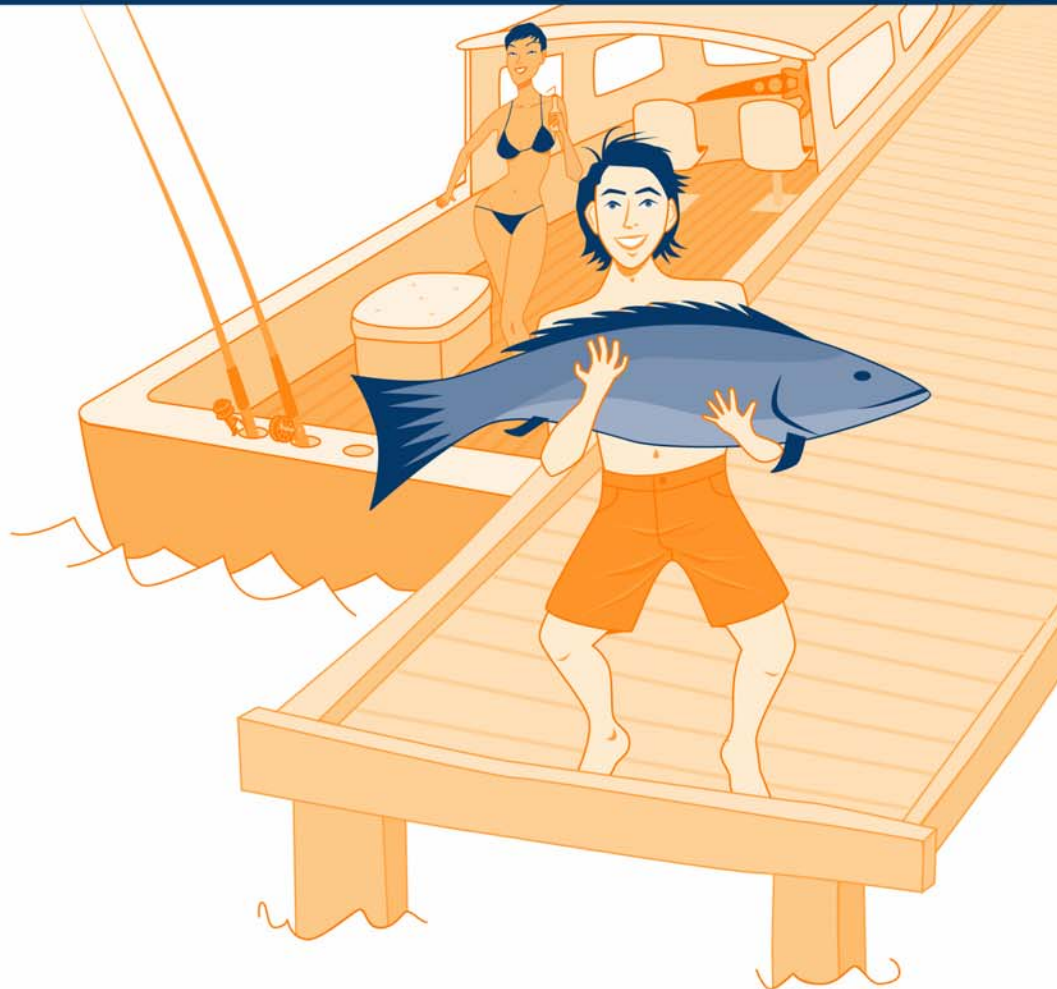


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The Web Design Business Kit



By Brendon Sinclair

Manual

The Web Design Business Kit (Chapters 1, 6, 11, and 13)

Thank you for downloading these four chapters of Brendon Sinclair's *The Web Design Business Kit*.

This excerpt encapsulates the Summary of Contents, Information about the Author and SitePoint, Table of Contents, Preface, and four chapters of the book. Bundled with this PDF you'll find a selection of business documents from Folder 2 of the kit.

We hope you find this information useful in evaluating *The Web Design Business Kit*.

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The Web Design Business Kit

Folder 1—Manual

by Brendon Sinclair

The Web Design Business Kit: Folder 1—Manual

by Brendon Sinclair

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Editor: Georgina Laidlaw

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Cover Design: Julian Carroll

CD-ROM Design: Alex Walker

Printing History:

First Edition: July 2003

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Published by SitePoint Pty. Ltd.

Suite 6, 50 Regent Street Richmond
VIC Australia 3121.

Web: www.sitepoint.com

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ISBN 0-9579218-3-7

Printed and bound in the United States of America

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About SitePoint

SitePoint specializes in publishing fun, practical and easy-to-understand content for Web Professionals.

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About This Kit

Welcome to The Web Design Business Kit.

Whether you're just starting out as a Web designer or developer, or you're a seasoned Internet professional who's itching to throw off the shackles of your day job and go it alone, this kit has the tools you need to make it happen!

Contained in these pages is information to help you start, build, and expand your freelance or small Web design or development business. This kit is designed to act as your own personal small business consultant, providing you with the information you need, when you need it. Our aim in writing this was to help spark ideas in your own mind, and provide the tools to help you implement them.

Think of it this way: if you come up with just one idea that generates revenue for your business, you'll probably have covered the cost of this kit. And with the information provided here, you should be able to come up with many more ideas than that!

Folder 1—Manual

Folder 1 contains eighteen chapters, in five parts:

- First Steps In Freelancing
- Establish Your Business
- Run Your Business
- Expand Your Business
- Look To The Future

Each chapter contains a wealth of information, case studies, samples, and other relevant details. Therefore, we've included Key Points at the end of each major section, to help you more easily keep track of the most important messages in each part of the text.

