koch, executive
Thirdly, don’t forget that your vision should be documented. Don’t keep it a secret. You want a written statement that you can share and communicate with all of your people and all who serve to benefit from your vision.

A mission statement is also important because it defines the purpose of your organization. It’s what you’re supposed to be doing. Your mission should identify the purposeful actions your organization is doing day in and day out. It’s a compass that helps direct the efforts of all your people.

Going back to my medical transportation company, our mission is to “safely and efficiently transport the elderly and disabled to their destination in a safe and timely manner.” I know it sounds very simple and straightforward but it’s very purposeful and pertinent. Why – because your mission statement doesn’t need to be complicated.

Using my company’s mission statement as an example, let’s take a little closer look why our mission statement is so appropriate for helping to guide our productivity.

Our Mission: “To safely and efficiently transport the elderly and disabled to their destination in a safe and timely manner.”

Who are we transporting? We’re identifying it. We’re transporting the elderly and disabled – people in need of assistance. We’re not transporting drunken college students, we’re not transporting the average person to go pick up groceries, etc. We’re not a regular taxi service. We have a specific niche market that requires specific needs. This is focused and specific.

Next, how do we transport our patients? We transport them as safely and efficiently as possible. This means that our drivers must take all necessary action to properly secure each person in their wheelchair, stretcher, seatbelt, etc. It also means that our drivers and dispatchers must coordinate the most time efficient route of travel so as not to waste time.
So, all of our employees must know and understand this mission. It’s simple, yet accurate. Any action that doesn’t contribute or add to our accomplishing the mission is counterproductive and must be stopped – immediately!

And like your vision, you don’t want to keep your mission statement a secret. Don’t assume that your people understand the mission. Everyone is different and has different perceptions and interpretations. Clearly and regularly reinforce to your people the mission of your organization. As you hire new people, orient them to your company mission.

It’s critical to your organizational success that everyone operates on the same page. If necessary, print, frame and display your vision and mission statements within view of your employees. And at all cost, avoid the mistake of establishing an unrealistic mission statement. Establish a mission statement that conveys realistic expectations.

II. PEOPLE

Seventy-five percent of all U.S. businesses have no payroll. And there’s nothing wrong with that – as long as you’re profitable and you’re making good money! But regardless, most of these small businesses with no payroll are Stage I businesses. And again that’s fine if you don’t have a problem with you being your business and taking no vacations!

Realistically, one of the few small businesses that you can start at the Stage I level and still transition your business into a Stage III business without having any payroll is a Network Marketing Business. I know many people get scared or shy away from multi-level marketing or network marketing opportunities. They get a bad wrap as people always refer to them as “pyramid schemes” and more. But in theory and in reality, a quality multi-level marketing systems can be an
OUTSTANDING opportunities. Why — because you can start as a Stage I entrepreneur and leverage the efforts of hundreds and thousands to build a lucrative Stage III business without ever having any payroll! A good network marketing business can be a phenomenally lucrative opportunity that you can start at home.

**Why You Need People**

It doesn’t matter if you’re investing in a home-based network marketing business or another business in an entirely different industry. You need people! There’s no way around it. You have to find, interact with and network with people. This demands initiative, good leadership and good interpersonal skills.

Regardless of how many people you have working with you, if they're helping you make money, they're assets! Therefore, the goal is to find and obtain more assets — more quality people.

The most important characteristic that you should look for in your employees is integrity. You want people with strong character. Motivation is obvious. You’re not going to look to partner with people that aren’t motivated. But you have to find people of character. You can train and teach many skills, but you can’t teach integrity. You can’t just instill in others integrity, reliability, and accountability. Usually, such intangible qualities either are or are not part of a person’s character.

Unfortunately, there may be times when less than reputable people slip through the cracks. What can be even more frustrating than trying to find the right people

— Daron Aspitz, Blue Pumpkin CEO
Number 125 of Inc. 500

"Invest in the first 20 people, and make sure they're the right ones, and it sort of becomes contagious.”
is hiring the wrong people. Again, I’m speaking from first hand experience. Sometimes you may be fooled. You can spend considerable time interviewing, checking backgrounds, and confirming credentials. But just because someone interviews well doesn’t guarantee that he/she’s going to be a good employee.

Let’s face it. Some people are just plain lazy. Others just have a problem following the rules. Some are incompatible for the job. And then there may be some people that, because of a lack of character and integrity, have ulterior motives. They’re not interested in working as a team. Rather, they’re working exclusively for their own self-serving interests.

I once had a “trusted” employee who was with me for a lengthy period of time. She appeared to be very competent, reliable, and trustworthy. She gradually grew into a leadership position with my medical transportation company. As her experience and my trust in her grew, her responsibilities expanded. But unfortunately, I was fooled into a false sense of security.

The employee that was responsible for processing my weekly payroll tipped me off to some discrepancies in our payroll. She brought to me some growing suspicion that one of my “trusted” employees was manipulating her time records. Over a two-week period I began to observe and document what time she was entering and leaving the office on a daily basis. I had a friend serving as a non-partial observer, not affiliated with my business, assist me and document everything that he observed to confirm my suspicions. This way, if there was indeed a problem and I had to justify my actions to the Department of Labor or anyone else, I would have an unbiased observer supporting my observations.

Regrettably, the suspicions proved correct. After reviewing her records and observing her actions, it was apparent that 9 out of 10 days her time card was grossly inaccurate. She was intentionally and consciously stealing money from the company by fixing her time card. Needless to say, she had to go.
When confronted, she tried to come up with every excuse for the discrepancies. She explained that she was just “getting a little lackadaisical” but that it definitely wasn’t intentional. Realizing that her excuses weren’t working, she broke down and cried. She pleaded for her job and promised to “pay closer attention” as though that was the root problem. Regardless of how unfortunate the situation was, she had to go. To do otherwise would have, in my opinion, compromised my values and expectations for my business.

After being terminated, she tried to collect unemployment insurance. But, because I documented everything and also had a non-partial third party observer submit almost identical records, she was quickly denied.

**Document, Document, Document**

It’s very important that you document everything regarding your employees. In the example that I just discussed, meticulous documentation proved to be to my advantage and to her disadvantage.

I can’t stress to you enough the need to document everything – good or bad. You need to maintain files for each employee. And when the person does leave, you should maintain these records for at least a few years following their departure. Whether it’s something good or something bad, regardless of how major or minor, you should document all employee related issues – the dates, the times, who was involved, etc. I can’t tell you how many times detailed documentation helped my business.

Over the years I’ve had an untold number of employees quit or I’ve fired for a variety reason. Yet, when they try and qualify for unemployment insurance benefits they get denied. Why? Because I have kept such good notes, had
excellent documentation, and was able to substantiate that either this person voluntarily quit or forced me to fire them for some kind of misconduct.

**Don’t Rely On Only One**

The absence of this employee, the one that I fired for stealing, actually proved to be a blessing in disguise for a variety of reasons. First, it reaffirmed that you should never become too dependent on just one person. **Don’t jeopardize your business by becoming too dependent on the performance of just one person.** Should that person leave the company, for whatever reason, your daily operations can be greatly affected. In such an event, your employee would actually have leverage on you. And remember, one of the reasons that you go into business is to give YOU leverage. Not vice versa.

When I had to fire her our business was only affected for a short period of time—literally only a matter of minutes! I had two other employees whom I quickly gave a “battlefield commission” to and filled the void of her absence. I distributed her responsibilities to these other two employees and gave them both immediate raises as incentive to jump in, do a great job, and get the job done. After discharging this girl, my operation didn’t skip a beat. In fact, we actually improved our efficiency!

In order to maintain control and leverage, you need to consistently position yourself so that your business has options. To do this, you want to create a system of checks and balances and ensure that you have a firm understanding of how to perform the individual tasks of each of your employees. Although you won’t be performing the tasks of your employees on a daily basis, as a business owner, you should have a firm understanding of your employee’s functions so that you can measure their performance and monitor their progress. Similarly, if someone does leave your business, you can more easily replace them him/her.
Another very important reason to develop effective systems and processes for your business is because it ensures that leverage remains in your favor. Regardless of your stage of business development or your industry, you need to invest serious time into writing job descriptions and “how to” manuals for your business. You want your business to have necessary policies, procedures, and defined parameters by which your business operates. These processes need to be clearly articulated both in writing and verbally reiterated whenever necessary. You want your operation to be structured so that anyone can step into a personnel vacancy and can perform the necessary tasks and functions in order to accomplish your company’s mission.

Think of McDonalds, Wendy’s, Burger King, or another fast food franchises. These franchise’s entire operations are a series of systems and processes that allow even high school level employees to successfully operate. Obviously, the more technical and complex your operations are the more complex your systems and processes.

My employee’s departure, the one that was stealing, proved to be more beneficial than I could have anticipated. Ironically enough, her absence actually allowed me to cut costs without sacrificing productivity in the least! Further, we became more productive and increased morale. It proved to be blessing in disguise.

But what made our transition a success after her departure was the dedicated contributions of other employees. We had the “right” people. They were professional, responsible, and had a great sense of duty. By the way other employees responded it was obvious that they cared about the welfare of our company. The entire situation was a good learning experience for everyone because it reaffirmed the resolve, the confidence, and the teamwork of our entire organization.
Developing Your People

As an employer and the primary leader of your business, you have a responsibility to develop your people. This is as much for their benefit as it is for yours. In my opinion, if you’ve done your job correctly, when an employee leaves your company, for whatever reason, they should leave as a more improved worker and, if possible, a better person. You have a responsibility to provide training and development for your employees to help them fulfill their potential as well as yours.

Your investment in your people will serve their best interest as well as that of your business. Unfortunately, many employers fail to see the great resource they have with their employees. Some simply regard their employees as a means to an end. In my opinion, this kind of philosophy is a great missed opportunity.

Why develop your employees/ assets? Because there’s no better sales force than that of your own employees. Satisfied employees will talk about your business. Discontented employees will also talk. However, one speaks positively and one speaks negatively. The question is which do you prefer?

By investing in the development of your labor force, you’re investing in the success and longevity of your business. Training and instructing your people can take time, money, and resources. But training is, nonetheless, necessary and critical to your long-term development.
The following is a short list of training essential tasks that I think you should consider when it comes to training your people:

1. **Train your trainers.** As you’re growing your business you’ll most likely be training future instructors. In my medical transportation company, I have a very competent Director of Operations that’s charged with training new drivers as one of his primary responsibilities. He was once a regular driver that has grown into a prominent leader within our business.