While the sections form a linear progression, each is complete in itself. We've developed each part of Folder 1 so that it can be used independently of the others. So, if you've already started and established your own business, you can skip straight to the section on expanding your business and read only that information if you wish. Of course, you can read the folder from start to finish, but the kit has been designed so that you can access the different parts of the information as required at different points within your business's life cycle.

As you read, you'll also notice references like this:

“See the *Breakeven Analysis* file in this kit's documentation.”

These notes refer to the information contained in Folder 2—Documents, and on its accompanying CD-ROM.

Folder 2—Documents

Folder 2 contains samples of, and templates for, the documentation we use in our business every day. This content is broken into six areas:

- Business Planning And Financial Documents
- Promotional Tools
- Client Contact Documents
- Surveys
- Employment Documents
- Office Documents

Each area contains the templates and samples that are relevant to its topic. All these documents are also included electronically, in the same categories, on the CD-ROM.

CD-ROM

The CD-ROM contains electronic copies of all the documents referred to within Folder 1 and presented in Folder 2. It also contains a number of spreadsheet documents that are referred to throughout the text.

These documents are divided into the categories listed above, but you can also use the index.html file on the CD-ROM to locate specific documents by file name.

Your Feedback

If you have questions about any of the information presented in this kit, your best chance of a quick response is to post your query in the SitePoint Forums (www.sitepointforums.com). If you have any feedback, questions, or wish to alert us to errata, email books@sitepoint.com. Suggestions for improvement, as well as notices of any mistakes you may find, are especially welcome.

Getting Started

I hope you enjoy using this kit! Please note that all the information presented here—from case studies to documentation, be it printed or in electronic format—is protected under international copyright laws.

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Also, while every effort has been made to ensure the accuracy of the information and documents herein, neither the authors, nor SitePoint Pty. Ltd. will be held liable for any damages caused by the instructions or documents contained in The Web Design Business Kit.

What we're saying here is that it's up to you to decide what information and resources suit your business, and to seek professional advice if you're unsure about any of the topics covered in The Web Design Business Kit.

That's the legals out of the way. Let's get started!



First Steps In Freelancing

1

Get Started

Only 2% of the population will ever achieve their greatest life goals.

Two percent!

People fail to achieve their goals for many reasons, but the most common explanation is that we simply don't try. Why not? Because trial naturally involves the risk of failure. Some believe it's safer never to try; that way, they'll never fail.

But not you! How do I know this? Because you've picked up this kit. You're interested in building your own business, and you're willing to take the steps to achieve that.

Congratulations! What you've just done is more than many will ever do.

Through the course of this kit, I'm going to show you how to start, build and expand your own freelance or small Web business. We'll meet some interesting characters and, at times, deal with less than glamorous topics—unless you find breakeven analyses glamorous!

Now, you can simply read this information, absorb it and mull it over, or you can take action—immediate action. Personally, I'd recommend the latter! There's no time like the present to ramp up your business—and this kit will be there to help you each step of the way.

You'd like to be part of the 2% of the population to achieve your life's greatest goals? Fantastic! Let's get started.

Why Freelance?

Just why are you starting out on your own?

Why do you even work? All we really need is a couple of decent meals a day and some shelter, and we'll get along just fine.

Why, then, do many of us put in long hours trying to build a business?

Think about this question: your answer is important!

Is it to have a bigger house, a better car and more jewelry than the next person? If you answered "yes," then that's fine.

Is it to save for the future so you can enjoy a nice lifestyle? That's fine too.

Is it because you simply enjoy what you do, and putting in a good day's work nourishes your soul? That's great.

It's important that you identify the reasons why you want to go out on your own *before* you begin. If you know from the start why you're freelancing, you'll be in a better position to assess whether your efforts have been successful later on.

So, what *is* success?

Case 1.1. Success? Or Failure?

I have a friend who runs a small Internet business that sells a product. He spends an hour a day on his business. Sometimes he misses a day ... or three! He basically works whenever he wants, which isn't often!

He lives in a modest two-bedroom unit about fifty metres from the beach. He plays golf three times a week, and has a long, leisurely lunch on Fridays. He takes himself off to sporting events whenever he wants, and he travels quite a lot. He always has enough money in his pocket to buy a beer.

Is he successful?

I have a client who owns a spectacular business that turns over many millions of dollars each year. He employs a staff of thirty-five and is setting up for international expansion.

He drives the latest Porsche, stars in his own TV commercials, and is well recognized for his wonderful business achievements. He works extraordinary hours and loves what he does.

Is he a success?

I manage a business that has a few divisions. We do quite a lot of Web development, market plenty of businesses, manage athletes, and own and manage a number of Web-sites.

I start work at about 8.30 each morning, and finish at midday. I then go to my local pool and swim a kilometer or 2, after which I go for a run or a bike ride. I might then spend an hour at my local beachside cafe thinking through a few business ideas we might have on the go.

Am I successful?

These are three very different businesses. And each business owner leads a very different lifestyle.

So, just what *is* success?

Success is whatever you want it to be!

When I was a young fellow of twenty-one, my ambition was to make a million by the time I was thirty. Then I hit some tough times. I struggled to pay the bills and put food on the table. All of a sudden, my definition of success went from earnings in the millions to simply feeding my family.

Now that I'm older (and, hopefully, a little wiser!), my definition of success has changed. I still run my own business—I have for over six years. And with 80% of small businesses folding within five years, I think that means I'm successful at what I do.

Success is whatever you want it to be. Goals change. And your definition of success can change.

My friend with the Internet business makes enough money to have a comfortable lifestyle compared to many people. I'd say he's successful. My client with the Porsche, the large business and the long hours he loves, would also be a success in many people's eyes.

Success isn't financial surplus. This is an important distinction to make. It might be your definition of success, but it doesn't have to be. If you're stuck in a boring, low-paid job right now, then running a freelance Web development business from home might be your definition of success.

Working from home, spending time with your family, running an interesting business, making a few dollars, and having fun? What could be better than that? Making \$10 million a year might, but then that comes with its own issues, too.

Remember that only 2% of the population will achieve the major goals in their lives. Many people just hang around waiting for success to come along and smack them in the face. Well, it ain't going to happen!

You have to get out there and grab life, grab your success. No one else will do it for you. It is completely up to you!

Key Points

- Success is whatever you want it to be.
- Identify why you want to go out on your own, and what you'll consider “success.”

What Business Are You Really In?

Are you the best Web designer around? The best graphic artist? Maybe the best copywriter? Great! So that means truckloads of business, a fabulous income, and regular attendance at industry awards nights where you invariably pick up the prize. Right?

Wrong!

Let's get this first misconception out of the way right now. The fact that you're a wonderfully skilled designer or programmer or writer will not, by itself, determine your ability to achieve success. It's your clients' perceptions of those things that influences whether you sink or swim as a freelancer—and even then, they're not the key to your success.

So if you're not in the Web design and development business, what business are you in? You're in the same business as every other business person on the planet!

You are in the business of selling.

When you begin to freelance, you'll find yourself competing against others with the same or very similar skills. What determines who wins the job? Your sales skills! You need to sell better than the next person. It really is as simple as that.

Now that we've established that you're in the business of selling, let's ask the question "Why?"

First, have a think about what you're selling.

Most people believe they're in the business of Web design or development. Some take it a step further, and say "We're in business to provide solutions for businesses needing a Web presence."

Here's the first hint that will help you become more productive and win more jobs by changing the way you do business. It is a very simple thing.

Your business is to help your clients make more money.

That's it!

The sites you design and the solutions you build must have a single aim—to help your clients make more money. They might do this by providing ecommerce functionality, or they might achieve it by reinforcing offline brand campaigns. Regardless of the nitty-gritty of each project, the objective you must have for all the work you produce is to help your clients make more money.

This is the first realization you must make to survive as a freelance Web designer or developer. Let's look at some others.

The Right Mindset

When you're just starting out in your first business, you need to have a no-frills mindset. Your first business isn't the time to buy the new photocopier, the latest and greatest fax, or plush office furniture. No new car, no new cell phone, no huge office space.

You need to focus on survival—and that means low-cost business!

Save On Equipment

Maybe, just maybe, you can't use the fax machine at your local post office (or borrow your brother-in-law's or kind uncle's), and you actually have to buy your own.

If you buy a new fax with 100 number memory, the ability to call at selected times, and all the rest of the latest and greatest functionality, stop! Take two steps back. Now slap yourself! You're wasting money!

You'll have to work hard in the early stages of your business to get the cash in the door—don't throw it straight out the window!

You do not need a new fax. You do not need a new photocopier. You do not need a new *anything*.

Visit the local auctions, scour the local newspaper ads, and visit secondhand shops. Ask friends if they have an old fax machine they don't use anymore. I guarantee that with just a little sniffing around, you'll find a perfectly good and inexpensive fax machine.

You may think this kind of frugality simply doesn't matter in the long run. Understand that the fax machine really isn't the point here. It's your outlook and attitude we're trying to get right.

Save a few hundred bucks here, another hundred there, a couple of dollars over there ... and before you know it, you have the mentality of a businessperson intent on keeping expenditures tight and the cashflow positive.

In the end, that can be the difference between success and failure.

Save On Office Space

Now, just where will that fax machine go? Into your large and beautifully appointed office? Or into your back bedroom?

Don't let your ego get in the way of your business's survival. It's very hard to start, establish, and grow a business. You'll need everything in your favour, and having to come up with \$1,000 each month for office rental is not a positive.

When I first started out, I ran my business from my back bedroom. It's a fine place to start. I did most of my business on the phone, via email, or by visiting my clients' offices. So the fact that I toiled away in the bedroom never mattered much.

I was initially reluctant to let clients know I worked from home. My perception was that if you worked from home, you were small fry. I thought my clients would feel that if I couldn't afford an office, I would be too small to worry about; I thought it would damage my credibility. In hindsight, I think I may have been partly right.

Many clients will want to know that you have 'real' offices, with staff and computers and faxes and an important-looking boardroom. But it's a bit hard to squeeze all that into the back bedroom! Indeed, the types of clients I was trying to attract wanted the reassurance a bigger outfit would supposedly provide them. So I avoided telling these customers that my "Web development and marketing firm" was simply me working from my bedroom.

Innovate With Less

With modern technology, your virtual office can be set up simply and easily. You'll have a net connection and fax on one line. Your telephone calls can be answered by your 'secretary'—that's the power of answering services. Your clients need never know.

I found as time went on that very few clients asked me where my offices were, and when they did I answered truthfully, with the name of my suburb.

But I will say this. The moment I moved into my office, my business really surged ahead. I spoke with some clients after I took the plunge, and the general consensus among them was that once I had offices and staff, they could see I was serious about the business and not just testing the waters.

I'm not advocating jumping into an office. I'm suggesting you start off slowly. When I finally took out the office lease I had a regular income, and a fairly well-established client base from which to grow.

Now that I have the offices with the boardroom, break room, a reception area, multiple phone lines, a fax line, high-speed Internet connection and plenty of staff, I spend a fair amount of my time working from home on a laptop!

Making Do

My offices do not contain a single stick of new furniture. All the desks (a total of six) came with the office, as did the furnishings for the reception area. Our two bookcases and the boardroom table came from the local secondhand store, at a cost of \$350. The break room fridge cost \$50 at a garage sale. The office chairs were all second hand, and cost \$180 in total. And the boardroom chairs are my old dining room chairs!