2. **Outsource training if necessary.** There are certain positions that you may choose to outsource training. For example, you may have office personnel attend formal courses at a local college or through the SBA. I had some of my office staff attend seminars and mini-courses offered at our local college. They learned bookkeeping and other pertinent sales and office related skills.

3. **Invest quality time into developing training programs.** Don’t overlook the necessity to develop written instructional materials and programs. Going back to my Director of Operations, he and I have put together a number of company publications that we use to train our drivers. This is as helpful for us, the instructors, as it is for our drivers-in-training.

4. **Develop performance measures.** Regardless of the position, every employee must have periodic reviews to assess their progress and performance. As previously discussed, you must implement performance measures in order to properly evaluate people’s job performance. And make sure that you give feedback and evaluation to all your employees.

Remember, long-term, well-trained, and loyal employees can be promoted. It’s the competent leaders within your organization that will ultimately help you to pull
yourself away from the daily commitments of your business and help to make you wealthy.

### III. PRODUCTION

Countless people come up with great ideas for a wide variety of businesses everyday. But honestly, ideas are nothing. They’re a dime a dozen until they’re translated into production.

So what kinds of products or services can you come up with to lead you to wealth and riches? Well honestly, I have no idea. Only you can answer those questions. That’s where we go back to the need for you to invest in serious, accurate, and realistic research for the “right” business for you.

You can have a master idea, but if you can’t put your product or service together and into the hands of the customer, then there’s no business. And let’s be honest. Most people wanting to build their own small business can’t afford big production or research and development costs. So even if you do have a “master idea” or a new invention that can make millions, it certainly doesn’t mean that you’re going to be successful.

So consider this. If you don’t have a special skill or service that you can provide, try selling someone else’s stuff. After all, why reinvent the wheel if you don’t have to. Look for a business in which you can sell some else’s product. You know - the whole “buy low sell high mentality.”

“*In many ways, we’re a one-trick pony. It’s just a good trick.*

*Jeff Bezos, CEO of Amazon*
What am I talking about? Well, you don’t have to patent a new idea or come up with a new invention in order to get rich. Instead, all you have to do is find an opportunity (an opportunity that’s right for you) and apply the many principles that we’re discussing. Just mix it up with some hard work and dedicated effort and you can be very successful. People are selling stuff online and offline everyday. And in 99.9% of the time, they’re profiting off selling someone else’s products. People are purchasing products wholesale and selling them online on auction sites. Or, they’re simply becoming affiliates and selling other’s products.

Here are some quick ideas to create your own niche market selling someone else’s product:

1. Reduce the price. I know. It’s obvious. But lowering the price is the quickest and easiest way to separate you from your competitors. If someone is selling an item for $30 and you can offer the same product to the same people for $25, do you think that you have an instant market? Hello! You sure do. And don’t look at like you’re losing $5 either. Instead, look at it like you have a line out the door of people wanting to save $5 while your register just keeps ringing off the hook with sales!

2. Expanding or improve the existing product. Did you know that Microsoft wasn’t the first software system on the market? Most people think they were because they’re so prominent and have incredible brand recognition. However, Microsoft simply took someone else’s ideas and inventions, expanded the service to make it more user-friendly and has since made an untold fortune around the world.

3. Become more accessible and desirable for the end user. Why do you think so many businesses ranging from fast food to automotive stores deliver? When it’s late at night who wants to leave their house to go buy a pizza? If you’re willing to deliver, then they’re willing to buy. Likewise, if
you’re able to make yourself more accessible to the end user you’re definitely going to get more sales.

Retail outlets are the most obvious example of selling some else’s product. But this is the information age. The internet is now making it easy for people to make big profits selling products from their own home office. All you need now is a digital camera and access to the internet.

One of the most important steps in your production process is supply chain management. Supply chain management is the systems that get your product to market. It’s the management of the inter-related processes required to ensure that the correct amount of product is in the correct location at the right time. To be successful in selling physical products, you have to develop cost effective supply chain management in order to get your product to market.

Although easier said than done, supply chain management can be very challenging. You have many people and businesses with whom you must coordinate. And because time is money, you have to be able to coordinate these efforts as efficiently as possible with the least amount of cost and difficulty.

If you’re a product-based company, you may be responsible for some or all of the production, inventory, marketing, and the distribution of your products. Going back to systems and processes, all of these tasks are unique systems and processes that have their own mission and purpose. All of these systems are interrelated and rely on the success of one another. And because they’re interrelated, you can’t afford to neglect any one system. If you invest too much time, money, or effort in one area to the detriment of another, you can cause your overall organization to suffer. Such scenarios would most definitely affect profits.

It’s like throwing a stone into a body of water. When the stone hits the water it causes a ripple effect that travels in every direction. When one area within your
business fails or suffers it can cause a ripple affect throughout your organization. Obviously, you want to avoid negative ripple affects throughout your business.

Take research and development for example. If you invest too much money into the research and development and you leave yourself with too little money to produce and market your product your sales will essentially be nonexistent. Similarly, if you invest too much money into the manufacturing of your product and you neglect the marketing and distribution of your product, your business will still fail to generate sales.

Your businesses can fail if you’re effective at front-end management, but you fail at back-end management or vice versa. You have to properly allocate your time, attention, and resources to effectively meet the needs of all aspects of your company. You must establish balance and proportionality for all of your resources.

**IV. PROMOTION**

You can have the best product or the most efficient service, but if no one knows you exist, you probably won’t be in business very long. Many businesses flounder because they either underestimate the need for aggressive marketing or their marketing strategies fail altogether. The marketing and promotion of your business requires smart strategic planning. And because start-ups usually operate on a limited budget, we can’t afford to be financially wasteful. We want to stretch every dollar and make each marketing dollar count.

The more you know about your customers the more you can focus your marketing efforts. If your customer is an individual, you should try and gather their general age group, gender, general income bracket, location, and as many other pertinent details that you feel can best help you market to them.
If you deal with commercial customers, you should try and gather information such as company size, their mission, who their customers and target markets are, how they produce, market, and distribute their products and services. You want to know as much about who they are and their needs so that you can best meet their needs. It’s called “customer intimacy” and it’s all about knowing your customer’s needs so that you can profit from meeting their needs.

If your product or service targets athletic, middle class, middle-aged males residing in warmer climates you’re not going to waste marketing dollars advertising in Good Housekeeping Magazines. Instead, you would more likely find your customers in sports related publications or some other targeted marketing venue. Likewise, if you’re a centralized service-based business you’re not going to advertise your services internationally or out of your targeted region.

Obviously, these examples are very simplistic. But I hope you get the point. The more targeted and accurately you can define your niche market the more efficient your marketing dollars will be. Thus, the more of a customer intimacy you can create.
**Selling You**

There are countless creative and cost effective ways to market your product or service. And there are an untold number of great marketing books and resources on the market that can further your marketing education. But depending on the nature of your business, one of the cheapest, most personal, and most effective ways to market your product or service is through personal promotions.

Personal promotion means connecting with customers personally. You develop a solid and sincere relationship with customers on a personal level that allows people to associate your business with you. This form of marketing is very cost effective and it can instill great trust with customers. This marketing strategy was the backbone of my medical transportation company at it still works phenomenally!

Whether it’s a phone call, written communication, or a personal visit, personal promotions is always one of the best ways to interact with customer and to promote your business. Regardless of your stage of development, personal promotions can also be the most efficient, effective, and enjoyable forms of marketing. You can get out there and interact directly with people who will recognize and identify you as the business. It puts a face to the name.

**Passing the Word**

The other most cost effective way to market your product or service is word-of-mouth advertising. This is another outstanding strategy that’s work phenomenally for my businesses. When you deliver quality you’re going to create the best, yet least expensive form of advertisement – word of mouth advertising.
Countless businesses starting with limited budgets depend on these two forms of marketing; personal promotions and word-of-mouth advertising. They pound the pavement to find new customers. They do everything possible to personally satisfy the customer's needs. And by providing a great product or service entrepreneurs end up creating word-of-mouth referrals from satisfied customers.

Honestly, I can't even tell you how much of an impact personal promotions and word-of-mouth advertising has had on the success of my business. The downside of personal promotions is that it can take time. Remember, when you're a Stage I business you're always facing a time shortage. When you're operating with minimal help you can only visit one customer at a time. Therefore, you only have a vendor-to-customer ratio of 1:1. As previously discussed, 1:1 ratios are very inefficient. We need to find ways to multiply our ratios of productivity.

Connecting with your customers is a necessity, but balancing time demands becomes more challenging – but you just have to find a way to get the job done. So how can you increase your vendor-to-customer ratio from 1:1? First, instead of traveling to visit your customers, you might be able to bring your customers to you.

Depending on the nature of your business, you may be able to take advantage of several professional services which provide seminars, special dinners, tradeshows, and other promotional opportunities where numerous customers can visit you at once. For example, one of my financial advisors uses dinners to hit home runs. Periodically, he caters a casual dinner and invites targeted prospective clients. He sends them invitations to this FREE dinner and informs them of the date, time, and what topics he'll be discussing. Once there, he has a captive audience for which to sell them on him and his ability. This
strategy has been a HUGE success for him. He targets his market and then focuses his efforts on selling him to them!

Bringing customers to you is a great opportunity but it can be a little more costly. But doing so can dramatically increase your visibility, increase your credibility, and will definitely increase your vendor to customer ratio.

**Using Your Resources**

Another way to increase your vendor to customer ratio is to leverage the help of your people. As previously mentioned, your employees can be your best or your worst sales reps. Employees have big mouths! Employees are either going to speak positively or negatively about you, your company, and your product or service.

Whenever I hire someone for a service, whether it's a cable guy installing TV wires, a mechanic, or anyone else I find a way to talk to the representatives. I ask how long they've been with the company, are they happy with the company, why did they choose this company, etc. Now I know that you’re thinking. I’m pretty nosy. And you’re right. But you’d be surprised by some of the responses that you'll get from employees when their boss isn’t around. You can really find out what they think of the company. And this “nosiness” can give you some good ideas about what to do and not to do with your company. Try it sometime. It'll make you laugh and you might learn something too.

**Professional Sales Reps**

Professional Sales Reps can be a great opportunity for your business. First, they’re usually highly motivated and have some kind of selling/marketing
experience. Next, they get paid commission. When they make you money, they make money. It’s a win – win situation.

Using sales reps is an ultimate form of leverage. You’ll have highly motivated and paid professionals out on the road, working their own territory, and selling your product or service. They know if they don’t make the sale, they don’t get paid. Think that’s motivation? I’m a big fan of surrounding yourself with motivated sales reps and network partners. Having reps and network partners allow you to leverage their skills and avoid overhead expenses such as workers comp insurance, unemployment insurance, FICA tax, etc. With reps and network partners, always make sure that they’re independent contractors for which you can give them 1099's so they don’t have to be on your active payroll.

*Just Find a Way to Get the Job Done*

Regardless of your time crunch, you have to find ways to be multi-task oriented. You have to practice good time management. Even when you become a Stage III business owner, it’s still advantageous to periodically meet with customers to reinforce their value. Everyone wants to be appreciated. Let your customer know that you appreciate them and thank them for allowing you to continue to work with them.

And remember this. Everyone you see, meet, and talk to, regardless of how minor the conversation, is a potential customer. The person that you specifically talk to may not be the actual end user, but a member of their family could be. Or, maybe they can recommend you to their friends or colleagues. Therefore, always conduct yourself professionally. Conduct yourself with honestly, integrity, and professionalism. The world has gotten a whole lot smaller. So everyone has the potential to refer your business.
GETTING STARTED
PREPARING YOU

Master the Basics

So now we’re ready. We’ve prudently researched and chosen a business opportunity that’s “right” for us. But before we just jump into a new venture, we need to start by preparing the most important thing – US, the entrepreneur. You need to prepare YOU! And there are a variety of skills that I strongly recommend that you work to improve and develop. Now this doesn’t mean that you need to become an expert in all areas. But I can guarantee you that by improving on these skills you will significantly increase your chances for success. So let’s get started by looking at the following basic skills:

1. Leadership skills
2. Team building skills
3. Organizational skills
4. Project management
5. Effective public speaking
6. Effective writing
7. Money management
8. Asset management

Again, these are fundamental skills that prove to be important for every aspiring entrepreneur. This doesn’t mean that if you’re not the world’s greatest public speaker that you don’t have a chance of being successful. Such assumptions would be ridiculously inaccurate. But what I am saying is that you should be the best that you can be. If you’re deficient in one area – improve it. If you have no experience or understanding of a specific skill – get it. Find your areas of weakness and develop solutions for improvement.
If you’re currently working for someone else, volunteer for specific projects, jobs and assignments – especially ones that you’re not familiar with. If your company offers specific training or educational opportunities - take them up on the offer. Take advantage of whatever opportunities you have before you. Do everything that you can to learn while you earn.

Leadership

As an entrepreneur, you need to utilize all available resources to help you become a better leader. And know this, just because you’re in a leadership position does not make you leader. And whether you’ve been in a leadership position for one year, ten years, or twenty years, you can always improve your skills so as to become a more effective leader.

Effective leadership means many things. One of which is stressed at my alma mater, West Point. A leader must be prepared to “take the harder right over the easier wrong.” You have to lead by example and with integrity, and you can’t cut corners. And doing the “right thing” doesn’t always mean that you’re going to receive instant gratification. But making the “right” decision, whether popular or unpopular, does serve the betterment of your organization long-term.

Make no mistake. Being an effective leader isn’t always easy. In fact, it can be very difficult – especially when you have to make difficult decisions. No one wants to terminate someone’s employment or have to take disciplinary action. No one likes to make unpopular decisions. But it’s your business and, regardless of circumstances, you absolutely have to be willing to make a hard decision.

You should look at all of your talents and strengths as tools that you can use to build your financial fortress. The more tools you have in your toolbox to draw
from, the more versatile and productive you can become. I absolutely guarantee you that the person you are at the start of your business venture will most definitely be a different person by the time you become a Stage III business owner. You WILL experience significant personal growth as you build your business. In my opinion, it’s impossible to build a Stage III business and not become a more improved and more educated person.

**Are you a people person?** To be a successful entrepreneur you have to be able to interact with people. This is not an option. Whether it’s helping to satisfy the needs of customers, coordinating with vendors, training employees, promoting your service, building partnerships, or anything business related you have to interact with people. You can’t be shy and reserved and hope to become a business owner. Business is networking and connecting with people. The more outgoing, sincere, and personable you are, the better you can promote your business. And the better your interpersonal skills the better you can build lasting friendships and partnerships.

**Are you an effective communicator?** Good interpersonal skills start with effective communication. And as a business owner, effective communication is a must. Effective communication is being able to clearly articulate your beliefs, your opinions, your intentions, and your expectations. In promoting your business, you must be able to communicate and convince potential customers why they should choose your product or service. When negotiating, you must be able to effectively articulate your position and strategy. And as a leader, you must be able to clearly articulate instructions and directions to managers and employees.

**Do you have a positive attitude?** Being a people person starts with a positive attitude. In fact, the success of your entire business starts with a positive attitude. To sincerely project a positive attitude you need to have confidence in your abilities, your talents, and a belief in your ideas. And know this – it’s a
positive attitude that will sustain you when you face difficult and challenging situations. Through challenges and difficulties, you’ll learn a great deal about who you are, your leadership capabilities, and your level of personal resolve - all of which start with a positive attitude.

As a business owner, your managers and employees are always watching you – especially when there’s a problem. Those that you lead are always watching and looking to you for guidance. Therefore, how you approach difficult situations will, in large part, define how your entire organization reacts to problems. If you approach problems and difficulties with a positive and optimistic approach, you’ll inspire confidence in your employees. If you’re a negative person, you tend to worry or react poorly to problems then you won’t help to instill confidence and optimism within your organization.

My standing office policy is that no one is allowed to stress or worry unless I stress or worry – and I don’t stress or worry! I may sometimes become concerned, but I never really stress. Things happen for a reason and in most instances they are always for the best. So why fret?

Are you organized? To be productive you must be efficient. And efficiency starts with organization. The more organized you are the more prepared you’ll be to take advantage of opportunities. Being organized means structuring your personal, social, and business life so that you can operate as efficiently as possible with the least amount of stress. There’s time organization, physical organization, and people organization – all of which needs to be well organized. You absolutely have to learn to be proficient in all forms of organization.

Time organization starts with a schedule and establishing a routine. Whether you’re working from a home office or you travel to work, you need to establish a routine that forces you to get up early and start being productive early in the day rather than later. Develop a daily schedule that has specific tasks and objectives
that must be accomplished each day. Include in your schedule your work time, family time, time for physical exercise, and whatever else is critical to your success. Failure to plan is planning to fail. Establish a productive schedule that accommodates all of your desires and priorities. Once you have a schedule that works for you - stick with it!

Your mentality for organization will carry over into your actual work. You’ll be more prepared and you’ll approach your work with a higher level of professionalism when you’re well organized. Remember, as the owner, you set the example for your business!

**Are you disciplined?** To me, being disciplined is taking action when action is necessary – especially when you don’t want to. I call it managing the moment. You have to manage the moment now rather than procrastinating and delaying completing essential tasks. When action needs to be taken you need to manage the moment. Procrastination can be costly and encourages poor habits. Similarly, if you fail to act or you let problems fester they tend to compound and create even bigger more costly problems. Successful entrepreneur are disciplined – it doesn’t matter who you are, what your background is, what your experience is. Success is synonymous with discipline.

Many fail to understand the difference between being in a leadership position and being a leader. A leader is someone that creates a vision, brings people together, and leads them to achieve the vision. Furthermore, a leader is someone that can inspire others to act effectively at times when they would rather not.

In an “Inc. Magazine” article written by Bo Burlingham regarding the passing of the magazine’s founder, Bernard Goldhirsh, I found the following philosophy to be very appropriate for the need for good interpersonal and leaderships skills.
According to Burlingham, Bernard Goldhirsh “kept everyone focused on the mission and inspired by the vision. Business was like sailing, he said, and Inc. was about helping people on the rocky voyage from the garage to the fully managed organization.”

Goldhirsh continues, “When people go to sea, they have a need for self-reliance and at the same time they are dependent on one another. Much of the satisfaction comes from the mutual trust that develops, particularly after coming through a bad storm…It’s the same whether you’re sailing a ship across the Atlantic or taking your company from start-up to its destination. There are storms, there are calms, and, most important, there are people pulling together to achieve common objectives.”

It’s effective leadership that will inspire your organization to remain united and to whether challenging storms and problems. Effective leadership will help your people to grow and develop and allow for mistakes. I believe that it’s better for you and your people to be proactive and risk making a mistake rather then failing to act out of fear of making a mistake. Just make sure that such mistakes are NOT repeat mistakes.

**Mental Preparation**

I believe that the most important area that every entrepreneur must properly prepare prior to starting any business is the mind. Being prepared mentally can significantly reduce your level of stress and can increase your chances for success.
If you’re not mentally prepared to deal with the problems and challenges associated with being an entrepreneur, then you’re sure to struggle. And believe me, you will face many challenges. You simply can’t afford to be mentally lukewarm and handle the demands and obligations of a start-up.

Negative thinking is a great corrupter and can ruin your progress quicker than any other stimulus. Self-doubt will encourage you to waiver from your goals and will help to place limits on your creativity and productivity. And, you certainly don’t want to become one of your own road blocks!

The more you’ve prepared and educated your mind the better you’ll be able to respond to challenges. Through your education, research, and prepared organization you’ll gain confidence and peace of mind. Similarly, your preparation will help spur creativity and will enhance your decision-making skills.

The following are a few principles that I find to be very important in encouraging new and experienced entrepreneurs:

1. **IF YOU BELIEVE IT YOU CAN CONCEIVE IT**

   Success first starts with a belief in YOU. If you have confidence in yourself, in your abilities, in your skills, and in your mission, then you can accomplish your vision. How you accomplish your vision will be dependent on your expectations, your preparation, and your consistent and dedicated action.

2. **BE HONEST WITH YOURSELF**

   There’s always a chance for failure. Success is never guaranteed. There’s always a degree of risk with any business regardless of experience, capital, projections, or preparation. If you’re not mentally prepared to lose, then don’t
even enter the game of entrepreneurship. But the more keenly focused your preparation the more you’ll increase your chances for success.