Although I haven't any research to back this up, I'm sure my clients look around my premises, see a new office with the best of everything and think, "I'll be paying for all of this in my bill."

Success is whatever you want it to be. I'll make the big assumption here and assume you took the big step to work for yourself to gain a taste of freedom with the potential to earn great money, and for the challenge of it all.

The more expenses you have, the more income you need to generate. This reduces your chances of surviving in the tough world of business, and that is obviously not what we want. We want you to survive and build the business you deserve!

Key Points

- You're in the business of *selling*.
- Get the right mindset for success. Be frugal.

Freelancing Or Small Business?

Freelancing—it sounds so good! No more office politics! Bye-bye, boss! You're out there on your own, the wind in your hair, no expenses, and clients aplenty. Every job is a new job, with a great hourly rate. Variety is the spice of life!

Then there's the small business owner. You're in charge! You can make good money as your business grows, and you reap the rewards of leveraging. Having one person generate \$80 an hour is good—especially when you pay your employees \$40 an hour! Having five people generating \$80 an hour each is even better. That's \$200 an hour ... and you don't even have to be in the office!

But which is the option for you?

Both have established reputations for being unstable forms of employment. Many have the opinion that in your own business, the rug can be pulled out from under you at the drop of a hat.

I have the opinion that working for yourself is the most stable of all forms of employment. I'd argue that the freelancer with a couple of regular clients has more secure employment than the majority of desk jockeys in businesses across the world.

With a salaried job, you're at the mercy of the company. And what happens when the Board discovers there's not enough money in the coffers to give the management a million-dollar bonus? It's no problem! They just cut 500 jobs and pay the bonus from the money they've "saved."

A friend of mine recently made the move from the corporate world into his own business. He is a qualified accountant, who now installs accounting software for small businesses and provides bookkeeping services.

He looks upon this business as being far more stable than a job. Why? He sees that if one of his clients "sacks" him, he has lost just a small amount of business, and, as he's very busy, it really doesn't matter. In his previous life as the corporate money man, if he were sacked it meant an end to his entire income.

Life as your own boss is unpredictable.

That's the best and worst thing about it!

Whichever option you choose—freelancer or small business—you'll be inspired by the variety and amazed at your versatility—and thrilled when someone actually pays you! Your time's your own. You can take vacations when you want, nod off when you want, and work when you want.

But life wasn't meant to be easy! It can be a struggle to survive as a small business or freelancer, and you can rest assured you'll find yourself working some long, hard hours. But as you work these hours, you'll come to recognize something: you'll recognize that the skills you're using are salable. Now that's exciting!

It's not all merrily working and counting the money, however. With a small business, you certainly have greater potential to grow and generate more income. But the organizational effort is substantial. Who will do your accounting? Don't forget to allow for taxes! Which staff members will take holidays, and when? Then there's sick leave, insurance ... You get the idea.

Whichever model you choose, be aware that, though it will be hard work, the rewards—not only in monetary terms—can be great.

Key Points

- Freelance or small business? It's up to you!

Good Advice And Where To Get It

In the great Internet boom a few years ago, every man and his dog tried to secure venture capital. As those great gods of finance flicked through proposal after proposal, one of the constants for which they searched was experience. They did that because they know experience helps—it helps a lot.

Does this mean you shouldn't start a business until you have thirty years' experience under your belt? No way! There are plenty of people and places you can go to for good advice. Let's take a look at what's on offer.

Accountants

An accountant is the best source of accounting, finance, and budgeting advice. Find an accountant with decent experience, and with whom you feel comfortable; don't settle for the one who lives closest to you. This is a person who can have a major impact on your business life, so take the time and trouble to find someone with whom you can work well.

Bankers

Bankers are never the best source of financial advice. They have a vested interest in selling you their own products, so their advice is going to be biased and not necessarily in your best interests. Bankers often have almost no real business experience, but they have usually seen many people fail. So they can usually see the signs, and may be able to warn you in advance.

Solicitors

Solicitors are an excellent source of legal advice. Take their experience and opinions into account, but always remember the final decision is yours. Try to get a handle on all your legal affairs. For instance, learn how to read a contract. I find it beneficial to sit down with a contract and go through it point by point. I actually write my own notes in plain English about what the contract says, and then review it like that. Take responsibility for understanding your own legal position.

Friends

Friends are great for friendship. Friends will tell you what you want to hear. They're usually a pretty unreliable source of business advice.

Mom Or Dad

See above.

Marketing Consultants

As a marketing consultant myself, I can safely tell you these people are paid to lie! They're always going to tell you your idea is great—that's how they make their money.

They should know plenty about marketing, but if they're so great at business then why aren't they out there running their own business, rather than consulting about it? OK, that's probably a bit harsh, but I wouldn't rely on a marketing consultant for pure business advice. Marketing advice? Certainly.

Other Business People

I'm not talking major business leaders here; I'm talking the lady who runs the corner liquor store, or the guy who runs a small trucking business, or the local florist. These people are in the trenches day after day. They know the importance of cashflow, they know how vital it is to keep costs down, and they know how to survive in what can be a pretty harsh business world.

One of the best things I do is have a brunch every Thursday with five colleagues who all manage their own businesses. Our little group includes a PR consultant, a resort owner, a computer store owner, a taxi driver, and an Internet business owner. We run ideas past each other, discuss cashflow situations, and generally get a different perspective on the issues we face.

That's the sort of advice you need—non-biased and based on real-life experience.