3. THE PREPARED MIND HAS A MIND FOR SUCCESS

 Everyone faces problems and so will you and your business. But short-term problems and setbacks don’t mean that you’re going to suffer long-term losses – unless you allow them to. It’s what you do with failure that determines the character and resilience of your organization. If you’re mentally prepared to handle problems and challenges then you’ll better position your business for success. As an entrepreneur, you must use your challenges as educational tools for which to learn and prepare for future endeavors.

4. ACCEPT BEING A PROBLEM SOLVER

 Regardless of your type of business, as the owner and a primary leader in your organization, you’re automatically positioned to be THE primary problem solver. Therefore, as a leader, one of your primary responsibilities is to eliminate confusion and resolve problems. You need to step up to the plate when it’s time to hit one out of the park!
PUTTING YOUR PLAN IN ACTION

Now you’re enthusiastic. You’re mentally strong and ready for success. You have a great idea and you’ve decided on a great business opportunity. So now, it’s time for action! But wait again! Before we just jump into action, we first need to evaluate our existing obligations. It would be a disastrous mistake to start something that we can’t complete due to personal distractions and work-related conflicts – especially if we’ve already invested time, money and great effort.

It’s very important that we discuss how potential conflicts can arise with prior commitments, both personal and work related, with your new venture. Only you can determine how much time you have to invest into your start-up. But know this - Rome wasn’t built in a day and neither will your business. Building your business will be an evolutionary and progressive process. Statistically, most people start their own small business working part-time while maintaining a full-time job. So where you start is certainly not where you’ll finish. Along the way you and your business will evolve, experience change, and grow!

Employment Obligations

As aspiring entrepreneurs, we’re enthusiastically fired up about our new start-ups. We have great plans and ideas. But when starting out, most of us simply can’t afford to quit our “day jobs” to work full-time on our new business. We need a consistent paycheck and maybe benefits. So we have to keep working at our current jobs. Further, our current job may be an essential source for funding the growth of our new venture.
Secret Strategies for Building Wealth & Independence

The more time you have to invest into the development of your business the better - even if you can only work part-time on your business. By investing consistent effort over a period of time, two hours here, three hours there, or more you can gradually compile considerable progress into building a strong foundation of your business.

Can you commit to investing one hour per day into your new business? That’s only a total of seven hours per week. But that’s seven hours more had you done nothing. How about a few more hours on the weekend? Although it’s not a 40-hour workweek, over a period of weeks and months these hours of productivity will build like compounding interest.

Now, I know that there will be times that you’re tired and just don’t feel like working. You worked hard during the day and would rather be relaxing or doing something else. There will be times that you’ll want to put your start-up work up on the shelf! I can relate to these feelings. But when it’s “Go Time,” it’s “Go Time.” You have to act. Why – because no one else is going to do it for you!

Ultimately, your progress is defined by your choices and your consistent effort. You need to be disciplined, motivated, and tenacious. Don’t let anything or anyone get in your way because eventually, someday, your small business is going to be able to replace and then exceed the income from your current job. And that means QT – quitting time! Then, you’re going to be free to work full-time on YOUR business exclusively. And trust me, there’s no more liberating feeling than working for yourself – putting money into your own pocket each and every day versus working to put money into the pockets of someone else!
Family Obligations

From first hand experience, I can tell you that personal and family obligations can be a very BIG consideration for every new entrepreneur. As of this writing, I happen to be single with no children and no family obligations. Therefore, I have the luxury of being able to invest however much time and effort into my businesses I want. If I want to put the development of my businesses into overdrive I can. I don't have to worry about neglecting anyone or any responsibilities. But by having business partners, I've learned the hard way that it can be very difficult to split your time between business and family obligations.

Early in the second year of my medical transportation company I brought in a partner who was single. He was a college teammate and good friend of mine from West Point. It was a great move. He was a valuable asset and contributed significantly to the business for just over one year.

After being with the company for approximately fifteen months he married. He married a girl that he met in a bar when the two of us were stationed in Oklahoma. After their honeymoon she joined him in New York where our business is located. Unfortunately, soon after his wife's arrival in New York my partner's performance significantly declined. He began to come to work late and leave work early. His wife gave him great grief if he wasn't home by five o'clock.

At that time, the business was approximately two and a half years old – that's still a young business. And although we were doing well, we still had to invest considerable time into the business. Unfortunately, his contributions soon became sporadic. For whatever reason, his wife didn't have a job and had little to occupy her time. Needless to say, his wife's needs required most of his time and attention. Soon, there were days when he simply disappeared from work or didn't show up at all.
As his lackadaisical performance and poor decision-making continued with time, our partnership and friendship deteriorated rapidly. Within less than six months of his wedding he was gone from the business and our partnership and friendship were destroyed. Our friendship had deteriorated to such a level that after deciding to part ways, he broke into our office and stole company property to include blank checks, money, sensitive company information, and more. Soon thereafter we realized that he wrote large rubber checks against our company in an effort to undermine the stability of the business.

His departure was followed by a lengthy legal dispute that cost all of us considerably. Although these circumstances were costly and unfortunate, I’ve learned many valuable lessons that are absolutely priceless. I’m actually very thankful for these lessons because it has strengthened my judgment, discernment, and decision-making skills.

To avoid having to endure similar painful and costly lessons, it’s important that you have the full support of your spouse. It’s absolutely critical that you clearly explain and articulate to your spouse the need for their support in order to make your venture a success. Further, you may need to establish defined parameters and boundaries of what is and is not acceptable for both work and family time.

Every relationship is different. So, it’s unrealistic to offer generic suggestions on how best to gain the support of your spouse. Furthermore, I’m not a marriage counselor nor do I profess to be. Ultimately, only you can determine what’s best for your business and your relationships. But I do know this. It’s absolutely critical to your success that your spouse or significant other clearly understands that your start-up will require considerable time, effort, dedication, and financial investment.

Your spouse must understand that a start-up is not a 9-5 job. There will be times that you will be home late for dinner. There will be times that you have to break
or rearrange your plans due to unexpected events. Work with your spouse to define your intentions and expectations, how much time you anticipate investing on a daily basis and how you believe they can best support you. Your spouse should know that with their continued support you’ll be able to more quickly grow and expand your business, thus, giving you more leverage and freedom.

Another one of my friends is really ambitious and eager to start a business. His wife is a nurse and he’s been working in a different hospital for a number of years. They both work hard and he’s very eager to grow and expand his financial position. Every time I see him he talks to me about business.

He’s always bouncing business ideas off of me to gain feedback. But unfortunately, his wife serves as a serious anchor to his entrepreneurial efforts. She continuously discourages him from taking action and starting his own business. She always tells him “that won’t work” or “that’s stupid” or other similar discouraging comments.

It’s always a pleasure speaking with him. He’s a really good guy and I enjoy helping him refine his thoughts. And I know he appreciates it too. But, I continuously tell him that in order for him to launch a successful venture he must somehow gain the support of his wife. Without her support, he’ll face far too great a challenge over the long haul. He’ll be facing a war on several fronts – the home front and the business front!

Building a business is a challenge within itself. Having to face additional problems from your spouse will only magnify your troubles and level of stress. Although my friend’s wife has deterred him from investing into building his own business, she does support him in taking on a second part-time job. So now, with his wife’s support, my friend’s financial plan now looks like this:

| His Full Time Job + More Time (Part-Time Job) = Increased Revenue |

© Maximus Management Group, Inc
All Rights Reserved
My friend, because of his wife, can’t build a business to make more money. But, she’ll let him take on a second job to increase his finances. Needless to say, this kind of financial planning, in my opinion, is contradictory and extremely inefficient. Yet, this kind of financial model is very common for many people.

Unfortunately, I know my friend is very unhappy with this work situation – he tells me all the time. I know that he has a burning desire to become a business owner and be in control of his own financial destiny. But his wife keeps putting a damper on his dreams and aspirations. But I guess if his marriage is at peace by working a second job, then maybe it’s the best decision for them.

**Obligations to Friends**

Let it be no surprise that, as you start your business, you may encounter friends, and even family members, that don’t understand your motivation and bold action. To them, your sacrifices and hard work to start your own business may seem foolish. Many would rather punch the time clock, work 9-5 for someone else, and have no personal responsibility for their work outside their job.

I’ll be the first one to admit that owning your own business is not for everyone. Furthermore, it’s very admirable for those that go to work day in and day out and perform their job to the best of their abilities. After all, these are the people that you want to hire! But entrepreneurs have different motivations and reasons for starting their own business. It’s an underlying motivation for financial freedom and to improve and enrich their lives mentally, physically, and spiritually.
I can tell you from first hand experience that venturing off on your own requires bold action. Most people, including friends and family, avoid taking bold action because of their fear of the unknown and their fear of commitment.

But if you want to preserve your close friendships, you’ll need some support and understanding from your family and friends. Your friends will have to understand that you’re not as available as you were before starting your business. Until your business allows you to, you may not be able to get together as much or stay out as late as you once did. Much of your available time and resources will have to be dedicated to the development of your business. And when you’re not working you may be recovering – getting ready for your second wind!

But if your friends are true and just, they’ll understand and support you. Some could possibly even become assets by assisting you when you’re in need. But I do caution you. Some friends and family members may feel a sense of abandonment. They may feel left out. First, they don’t see you as much as they were prior to starting your business. Next, they may resent being excluded – especially when they see your growing success.

A few years ago, prior to our falling out, my former business partner and I traveled to Las Vegas to attend the wedding of one of our college teammates. There were several of our West Point teammates in attendance. We were happy to be there and to reunite with friends that we hadn’t seen in years. Although our friends seemed equally pleased to see us, as they learned that we had started our own company, my business partner and I couldn’t help but feel somewhat snubbed by many of our “friends.”

It’s only natural to discuss how and what everyone is doing when you catch up with old friends and classmates. At the time, my business partner had been with
our company for a few months and, when asked, we were proud to tell our friends of our growing success. But, very few of our friends wanted to hear or know anything of what we were doing. Some were still in the Army and others were working in the corporate world. They were all either working for someone else or were obligated to the military. They couldn't understand why we were out on our own. Many were somewhat standoffish and didn't want to hear anything regarding our growing success.

Needless to say, their indifference and lack of interest was an eye opening experience. The irony is that the following year, at my partner’s wedding, we once again had an opportunity to catch up with many friends. Ironically enough, this time the response from our friends was dramatically different – it was just the opposite.

At that time, the economy was beginning to slump and many more of our friends were leaving the military trying to enter the corporate world. Unfortunately, many of our friends were now beginning to have difficulty finding lucrative job opportunities that were previously more prevalent. Now, many of our friends were asking in detail what we were doing and how we started. Many began to see that the corporate world couldn’t provide job security as previously thought.

Those experiences, as well as many others, have taught me that sometimes it’s friends and family members that can be your biggest critics. But for me, those kinds of actions only serve as additional motivation.

I’ve also learned that not all friendships are the same. Some friendships will last a lifetime and some will last for only a short time. Many friends will come and go. The hard part can be that you don’t know the duration of each friendship. Not all friends will support you as you’re improving yourself and your financial circumstances.
Regardless of who does and does not support you, it’s important that you never forget who you are and where you’re headed. My mother always told me that “a ship without a sail will head in any direction.” She also used to tell me that “people headed nowhere want to take you with them.” Many friends and critics will come and go. “Friends” that don’t share your vision and don’t wish for your success will only try and take you with them – nowhere! It’s up to you to be the captain of your ship and remain dedicated to achieving your vision and mission.
**Financial Strategy**

**Evaluating Your Financial Start Point**

Operating on a shoestring budget can make growth a little more difficult - but not impossible. Many of us may know of successful entrepreneurs that have started a small business with little capital but a whole lot of “sweat equity.” Through dedicated hard work they’ve risen to the top of their industry. So don’t be intimidated or discouraged if your business has a humble beginning. Even though you may not be sitting on a ton of cash doesn’t mean that it’s impossible to achieved great success.

I started my first company, my medical transportation company, with one vehicle, a cell phone, a notepad, and a whole lot of motivation. Fortunately, with God’s blessing, I had enough to build my business into a thriving and prosperous venture, one that also allows me to teach others how to duplicate my success.

But as I mentioned previously, you have to be honest with yourself. You have to be honest and realistic as you evaluate your start point. Building a business not knowing how you’re going to fund the project definitely isn’t prudent. It’s tough to progress if you don’t know where the next dollar’s coming from. So if you don’t have a realistic view of your financial picture you’ll only be setting yourself up for failure.

In evaluating your financial start point, consider the following:

1. Roughly and honestly, how much money do you think you’ll need to start?
2. How much money do you HAVE to start? What’s your available budget?
3. Where’s your money coming from? Out of pocket? A personal loan or from a bank or financial institution? If you have a partner, how are you going to pool your resources together?

4. If you plan on borrowing money, what are the terms? How soon do you have to repay the loan and in what increments? How will this debt affect your cash flow? If the business doesn’t work, will you be personally liable for the financial losses? Will you be stuck paying for loans for years to come?

**Borrowing Money**

Let’s take a few minutes to discuss some particulars regarding loans in the event that you’re planning on barrowing money to start your business.

Most banks and lending institutions hesitate to loan money to many new businesses – especially businesses with less than a two or three year track record. Why? Because lending to unproven businesses without a track record of success can be very risky for the lender. I know that sounds unfortunate, maybe even a little nasty. But, it’s the realistic truth.

However, the more financially stable you are personally the greater your chances for securing a loan. If you’re personal finances are stable, you have some assets that can be used as collateral, and you have an impressive business plan, you can significantly increase your chances for getting a loan for a startup. The better YOU look, the better your chances for getting a loan.

Make no mistake. Banks and lending institutions are out to make money. Like you, they want to find profitable business opportunities. When reviewing a loan, lenders will consider many factors regarding your new venture. But much of their decision will be based on YOU - not just your business opportunity. If you
provide the bank with an outstanding business plan but you’re personally in poor financial shape, chances are good you’ll still be denied.

Lenders will consider your income to expense ratio and your net worth. They want to see how well you manage money. If you can’t manage your own finances how can you expect the bank to have confidence that you’re capable of managing the finances of a business? Lenders are going to consider:

1. Your income from all sources
2. Your current savings and checking account balances
3. Additional assets you hold to include property, stocks, bond, CD’s, retirement accounts, etc.
4. Your liabilities: long-term expenses and commitments or any other notes and accounts payables

Banks will also scrutinize your credit report. Obviously, the better your credit score the more likely people will lend you money. In fact, your credit score can be the single most important factor in determining whether or not you’ll receive a loan.

“The surest way to establish your credit is to work yourself into the position of not needing any.”
- Maurice Switzer

The good news about many banks is that many have small loans or lines of credit that range from $10,000 - $50,000. These lines of credit are based strictly off the credit worthiness of the business. If you have a good credit score you may be in a great position to qualify for one of these loans. And, most institutions make it very easy to apply for these loans and lines of credit. I’ve seen some applications that simply require completing a one to two page application and a copy of the front page of your last two years tax returns. You don’t get much
easier than that. If you have good credit, these kinds of loans and lines of credit may be a great opportunity for you.

Many people underestimate the need for good credit. However, these days, everyone and every creditor will check your credit. Creditors, lenders, and even some vendors will want to see if you have a consistent track record of paying your bills on time. Good credit can make your life and your new venture a whole lot easier. Conversely, poor credit can limit your business development and can be a lot more expensive.

**Positioning Yourself Financially**

“Get to know two things about a man. How he earns his money and how he spends it. You will then have the clue to his character. You will have a searchlight that shows up inmost recesses of his soul. You know all you need to know about his standards, his motives, his driving desires, his real religion.”

- Robert J. McCracken

If you have poor financial skills now, when you’re starting your own business you’ll only be compounding your problems. If you can’t manage your finances you’ll eventually be out of business and further in debt. Trust me. I’ve seen it several times over – where someone with poor financial skills flunks as an entrepreneur and now they’re even further in the financial hole.

**Financial preparation is one of the single most important areas that you must seriously and realistically evaluate and consider when researching a business opportunity.** If you’re not very good at handling finances you need to face facts – you need help! Remember, if you’re not being realistic and truthful with yourself, then you’re only fooling and setting yourself up for future failure.
So if you do need help in learning better money management skills, what are you going to do about it? How and where can you learn how to better handle your finances? If you do need help it’s time to put pen to paper. You have to develop some effective strategies.

First, use your fingertips. Go online and search for resources that can help teach you money management skills. Much like this ebook, there are a variety of ebooks and traditional books that are full of helpful strategies and information. Or, there a flood of online services that are eager to assist you. Just recognize the problem and then begin to search for a solution.

Another excellent resource that many people don’t consider is schools and learning centers. Check with local colleges and junior colleges. Many of these schools offer mini-courses that usually last only a few weeks – but they’re very informative. Most of these courses are very educational, yet not too complicated or overwhelming. They tend to be very affordable and are usually taught by experienced entrepreneurs turned professors.

Actually attending formal classes can be an excellent way to learn. You'll be in a more formal environment that helps focus on learning. Most times, formal classes will go much more in-depth as compared to a book or ecourse. Furthermore, you’ll be able to interact with an experienced teacher.

You can also contact your local Small Business Administration or Chamber of Commerce. Check to see what kinds of courses or seminars they offer on money management. The SBA and similar organizations either offer financial and/or money management courses or can direct you to those that do. I’ve attended a variety of two and three hour courses on a variety of topics sponsored by our local SBA. If I recall correctly, the cost of each course was around $10 – 15 and lasted a few hours each.
In every area of your business, you need to establish a strategy that encourages efficiency and productivity. And there’s no area that needs more planning and organizing than your financial strategy. To be successful, you absolutely have to develop a very smart and economical financial philosophy. Every business must look for ways to be more profitable and financially efficient. Similarly, your business needs to develop a strategy to increase net worth while reducing liabilities and excessive expenditures. But as we both surely know, becoming economically efficient is sometimes much easier said than done!

Don’t Overburden Your Finances

Countless businesses fail because the owner(s) gouge the business and financially overburden the business. As the money comes in, they use it for personal use instead of reinvesting back into the business to grow and build.

In most cases, it’s not their intentions to sink their business. But because there’s no financial vision, there’s no spending philosophy, no budgets, and the result is they put themselves into a very financially precarious situation. They have more money going out than coming in. The net result, the business becomes overextended while going broke.

Many new entrepreneurs never honestly evaluate their personal financial start point. They start their business on “shaky ground.” As a result, they’re forced to draw money out of the business too soon. They end up draining the company financially and barely giving the business a financial chance. It’s like financially cutting your own throat. Because there’s no financial plan, they’re never able to build their business into a Stage III business. The business never becomes a lasting asset that continues to put money into their pocket.
When starting a new business, you want to resist drawing money for a reasonable time – depending on how fast you want to grow, the longer the better. You want to reinvest into the growth of the business. The longer you can hold off drawing salaries or bonuses the better it is for your business. You want to ensure that your business has all available resources to sustain growth and development.

Many times, start-up costs can exceed initial budgets. Overhead expenses can exceed initial projections. Revenue may not be as high as expected. Or, cash flow may run slower than expected. The more money you have in reserve for cash flow shortages, emergencies, or for new opportunities the better.

Obviously, not drawing money from the business can’t go on forever. After all, you’re in business to make money. But the longer you can wait, the sooner you can prosper. If you have money coming in that exceeds your budgets sooner than expected, then you’re obviously putting yourself in a nice position to take money out. After all, you’re making money! So don’t ever feel bad about taking money out of your business – as long as you’re MAKING money. Just make sure that as you draw money from your business, you do so according to your financial philosophy and your budgets.

**Commingling of Funds**

A very common mistake that many entrepreneurs make is commingling funds. Commingling funds is the mixing of personal funds with company funds. This is usually done when people use a single bank account for both business and personal use. Or, it’s when you use company money to pay for personal expenses. This is a common and *extremely* foolish mistake – especially for new entrepreneurs. It’s a common mistake because many people don’t really understand the mistake that they’re making.
You absolutely need to have separate bank accounts for your business and for you personally. When you don't have a clear separation and distinction between personal money and business money you can expect legal and accounting problems.

First, commingling funds makes it easier to gouge the business. When people don't have a vision, a financial philosophy, and spend according to a budget, they're more susceptible to resort to commingling funds. And when the money is right there in front of you sitting in one pot, it’s much easier to commingle funds. Similarly, when people practice poor bookkeeping, it’s easier to commingle. When you need money for personal reasons you simply take money out of the “joint” account and pay for your personal expenses. Thus, you drain the business of much needed money. Obviously, these kinds of poor money management skills can severely limit the cash flow and growth of your business.