Key Points

- Good advice is gold!
- Gather a team of trusted professionals and refer your questions to them.
- Associate with other business people—their advice can be invaluable.
- Parents and friends will tell you what you want to hear. Don't rely on them for professional advice.

Stepping Out On Your Own

As a consultant, I looked at a huge range of businesses over the years—from the inside. It was a wonderful education.

I've heard many people say the Internet is too hard and too competitive an environment to give you any chance of success. I've heard many people say that many industries are too hard and too competitive an environment to give you any chance of success.

And I've heard many people talk about “now” not being the right time to build a successful business.

But I've seen business people succeed in recessions. I've seen business people succeed with Internet businesses. I've seen business people succeed in very competitive industries. The reason for this is simple: these people would succeed anywhere. They put systems in place, they react to market changes faster, they sell better, they manage more effectively. They do any number of things better than do the competition.

You can succeed in any place, at any time. Get your business right, and you can't possibly fail.

Getting Started

So, where do you start with your business? Most people would say “start at the beginning,” but I'd like to offer you my own philosophy. I think you should start at the end.

Start At The End

As you step out on your own, your very first thought should be your exit strategy. You should know how and when you're going to exit your business. If your goal is to build the business for the next thirty years, and hand it over to your children, that's fantastic! Plan for that.

Or is your exit strategy to build the business up and sell it in five years, when you're grossing \$1 million annually? You'll have a different plan for that.

Identify Your Goal

When you define your exit strategy, you'll have just provided yourself with a goal.

Let's say your goal is to build up your Web development business over five years to \$1 million in gross sales. Great! To achieve that, estimate the value of sales you'll need to make each year. Plan your business very carefully—don't just wander along, hoping for the best.

Your sales figures might need to look something like this:

| Year | Sales |
|------|-------------|
| 1 | \$250,000 |
| 2 | \$320,000 |
| 3 | \$560,000 |
| 4 | \$800,000 |
| 5 | \$1,000,000 |

To reach those targets, you'll need to sell an average of \$20,833 worth of work per month throughout the first year. That's a touch over \$4,500 per week. For a talented Web designer, that might mean attracting just one new client per week.

Plan To Achieve

You must plan to achieve! Your success depends on it! Let's take a look at the two most critical factors you'll need to consider.

Sales

Now that you have your goal, you'll need to look at how you can generate this one new client each week. Maybe you'll use PR; maybe you'll network at your local business club; maybe you'll send direct mail; maybe you'll take out an advertisement in your local newspaper. That's the start of a good marketing plan.

Then you could factor in ongoing work (content management, Website maintenance and marketing) from all these clients—another \$1,000 per month. And the figures start to add up ...

Expenses And Eventualities

Next, take a look at the sorts of things you'll need in order to take on one new client a week: a telephone (and a telephone line), business literature (letterhead and business cards), a computer, a table and chair, maybe some support staff.

Note all these requirements down, and spread the costs over twelve months (evenly is fine, or you can spread them according to the way you think the costs might be incurred). Do the same to forecast the way you think your income might be generated.

Now, what if your computer is stolen? Did you think of that one? That would be annoying. Insurance! Don't forget insurance. What if you need staff quickly? Have someone in mind to come in at a day's notice. What if you're sick for a week? Have someone you can outsource the work to. Keep thinking. What else do you need to cover?

Keep developing solutions for all these scenarios, and soon you'll have a top quality plan of attack. Wait! What do you have? You have a plan. And that's something the vast majority of businesses *don't* have!

What Makes You Think You'll Succeed?

Surprisingly, 80% of small business fail within five years. What makes you think you'll succeed? Well, it's simple. You will succeed because you are going to have what that 80% don't.

A goal

The vast majority of successful people have goals. Your goal must be achievable and you must wholeheartedly believe you can reach it.

A plan

I don't mean some little plan. I mean a plan that covers *everything*. Who is doing your accounting, and what package will you use? Exactly how will you market? What if your client sues you? What if you get hit by a bus? What if you make more than expected in the first two months? What if someone sends a letter asking for a job? What if the local newspaper approaches you? Think through all eventualities.

A positive attitude

Are you yawning? I know, everyone says you need a positive attitude. But if I can get deep and philosophical for just a moment ... you do need a positive attitude.

You are about to be rejected by countless people. People will laugh at you. Others will sneer and scorn. Lots will refuse to answer your phone calls, and none will return them. People will be aggressive, adversarial, and downright rude.

The difference between your success and failure is a positive attitude. Every successful person I have ever met has a positive attitude. They're optimistic. They know what they want, and they won't let a few disappointments stand in their way. Stay positive. Over the years I've discovered that a negative personality in a business can very quickly destroy it.

Self-belief

I firmly believe you can never make a wrong decision. OK, you have a problem. There are plenty of solutions you can use to deal with that problem, and you implement the option that you decide will be best.

Let's say it doesn't work out. Does that mean it was the wrong decision? I'd say no. It was a decision you tried. So it didn't work out—try something else! And then,

something else. Sooner or later you'll find a solution to that problem. And the next time you have a problem like that, you'll find the best solution even faster.

Key Points

- Identify your goal.
- Plan to succeed.
- Maintain a positive attitude and believe in yourself!

Where To Next?

Now that we've covered the basics of why you'd want to freelance and what freelancing is all about, you're probably wondering, "What's next?"

Well, what's next is the first section of this kit! It covers the information, advice, tips, and hints you'll need to test the freelancing or small business waters. In Chapters 2 through 5, I'll assume you're taking your first steps as a freelancer. We'll discuss the basics of understanding the marketplace, developing your professional image, getting out there, and finding your first Web development clients.