Another very important reason why the commingling of funds is a terrible practice is because it exposes you to liability. Should you ever be involved in a lawsuit, poor bookkeeping and the commingling of funds can easily allow people to “pierce your corporate veil.” Piercing a corporate veil is the ability for creditors to pierce through the protection of your corporate structure and expose you, and all principal members, to personal liability.

When creating your business, one of the reasons why you create a separate entity is for liability purposes. You want people, creditors, businesses, and other parties to legally identify you and your business as separate entities. When you practice poor bookkeeping and you commingle funds you fail to create this vital separation. Thus, you expose yourself to undue liability.

Under no circumstances should you commingle funds. Keep your personal and business finances separate!
Leveraging Business Partners

One way to increase and multiply your productivity is to partner with a good and competent business partner; a person of equal strengths, dedication, motivation, and of a similar vision. However, be forewarned. It’s very important that you choose your partners wisely. Don’t ever take building a partnership lightly. In many ways, it’s just like building a marriage.

A business partner can be a great asset. Like you, you’ll have someone with a vested interest in the business – someone that has “skin in the game.” If you have a good partner, when you’re sacrificing, you’ll have someone else right there with you being just as committed. Having a trustworthy, reliable, and committed business partner can help you build a stronger organization and can expedite your progress. They can bring new ideas, expertise, and experiences that can help you to maximize growth potential.

I currently have two business partners of which I share two companies. They’re very intelligent, hard working, and diligent. Both are very good friends, and are computer programmers by trade. On a regular basis my partners come up with excellent ideas and strategies for our businesses. Needless to say, we all benefit by leveraging each others ideas, skills, and education. Our individual and collective efforts benefit all of us.

During one of our weekly brainstorming meetings, one of my business partners suggested an idea for a new business. He casually suggested it almost as an afterthought. However, as we began to discuss and expand his idea, we quickly
discovered that we had a great opportunity on our hands. Excited by the idea, we immediately began to build a strategy for this new business opportunity. Shortly thereafter we began conducting market research and laying the foundation for this new venture.

Long story short, had it not been for the ideas and influences of my two partners, I would most likely not be involved in these two businesses. Because of their involvement and contributions, I am part owner of businesses that provides me with new opportunities and makes me money!

Business partners can be valuable assets – or they can be HUGE liabilities. As I learned the hard way, my partner in my medical transportation company, the one from West Point, proved to be a huge failure following his marriage. But I also consider that partnership to be a failure of my own ignorance. I was young and dumb and an inexperienced entrepreneur. I had little to no understanding of the complexities of partnerships. And I definitely had no understanding of the Three Stages of Business Development.

I knew that I had to work hard if I wanted to accomplish my financial goals. But I had little understanding of business development and how the dynamics of a partnership can affect, either positively or negatively, the development of a business. One of the most important lessons I had to learn the hard way about partnerships is that they are like a marriage. You’re legally bound to one another for the life of the partnership. So much like you must take into consideration the interests of your spouse, so must you take into consideration the interests of your business partner.

Partnerships require verbal and written agreements and to begin and end the partnership. They further require defined roles and responsibilities. Partnerships rely on qualities such as trust, communication, responsibility, accountability, and reliability.
Partnerships can be great opportunities. They allow members to leverage each other’s time, skills, knowledge, resources, contacts, and more to maximize business opportunities. But, partnerships aren’t always easy. They can be very complex and very challenging. If you want to build a successful partnership, there are many things that you need to consider and prepare for prior to forming your partnership.

**Roles and Responsibilities**

It’s absolutely critical to the development of your business that you establish clear and defined roles and responsibilities for each partner so as to avoid and limit conflicts. This is definitely where I failed with my first business partner. We didn’t have clearly defined roles, responsibilities, and expectations. We tried to define and create these roles after the fact – when it was far too late.

Following his marriage, my business partner’s contributions to our business became very sporadic. He came to work late and left early. Sometimes he didn’t show up at all! His wife thought that because he owned his own business he could show up when he wanted. Further, she didn’t want him working beyond 5:00 PM. When he left the office his wife didn’t allow him to communicate with us. It was so pathetic it became funny.

Obviously, he and his wife didn’t share a similar vision. She couldn’t comprehend that our business was a young company and, when necessary, her husband would have to invest additional time into the development of the business. Furthermore, he obviously didn’t have what it took to tell his wife to let him do his job.
If there was a problem or an issue for which I had to contact him after hours I literally had to have one of our employees call him and pass along the message to call me back. His wife wouldn’t let him answer phone calls from me. She thought that when he left work that was it – when you close the doors you’re done.

I had hoped that things would work themselves out. I hoped that in time my partner would be able to refocus his efforts to within the business. Unfortunately, I wasn’t so lucky. The accountability problems and tension continued to grow. We tried several times to sit down and develop effective solutions to fix the problems. We had hoped to build a strategy and daily responsibilities that each member would be accountable for. Unfortunately, my business partner had difficulty recognizing the problems so he was completely unable to offer any serious solutions to resolve the issues. Ultimately, he feared his wife more than he did losing his business – an obvious problem for the company and me.

Our attempt to reestablish defined roles and responsibilities was a complete failure. After he discussed our concerns with his wife, she made him leave the business. The entire situation was a complete failure for all parties. We wasted time, money, and resources. Not to mention, the entire situation created a great deal of headaches for the entire company. Further, we set a poor example for our employees and managers who began to sense that things were tense between the owners.

Each member needs to know his/her specific assignments, tasks, and areas of expertise. Roles and responsibilities must be established prior to starting your business. Trying to establish roles and responsibilities after accountability or organizational problems have occurred can be extremely difficult. Again, trust me. This is a serious lesson that I had to learn the hard way!
However, it’s important to remain flexible. As the business grows and develops, you may need to reevaluate these responsibilities and make adjustments as necessary. When unexpected circumstances or opportunities develop, everyone must pull together to find a way to accomplish the mission.

**Common Character**

Every effective partnership relies on trust and accountability. Therefore, you must choose your partners wisely. And the root of trust and accountability is character. **You must find partners who share a common vision and are of a common character.** Your failure to partner with honorable partners and people of character can be very costly.

Once my former business partner decided to leave the business, we sat and established what we thought was an effective exit strategy. However, after obviously discussing his exit strategy with his wife, he reneged on our verbal agreement. During our meeting with our attorney to solidify the dissolution of our partnership he reneged on the terms of our previous agreement and exit strategy. As you can imagine, the place “blew up” and got very heated to say the least. Now, we had to separate immediately!

Shortly thereafter, we discovered that things were missing from our office; cash, equipment, supplies, and company records. My former business partner appeared to be busy in the middle of the night. He broke into our office and raided the place! We reported it to the police, but they could do nothing because he was still, at least on paper, a legal partner of the business. But it wasn’t until a few weeks later that large checks began to bounce all over town. During his midnight venture into our office, he took one of the company checkbooks. In an effort to create further problems for our business, he wrote several large checks
all over town. Needless to say, it was a headache trying to resolve and cover these checks and his unethical conduct.

Obviously, we never predicted these problems when we formed our partnerships. When you’re young and dumb you’re blind – you think there’s never going to be problems. You think everything is going to be “pie in the sky” and that your friendship will only grow stronger. Needless to say, I learned the hard way what a crock such wishful thinking is!

But I tell you my stories and experiences so that you can learn from my mistakes. As I always say, a smart man learns from his own mistakes. But a truly wise man learns from the mistakes of others. I hope that my experiences illustrate the importance for you to partner with people of common character. When we formed our partnership, I could not have predicted that my former business partner would be capable of stooping to such low and unethical behavior. I just hope that you can use my experiences to avoid making similar and costly mistakes.

**A Common Exit Strategy**

How can you avoid making my same costly mistakes? Well, as we discussed previously, it’s very important that you first develop an exit strategy prior to starting your business. You and your partners will want to agree on what you all want to accomplish with the business – what you hope to achieve, and more than just making money!

Are you planning on growing your business and sell it for profit in years to come? Do you plan on keeping the business for a lengthy period of time?

Regardless of your intentions, it’s critical that all of you collectively agree on how you’re going to exit the business before you start. In developing your exit
strategy, you need to take into consideration the personal needs and decisions of all partners. Again, go back to the example of my former business partner. When he was single he was a valuable asset. Unfortunately, once he got married he could no longer act independently and, thus, he quickly became a liability.

Don’t misunderstand the issue of this example. It wasn’t his getting married that was the problem. Rather, his poor choices and his inability to act decisively without the input of his wife is what proved to be detrimental to our business.

Unfortunately, it’s very difficult to foresee how someone will act in the future. Discuss with your partners their life plans and what and where they plan to be in the future. If you plan on keeping your business for a lengthy period of time and your business partner foresees relocating in a few years, then you obviously have an issue that needs serious consideration and rethinking.

Regardless of the circumstances, you can’t foresee or prepare for everything. But outlining defined exit strategies within your operating agreement will help prepare and guide you should unexpected circumstances arise. I strongly encourage you to define the terms of your operating agreement with an attorney experienced in corporate law before formalizing any partnership.

Many people say that you shouldn’t go into business with friends and family. Although I’ve experienced some difficulty by going into business with a good friend, I tend to disagree with these bold sweeping and general statements. I know of many people that operate successful businesses because of their strong friendship or family relations. It’s not a golden rule that you shouldn’t go into business with friends and family. Rather, I believe that you shouldn’t go into business with people who don’t know how to handle their business well.
I made the mistake of going into business with people who were very good friends, but we just didn’t know how to handle our business well. We thought that because we were good friends it was going to be a great opportunity and our business was sure to succeed. We thought that because we had such a good friendship that there wouldn’t be any conflicts – how laughably naïve we were! We lacked a common vision. We lacked specified roles and responsibilities.

Just because someone has a good idea doesn’t mean that he/she will be a good business partner. Just because someone is a good sales representative doesn’t mean that he/she will be a good business owner. Just because someone is intelligent or has a good skill or training doesn’t mean that he/she will be a good business partner.

The reason why people say that you shouldn’t do business with friends and family is because many people don’t know how to separate their emotions. Businesses and partnerships don’t always work. Many times when they fail, for whatever reason, people are emotionally unable to separate business from family or friendships. Because of strong emotional ties to friends and family, when there is a separation or the breakup of a partnership, it can get very ugly and quite costly.

I guarantee that your partners and you won’t know everything about business and partnerships when you start. But, you need to partner with people from whom you can peacefully and amicably learn and grow together.
Enlisting a Good Legal Team

If you want to be successful in business you need the help of others - regardless of your stage of development. And it is wise and prudent to build a competent and capable legal team – one that can protect your interest when you can’t or you don’t know how.

As an owner, it’s your responsibility to find the right advisors and bring them together to form a solid team. And to successfully bring these key people together you need to start by interviewing multiple people. Don’t make the mistake of just hiring the first attorney or accountant you meet with.

Your goal should be to find the “right” attorney – not just “an” attorney. You need a person that can communicate effectively and can grow with your business.

As you can probably guess by now, when I first went into business I was very naïve. I was under some kind of ridiculous impression that all lawyers were the same – they all knew the same “stuff!” Likewise, I thought that all accountants knew the same thing. It’s ok. Go ahead and laugh at me. I know I was stupid – but I’m just being honest with you! I naïvely thought they all relatively had the same level of education, expertise, and had to follow the same procedures. Needless to say, after wasting a lot of time and a lot of money, I had a reality check.
I had to learn the hard way. I had to waste time and money to learn that they all think differently, have different levels of risk tolerance, and simply approach business differently.

So again, don’t plan on hiring the first lawyer or accountant that you interview. In my first three years in business, I had three different accountants. It was a costly and time consuming mistake. Not only did it cost me money in terms of accounting fees, but I missed out on a number of tax deductions and tax advantages that I could have maximized had I had better counsel.

Also, it’s very important to remember that you’re paying them. You’re the client and they work for you. You pay them to help meet your needs – not the other way around. Your legal and accounting team is supposed to help you find solutions to your problems. They’re supposed to advise you on how you can best legally accomplish your goals and your vision. You should never have to feel uncomfortable when trying to contact or speak with your advisors.

**Have a Plan for the Interviews**

Prior to interviewing any lawyers or accountants, put your pen to paper and write down as many questions, scenarios, and situations regarding your business ideas as possible. The more questions you ask the more answers you’ll get. The more detailed your questions the more insightful the response. And in listening to their response you should be able to gather a good feel for the prospective attorney’s/accountant’s thinking and their level of experience and expertise.

Also, the more prepared you are the more well versed and professional you’ll be during the interviews. When you meet with potential lawyers and accountants, you’ll want to establish a good rapport. However, remember that you’re looking
for effective professional representation. You’re paying for their legal counsel not their friendships. Friendship should come only after you’ve found someone who is professional and knows how to handle business appropriately.

I recommend that you evaluate the following areas when you’re in search of an attorney and accountant:

1. **Years of experience.** All accountants, lawyers, and bankers have to start somewhere and with their first client. But, that doesn’t mean you have to be their first one! This isn't meant to be rude. I’m sure that there are many young lawyers, accounts, and bankers that are very credible. But personally, I want to find qualified people who’ll be able to help teach me, advise me, protect me, guide me, and help me stay on my road to success. I’m confident that you too want to stay on your road to success. Therefore, interview, interview, and interview again to find qualified advisors that best meet your needs and expectations.

2. **Area of expertise.** I learned the hard way that not all lawyers and accountant have the same expertise. Many have different specialties or areas of expertise. For example, if you want legal advice on corporate matters you probably wouldn't waste your time and money interviewing a trial attorney. You want to find the most experienced advisors that specialize in the area of your needs. Since you’re going to become a business owner, you must find advisors who are well versed and experienced in corporate law.

3. **Client base.** Although you want to find experienced advisors, you don’t want to hire someone and then realize later that you’re just a number and not a name. It’s very easy to join a reputable and experienced firm. However, you want to make sure that they have time for you. Because you’re going to work to expedite your road to success, you’ll need advisors
who are relatively accessible. When you have questions or need assistance, you can’t afford to wait days and weeks for legal counsel. Time is money and money is time. The last thing you want to do is miss an opportunity because you were waiting on advice from someone else.

I also want to caution you not to act in haste. Never be so cheap that you choose not to seek professional assistance. When you need accounting and legal advice, I believe that it’s best to leave it to the experts. I’ve seen too many entrepreneurs make mistakes because, in an effort to save money, they don’t seek legal and accounting advice. Many times, people have a “Do it yourself” mentality.

Confidence is great. And, it’s great to have the motivation to be involved. But, sometimes the “Do it yourself” mentality can cost you dearly. Similarly, it could jeopardize your organization. Wrong or incorrect decisions based on inexperience can waste money and expose you to liability.

Also, don’t make the mistake of following “brother-in-law advice.” “Brother-in-law advice” is insistent, yet unreliable and less than credible advice offered by friends or family – usually from people with little to no personal experience in business. And that’s the funny thing about “brother-in-law advice.” Those usually offering the advice don’t have any first hand knowledge of business, legal, or accounting issues. “Brother-in-law advice” is always free, yet it’s always the most expensive. Avoid it like the plague. Unless they’re experts or a credible reference, avoid the free advice. It’s simply too costly – trust me, I know. I had to learn the hard way.

I know first hand how difficult it can be afford legal and accounting fees. They can be costly. However, sometimes you just can’t afford not to.
Mentors, Coaches & Other Entrepreneurs

“Most everything I’ve done I’ve copied from someone else.”

Sam Walton

Some of the best advice and counsel that you can get is from other entrepreneurs (And yes, this is different than free “Brother-in-law” advice). The input, feedback, and guidance from someone that has already traveled the challenging road of entrepreneurship can be invaluable.

A smart man learns from his mistakes. But a truly wise man learns from the mistakes of others. You can save considerable amounts of money and time by learning from the mistakes of others. But even still, like all advisors, you must be cautious from whom you seek counsel. You can learn a great deal from other successful business owners, especially when you’re still a Stage I and II business owner. You can leverage their ideas, knowledge, skills, expertise, experiences, successes, failures, contacts, networks, and more.

But just because someone is successful doesn’t mean that they should be your advisor. First, not all successful business owners are willing to mentor others. Sometimes it’s because of selfishness, and other times it can be because of a lack of interest or a lack of time.

Incredible but true, there are people who believe that since they’ve worked hard and have sacrificed along their road to success, they shouldn’t lend others a helping hand in their quest for success. Instead of directing others on their road to success, these kinds of people believe that others should figure out success on their own.
I happen to believe just the opposite. I believe that as you rise to the top you should try and take others with you. You should teach others so they too can rise to the top. After all, what good is going to the top if you’re alone when you get there?

Understand, I’m not saying that you should spoon feed anyone or try and run someone else’s business for them. Their problems are not your problems. But, I do think that you can pass along some helpful “pearls of wisdom” from your learning experiences.

Another reason why you need to be selective in choosing advisors is because you need someone who’ll hold your interests in strict confidence. You want advisors with whom you can brainstorm ideas, ask questions, ask opinions, ask for suggestions, and get critiques on ideas while not compromising your confidence.

There are a variety of places where you can find mentors and advisors. You can start by contacting the Small Business Administration or your local Chamber of Commerce. If they don’t have names that can help you, they can help point you in the right direction.

Another way to join with like-minded people is to find and join tip clubs. Tip clubs are usually comprised of local entrepreneurs that meet on a regular basis to pass along new ideas, opportunities, contacts, and referrals. Often, you can make great connections and find great opportunities at tip clubs or similar organizations.

Another source, and one of the best forms of mentorship, is books and audio. I am a firm believer in this form of education. Every successful entrepreneur reads and listens attentively. And, you need to do the same. Books and audio is an excellent way to continue your education. Whenever you have free time you
should be learning from successful entrepreneurs by reading books and listening to tapes and CD’s. Many of these entrepreneurs turned authors have outstanding and inspirational stories of success. There are many pearls of wisdom to be learned from these experienced entrepreneurs.

You won’t learn to become the CEO of a fortune 500 company overnight, but from your advisors you can, over time, learn to avoid many mistakes and pitfalls and can gain insight into new opportunities.

**Insurance Agents**

A trusted insurance agent can prove to be a valuable asset to your team of strategic partners depending on your industry and your type of business. But regardless of what kind of business you’re in, if you plan to build a Stage III business you’ll need some kind of insurance at some point and time. And you’ll want to get the best insurance at the best price. That’s why you’ll want someone that you can trust.

Your insurance agent can help with medical insurance, workers compensation, vehicle insurance, disability insurance, property insurance, life insurance, as well as other specific insurance. Your insurance agent must understand the nature of your business to help you find cost effective solutions to your particular needs. They must have a sense of “customer intimacy” with your business. After all, you’re their customer. They should know as much about your needs as possible.

Needless to say, one of the many mistakes I made when I started my medical transportation company was failing to shop around for an insurance agent. I followed some serious and pathetic “brother-in-law advice” and went to an insurance agent that a friend happened to refer. My “friend” said that “she was the best.” So being the dumb young jackass that I was, I blindly followed the
“brother-in-law advice” and proceeded to get absolutely financially raped. This insurance agent signed me up with one of the most expensive insurance policies in New York State. Oh, don’t worry. She got the best possible commission! My premiums were very high and I was so blind I just assumed it was the best insurance because she had been selling insurance for a countless number of years.

To compound my problems, I had to continuously chase her down. I kept getting notices in the mail for a variety of problems with our policy. Apparently, the paperwork was never filed correctly or completely, and notices of cancellation arrived regularly. Additionally, there were other problems that were the result of her incompetence. All of these problems were compounded by the fact that she couldn’t be reached. She wouldn’t even return my phone calls.

Eventually, it all came to a head and I finally smartened up. Every time I called her office, she was supposedly never there. People in her office would put me through to her voice mail. It was so pathetic that I eventually called and disguise my voice and gave a fake name. When she got on the phone, I don’t know who felt more embarrassed – me for having to disguise who I was to try and finally speak with her, or her getting caught trying to avoid my calls!

Needless to say, that episode ended everything. It was definitely time for a change. I know. I was slow “on the take.” But at least I eventually wised up. The “relationship” ended after a few short months - after I was out thousands of dollars! It was a hard lesson learned – but, a lesson nonetheless.

Thereafter, I met with multiple insurance agents in an effort to find someone who could offer me the best solutions at the best possible rate. I looked for someone that cared about the needs of their clients. At it was well worth the wait. I was fortunate to find my current insurance agent who I’ve been with for a number of years now. And time and time again he’s proven to be a valuable asset to my
businesses. Needless to say, the difference between my old and new insurance agent is the difference between night and day. My present insurance agent has spared us countless headaches and saved us money by being a problem solver.