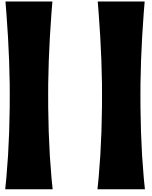
The second part of the kit will take you through the next stage of the small business life cycle—establishing your business. If you already have a freelance business up and running, or you manage your own small operation, skip forward to this section! In Chapters 6 through 9, we'll explore the finer details of marketing, sales and client service. We look at how to take your fledgling Web development business and position it for success in the longer term.

Part 3 of the kit deals with the day-to-day running of your freelance or small business. How will you ensure that projects are completed on time and on budget? What will you do when clients complain? And how will you grow your business over time? Chapters 10 through 12 will answer these questions and more.

Chapter 13 is where things really start to heat up! Together with subsequent chapters of this kit, it deals with growth, and answers the questions you might have about taking on staff, leasing office space, and financial planning for business expansion. We'll cover everything from good leadership to briefing subcontractors in Chapters 12 through 14. If you have a mind to grow your small Web development business into a bustling agency, this section is for you.

We finish off the kit with some handy tools designed to put you in good stead for a successful business future. The final chapters of this kit, coupled with the appendices, contain tips, case studies, interviews, documentation, and resources that will see your Web development business thrive and flourish over the years ahead.

So, are you ready to jump in and start working towards (what I imagine is) your greatest life goal? Fantastic! Let's do it!



Establish Your Business

6

Market Your Business

Marketing your business isn't hard. There are literally hundreds of ways you might do it. Not all of them work, but you'll soon have more clients if you follow a few basic steps.

You need a steady flow of prospects to develop your business. An approach that uses many different strategies, all linked together, will have those prospects beating down your door before too long. We'll discuss these strategies here.

Contrary to popular opinion, your advertising and promotion effort need not be expensive. In fact, it should be very cheap and highly profitable. You don't want to implement marketing strategies that run at a loss; you want to do what works. You need highly targeted, results-driven marketing. When you generate that lead, qualify the lead, find out how you can help, and then offer a solution, Bingo! Another sale on the way.

Develop a marketing strategy that works. Implement it regularly. Measure its impact. If it works well, keep doing it. If it doesn't, then stop. That's how to market your business. Let's explore these ideas a little more.

Do Something!

One of the biggest mistakes I see among small business people is that they simply don't do any marketing. They have to finish off a certain job, they don't have the money to pay for an advertisement in the local paper, they don't have the expertise, they don't have the time... the list of excuses goes on.

But marketing isn't difficult:

1. Figure out who might want what you sell.
-

2. Ask people to buy it.

There are a million different ways to get the attention of your market ...and that means a million different ways to waste money! Being smart about your marketing is important.

There really are countless ways to market your business. Try plenty. Measure the results. Crunch the numbers. If you can have a steady stream of prospects at the door, your business will grow.

But how can you create that steady stream?

Regular marketing means regular prospects.

Regular direct mail, regular advertising, a regular newsletter, regular networking, regular offers to local businesses... Whatever you do, do it regularly, and you'll generate that steady stream of prospects.

As prospects see your brand in more places, and hear about you from more of their friends, they'll begin to get used to your name. Once they're used to your name, they're only a small step away from feeling that they know and trust you. And then they'll start calling.

Simply put yourself in the shoes of your potential clients. Ask yourself what might be the most effective way to get their attention, and make your offer.

- Would it be best to cold call your prospect?
- Would it be best to write your potential clients a letter to tell them of your services?
- Would it be best to present a seminar entitled, "Attracting more business using the Internet"?

Let's look at a real-life example.

Case 6.1. \$20k In Thirty Days!

Recently, my company faced the challenge of generating an additional \$20,000 of business within twelve weeks. Here's how we planned to achieve the goal:

1. Write letters to all our current clients giving them a special offer, which would then be followed up with a telephone call.
2. Complete a direct mail campaign to 200 local businesses—a three piece mailer spread over three weeks.
3. Run a five week business newspaper advertising campaign.

4. Launch a PR campaign, including media releases announcing the promotion of a team member, the release of a survey we've commissioned, the announcement that the company is the new developer for a major site, and a few others bits and pieces.
5. Ask all our current clients for referrals.
6. Attend plenty of networking opportunities.

What were the results of our campaign? The advertisement (costing \$70 per week for five weeks) secured us a \$7,800 Website deal, with a \$300 monthly ongoing marketing fee. The PR campaign delivered another client with \$5,000 worth of work and good potential for more (we're also on a 'success fee' structure with that project).

A current client has taken up our offer of site management services priced at \$110 per month, and asked us to implement his online marketing campaign (another \$5,000 per year). The mail-out to local businesses has generated three qualified leads that we're now following up. A quick calculation tells me that we've achieved our goal of \$20,000 in additional income in just a few weeks.

The key point here is that sitting around will only give you a sore behind! You might be a hot designer, but people need to know about your services before you can make a buck.

Get out there and shout from the rooftops!

Key Points

- Regular marketing means regular prospects.
- Understand your clients' problems, then work out how to solve them.
- Do something! If you're unsure of whether a marketing tactic will work, try it—and measure the results.

Why Your Marketing Should Be Very, Very Cheap

The point of marketing is to generate interest. What's the best measure of "interest"? Leads and sales! The return you generate from your marketing efforts should far outweigh the cost of those efforts.

Marketing your business shouldn't just be inexpensive—it should be profitable. It should be profitable because it works. It should work because it is highly targeted and effective. Simple!

Targeted marketing means ROI.

Your success depends on finding people who are not your clients, but should be. The people who should be your clients will not differ much from those who are the current clients of your competitors. That makes sense—these people aren't your clients, but they have all the characteristics of the people who would buy your services.

Let's illustrate this concept with an example.

Defining Your Market—And How To Reach It

We want to find out what the characteristics of your target audience are, so that we can get an idea of which marketing tools will be the most effective. First up: identifying your market.

There are two things about your market that we can assume to be true:

- Your prospects with the greatest potential to become your clients will generally live within a fifty kilometer radius of your business.
- Your prospects with the greatest potential to become your clients will operate a business. That business will probably be a small business—most businesses are.

What we're trying to do here is find a common thread among your potential clients. Now that we've got this information, the next step is to find out how these potential prospects might hear about Web development businesses that offer the services they need.

Remember what we said above: the current clients of your competitors have all the characteristics of the people who *would* buy your services. And what characteristic—in addition to the ones we discussed above—identifies the current clients of your opposition? They all have Websites.

It's time for action! Call businesses in your area who have Websites, tell them you're surveying the ways people hear of Web development firms, and ask how they first heard of the firm they use. Don't try to develop the relationship any further than that—you're just completing research at this stage. The people you call will usually be happy to help... and before you know it, you'll have a fantastic idea of what tools you should use to market your business to the right audience!

You'll also have the names and addresses of about 100 people who have Websites, and who now have a relationship with you. Mail them all a "Thank you" letter for participating in your survey, along with a summary of the survey results. Keep in touch, making contact with them every three months. Soon, a few will inevitably start to trickle over to your business.

Research Hint!

Here's a quick hint to improve the way your survey call is received. We make the results of every survey we complete available to our local media (and, on occasion, national media). When we call businesses that might be in our market, we say something along these lines:

"We're currently completing a survey that will be made available to XYZ Television Station. The survey question is 'How did you first hear of the Web design firm that designed your Website?'"

This approach lends you instant credibility, and increases your response rate. If the people on the other end of the telephone know that the survey will be made available to the local TV station, they will search high and low to find you the answer!

Narrowing The Field

These simple steps provide an excellent basis from which to attack your marketing. But focus a little more deeply and you'll find even more valuable information.

For instance, by looking at who has Websites (and who doesn't) you'll find that, in certain industries, there are more business Websites than in other industries. Let's assume here that high-tech industries have a higher percentage of businesses with Websites than do any other industry segments.

You've now narrowed your target market to include:

- small business operators
- who manage high-tech businesses
- within a fifty kilometer radius of your business

From your survey, you know how most of the businesses in your area hear of Website designers.

That's a well-targeted market!

Now you can grab your market's attention with laser-like precision. Moreover, because your marketing is so well-targeted, it should be very successful.

The moral of this example? It makes no sense to take \$5,000 worth of newspaper advertisements and hope for the best if, with just two hours' work, you can find out *exactly* how your particular market hears of people in your line of business, and target your promotions, far more cheaply, to them.

Case 6.2. Mmm ... Donuts

My business is perfectly situated—it's directly above a bakery, a café, and a Domino's Pizza! The café has changed hands three times in the past twelve months. Why? Because the operators don't target their market.

The market for the café will be people located within a radius of about five kilometers of the store. The absolute best market will be people within a 100 meter radius. An even better market will be people who work in offices within about fifty metres of the café, which is open largely during business hours.

At any point in time, my business might have twelve employees working frantically away. Almost all of us here like to eat lunch out of the office, or at least to go out to buy our lunch, which we then bring back to the office.

Yet, in the twelve months we've been in those offices, we have never had the café staff knock on the door and say, "Hey, you guys! Come and eat lunch with us! We make great kebabs, sensational sandwiches and perfect pies, have icy cold drinks and we will treat you like the important people you are! Here's a voucher for a special deal to try us out this week—come on in!"

You're in business.

You want to sell whatever it is you sell.

Tell people about what you sell.

Ask them to buy.

The café should be dropping their new menu in to us every week. They should have wandered around the nearby offices and introduced themselves. They should letterbox drop flyers galore. They should have fabulous big signage outside their shop. And they should do whatever they can to tell people that they're in business, and that they have something to sell.

Only then will they start to sell.

The Perfect Lead

I've said it before, and I'll say it again: there are a million different ways to get the attention of your market.

When people think of "marketing" they tend to think of large, costly tactics. Radio advertising. Newspaper inserts. Be aware that not every marketing tactic you use has to be a large-scale, one-to-many transmission like a flyer or an ad in the local paper. In fact, a small-scale promotion allows you to target with much greater precision the needs of a particular market segment.

We often generate leads from highly qualified prospects. In its simplest form, this promotion might see us run a competition for a lucky customer of the local stationery supply store. The competition's prize is a free template-based Website. The stationery store owner is happy to allow us to run the competition through his store, as it makes him popular with his clients (one of whom is the lucky winner of a free Website).

We also receive the 100 or so entry forms submitted by competition entrants. We have 100 names, titles, business names, addresses and telephone numbers of business people within our area who have expressed interest in a Website! As you've guessed, these forms are the basis of the next step in our marketing process. I can feel some business coming on!

These competition entrants are mailed a "You're a winner" letter, which informs them that although they didn't win the free Website, they have won a free mouse pad and a free hour-long consultation with a Web consultant to help them identify whether their business would benefit from a Website. The letter finishes by telling them that the writer will be in touch.

That letter is accompanied by an article we've written, titled "Does your business need a Website?" In addition to this, we generally toss in some articles that have been written about us, along with testimonials from happy clients.

Now we have 100 potentially hot prospects expecting a call from us. They expect that we'll set up a meeting to discuss their needs for a Website. Don't ask them to call you. They won't get around to it. Let's look at the characteristics of this market segment.

- They want a Website (otherwise they wouldn't have entered the competition).
- They've been educated about the benefits of a Website (in your letter and article).
- They know about our business (which has also benefited from the implied endorsement of the stationery store, which increases our perceived credibility).