**Realtors**

One of the most common ways to build wealth is in real estate. Depending on your market, real estate can also provide you with diverse options for which to create wealth – far too many than to address in this material. But, there are numerous resources from which to learn about the many benefits associated with real estate.

Despite what anyone says, real estate isn’t complicated – anyone can do it. You don’t need years of experience nor do you need an expensive college degree. One of the easiest ways to make money is through rental properties. Investment property is one of the most common examples of using other people’s money to make money.

With investment properties, you can barrow money from a bank or other lenders and repay the loan with the rental income. All the while, you’re putting positive cash flow into your pocket. And once the mortgage is paid off, you’re really starting to make money.

Real estate is also an excellent way to start your entrepreneurial education. Owning and managing real estate can teach you many skills such as negotiating, management, organization, interpersonal skills, and money management skills. Similarly, through real estate you can build many relationships with people who can be helpful to you in other businesses. You can develop and partner with bankers, lawyers, brokers, realtors, and other entrepreneurs.
Real estate is also a business that you can start by working part-time. You can begin to build a real estate portfolio working only a few hours a week researching the market, previewing properties, and making offers.

I know many people who work full-time for someone else while they’re working to build a real estate portfolio. Over a period of time they’ll be able to replace their existing income with passive income from their real estate portfolio. Once they’re financially independent, they can now do whatever they want. They can retire and live off the passive income, they can work full-time to continue to grow their real estate portfolio, or they can work to build other businesses.

Many wealthy and successful entrepreneurs either started in real estate or eventually built a real estate portfolio to secure their wealth. It’s very easy to build a real estate portfolio and use your financial independence as a foundation from which you can build other more lucrative businesses.

Needless to say, if you want to be successful in real estate you’ll need an excellent realtor/advisor. Hopefully, you’re seeing the common theme. You must surround yourself with the right people if you want to be a successful business owner.

Like all of your other advisors, it’s important that you interview many different people before you hire the right person. Even after you select a realtor, a lawyer, insurance agent, or another advisor you may still need to make changes as your business grows. If and when necessary, don’t ever hesitate to make changes with your advisors and strategic partners. Remember, it’s your future you’re building. No one will ever care for your future or your business better than you.
Along your financial journey, you'll face many challenges and adversity. A very smart man once said that “adversity reveals a man to himself.” And I believe that these words of wisdom to be very true. The challenges that you'll face as an entrepreneur can be great opportunities to test your resolve, determination, leadership, and creativity.

Rest assured, as you work to build a prosperous business you won't have all the answers. Many times you'll be unsure of exactly what to do. Circumstances and situations are different for all entrepreneurs. And unfortunately, there are no exact “how to” formula’s on how to approach problems and challenges that you may face.

But there’s a general, yet sound method of approach that I use when I'm facing a challenge. If you follow this approach, I believe, that you can significantly increase your chances for success - regardless of the circumstances.

If you're an entrepreneur making business decisions, an employee working on a project, an athlete preparing for a season, or anyone about to embark on a project or journey, if you follow this approach you'll significantly improve your chances for success.

So what is this general principal?

It's to always play the game on PAR. Regardless of the project, activity, or task, always play on PAR.

What is PAR? PAR is the ability to Prepare, Act, and Review.
It may seem overly simplified but, its not. Many people and businesses fail to properly prepare. As a result, they don’t know how to proceed. They lack the proper planning and organization and, thus, lack direction. And, they don’t execute effectively.

Next, businesses fail to review. After they’ve concluded their actions, performed their tasks, or achieved their goals, they fail to properly review their actions so as to measure their level of success. They fail to evaluate what could have been performed better and more efficiently. They fail to assess their overall outcome.

**PREPARE**

“I don’t try to jump over 7-foot bars.
I look around for 1-foot bars that I can step over.”

*Warren Buffet*

1. Clearly identify the vision and what it is that you would like to achieve
2. Define critical goals and objectives that you must accomplish in order to make your vision become a reality
3. Systematically develop strategies that will allow you to progressively accomplish your goals and objectives
4. Whenever necessary, develop contingency plans to support your actions should your initial strategies fail or fall short
5. Evaluate and consider all possible alternatives
6. Clearly articulate and communicate all necessary strategies and your course of action to all pertinent participants
7. Develop performance measures by which you and your personnel can measure your progress and level of success
**Act**

1. Lead by example as you perform your tasks and work towards achieving your vision
2. Include, inspire and unite your people
3. Conduct your actions with honesty, fairness, and integrity
4. Ensure that your people act within the parameters of company policies and procedures
5. Remain disciplined, flexible, and prepared for unexpected developments and setbacks
6. Take all ethical actions necessary to accomplish the mission while eliminating actions that don’t contribute to achieving the mission

**Review**

As often as is necessary or is feasibly possible, you should look to review and assess your progress. Similarly, after accomplishing your specific goals or objectives you and your people should evaluate your success.

Ask yourself the following:

1. What can you do differently to be more productive, efficient, or effective?
2. Where can you make improvements to increase quality and productivity?
3. How can you improve your marketing to be more effective?
4. Where can you increase efficiency to save time and money?
5. What can you do to improve your leadership and communication skills?
6. Where do you need to make improvements in organization and performance?
Reciprocity

“A true measure of your worth includes all the benefits others have gained from your success.”

Cullen Hightower

If you expect to receive blessings and good fortune, then you need to give blessings and good fortune. I’m a firm believer that as you give so shall you receive. Hence, the more you give to others, the more you’ll receive.

As you begin to prosper and make more money, it’s time for you to give back to others. It’s time for you to help others who are in need of assistance. And, giving back is more than just donating money to a worthy cause. Although giving money to churches and charities are outstanding and generous forms of giving, there are, however, other ways to give and help others than just with money.

Many people can benefit from your knowledge. As you grow and mature as a person and as a business owner, you’ll be in the position to help others. Through the development of your business, the hands-on-training, the interaction with people, and your ability to build something from nothing, you’ll learn a wealth of knowledge. And it’s your knowledge, your inspiration, your motivation, and your dedication that you can use to teach others.

As I repeatedly mentioned, a truly wise man learns from the mistakes of others. Why make the costly mistakes that others have already made? Wouldn’t you
want someone to help you prevent making a mistake that may cost you considerable time, money, and effort?

There are many people who learn valuable lessons the hard way – through their own mistakes. But even after learning from their mistakes, they fail to pass along their experiences and the knowledge they’ve learned. Unfortunately, some of these people feel that because they had to blaze their own trail to the top that others should have to do the same.

Needless to say, I disagree. It’s my opinion that, when you make it to the top, you need to send the elevator back down. And you need to send the elevator back down to bring people up versus sending it down to crush those below. Unfortunately, there are people who would rather crush those below rather than help bring others to the top. I guess that’s why some people, even after accumulating considerable wealth, are still alone at the top.

In reading, researching, and learning from other successful entrepreneurs I’ve found considerable similarities between them all. All successful entrepreneurs are highly motivated, disciplined, ambitious, and creative. Similarly, many successful entrepreneurs believe in the law of reciprocity. The more they give the more they receive.

Many people look negatively upon wealthy people. Some believe that if you’re rich it’s because you earned your wealth by taking advantage of others. Some people believe that in order to be rich you must be malicious, a miser, and greedy (yet if given the opportunity, they would love to switch places and have someone else’s wealth!).

For the people with this warped sense of reality, I ask them to show me one lazy person that’s created a job. Show me one poor person that created a job.
Secret Strategies for Building Wealth & Independence

Rich people pay far more in taxes and give far more to charities than poor people. And, rich people create far more jobs! And in my opinion, when you create jobs, you’re helping people.

Sure, there’s corrupt and less than scrupulous wealthy people who’ve gained fortune by taking advantage of others. But, they’re a minute minority. There are thousands upon thousands of wealthy individuals that gain their wealth honestly. And, most of these people give away or contribute large sums of money for charitable causes.

**Change Your Purpose**

There’s nothing wrong with making money. The more money you make working hard and honestly the better you feel mentally and physically. Similarly, the more money that you make the more ability you have to help others.

But if you really want to make money, you need to change your purpose. If you change your purpose from just wanting to get rich to focusing on helping others, I believe, that even greater riches will find you.

Your business, whether product or service based, helps a certain number of people. But if you expand your purpose and focus on the customer versus the money, then you’ll always find money. Don’t focus on money – focus on the customer. Because behind the customer always rests money!

Also, if you provide safe, reliable, and challenging jobs that help your employee(s) grow and better their lives, they’ll become even more productive. And remember, your employees are your best sales reps. If your employees are content and enjoy their position, they’ll let everyone know. If they’re miserable and don’t enjoy their jobs, they’ll still let everyone know!
If your purpose is to provide a prosperous business that benefits customers and help your employees, you'll see that your business will continue to grow and expand. Increased profits will become a natural byproduct of your purpose.

If everyone knows that all you're focused on is making money then you'll lack sincerity and people will resent your efforts. If you're cheap and you're willing to cut corners or you fail to properly equip your people, you can't avoid building resentment within your organization. It will be difficult for you to find and retain employees. And, you risk losing business. If you provide reliable jobs, you'll find productive and motivated employees.

If you change your purpose from wanting to help and bless yourself to wanting to bless and help others you'll be amazed at how blessed you'll become. If your purpose is to sincerely help your customers and to guarantee customer satisfaction you'll be blessed with increased revenue.

Change Your Environment

In building your business, always remember that in every relationship, in every partnership, and in every action that you undertake you're always the common denominator. If you change the common denominator, you'll automatically change your environment.

Know that you always directly influence your surrounding environment. Whether it's for better or worse, you directly influence your environment. If you're a positive influence to those around you, then you'll positively affect your environment. If you're a negative person, then you'll negatively affect your environment.
Do it on a Daily Basis

On a daily basis, I ask myself, what have I done to better my life and the lives of those around me? Although you can’t help everyone, you can help some. And in my opinion, if you’re not working to better your life and the lives of those around you, then you’re simply existing.

And if you’re just existing, what’s the point? Only you can answer that question.

Don’t remain status quo. Find a way to better yourself and those around you. And don’t be content just to survive – find a way to thrive!

Best of wishes and Good Luck as you change your life, your purpose, and your environment. See you at the Top!

“If any man is rich, he comes under the law of God by which the higher branches must take the burnings of the sun, and shade them that are lower; by which the tall trees must protect the week plants beneath them.”

- Henry Ward Beecher