From those 100 hot prospects, I'd be surprised if we didn't make three sales.

- That's three new clients. That's at least \$6,000 even if they only want a teensy-weensy Website.
- That's three more clients on our ongoing list.
- That's three more clients to give us referrals.

And here's another interesting tip: always give the competition winner options for the site they win. For example, offer:

- the template site for free, or
- the template site plus a few other added extras for a little money, or
- a custom-designed site, with the total bill discounted by \$1,000.

They'll almost always choose from the two options that will cost them money. We have a client who manages a resort and runs a monthly competition for two nights' free accommodation. 80% of the winners extend the length of their stay by up to five nights! And 42% of the winners re-book to stay within the next twelve months.

Now, these are just a couple of ways to market your business for a minimal investment.

Don't blindly follow the herd by tossing your money away on marketing tactics that don't work. Research your market, talk with your market, analyze your market—that's the way to very cost-effective marketing.

Key Points

- Tightly targeted marketing is inexpensive—and should generate a decent ROI.
- Research your audience, and use what you learn to refine your marketing efforts.
- Ask your clients how they found you. This should indicate what marketing channels your prospects will use.
- The perfect lead is well-qualified. Qualified prospects are best, so try to use marketing tools that prequalify the potential client.

Advertising, Promotion And Public Relations

Now that we've discussed the importance of highly targeted promotions and qualified lead generation, it's time to turn our thoughts to some of the more common marketing alternatives. In this section, I'll get a little more specific on advertising, promotion and Public Relations (PR).

We'll look at how you can assess the potential of a particular marketing tool. We'll also consider a range of different tools, and what they can and cannot do for you. Lastly, we'll get into PR in some depth—if you've ever wanted to know how to write the ultimate media release, keep reading!

Assessing Your Advertising Options

Just what is the best way to assess your advertising options?

There's no "right" answer to that question. There are all sorts of cultural, economic and local considerations that impact on the effectiveness of every advertising medium. However, here are some general guidelines that will help you assess each different medium you consider using.

Use Your Research

Take a look at the audience survey you completed and see if the particular medium you're considering is mentioned.

There's no point advertising in the newspaper if your target market did not identify it as one of the ways they found a Web developer. Similarly, there's no point advertising in a particular newspaper if no one in your target audience reads it.

Rely heavily on your research—that is why you're researching, after all!

Analyze The CPM

CPM stands for Cost Per Thousand, M being the Roman numeral for 1,000.

The CPM is the most analytical and objective measurement you can make of a communications vehicle. Once you know how much it costs to use a particular means to contact 1,000 people, you can easily compare the costs between media.

It works like this. The local newspaper reaches 50,000 people. You can buy a half-page display advertisement in the paper for \$1,000. Therefore, if we divide 1,000 by fifty, we see that it will cost us \$20 to reach a thousand people.

Obviously, the lower the CPM, the better. But keep in mind “media waste.” This refers to the number of people who see your ad, but who aren’t in your target audience and don’t have a need for your services.

Usually, the more “mass”, or general, the reach of the medium you use, the more media wastage there will be. For instance, a TV ad on the local television station will likely reach far more uninterested parties than will a direct mail campaign targeting businesses in your area that don’t have a Website.

So, when you consider CPM, also consider the amount of media waste. The CPM of a newspaper ad might be cheap at \$20, but if 90% of the paper’s audience aren’t in your target market, it doesn’t matter how low the CPM is, you’re still wasting a lot of media—and money!

Speak With Other Advertisers

If the local TV station representative is trying to sell you some space, choose an advertisement or two you see running on that channel, and call those advertisers. You’ll soon have a reasonable idea about what sort of response those ads are generating.

Listen To Your Instincts

Timing and gut feel are important. Some times of the year or month are simply a dead loss for Web design business.

For example, most businesses close down over the Christmas period, while their owners are off enjoying the season’s festivities. Don’t waste your money advertising then.

Stick To Your Budget

Budget is a major consideration. Running three radio advertisements across three days might be within your budget, but it won’t be of any benefit. Some media, like radio, require repetition of your message in order to be effective. If you don’t have the budget to suit the medium, then don’t bother buying the space. Keep track of your expenditures using the Marketing Budget that’s included in the *Budget* spreadsheet on this kit’s CD-ROM.

Consider The Real Costs

Remember, also, the fact that an advertisement generates an inquiry doesn’t necessarily mean that it’s successful. Here’s why. A client is currently running an advertisement in a local free weekly newspaper. His thinking was that if the ad generated one new client in twelve months, the advertisement would have been “successful.”

Wrong! The ad has been a disaster. After sixteen weeks at a cost of \$60 per week, his ad has generated twelve inquiries. He has yet to make a sale. Yet the client estimates that meeting with the people who inquired, putting together the proposals, and talking on the telephone with these “prospects” has cost him in excess of \$2,000 already.

He now subjects each “lead” to a fairly rigorous qualifying process before he takes the relationship any further. And he’s trying to off-load the advertisements (as he’s tied in to an advertising agreement with the paper for the full year).

Which Promotional Option Suits You?

I can’t tell you the answer to that! However, taking into account the targeted marketing tips I provided earlier, I’ll discuss here a few of the popular options for advertising, promotion and PR efforts.

All of the techniques listed below are perfectly capable of generating new clients in droves. Your challenge is to identify which option suits you, try it, and measure the results so that you can improve your ROI in your future promotional efforts.

Newspaper Advertising

Base your budget on the CPM I mentioned earlier. Newspaper advertising needs to be really well targeted to be successful. As we’ve discussed, it would probably be more cost-effective for you to advertise in a business newspaper, rather than the local community newspaper.

Yellow Pages Advertising

This is almost a ‘must have.’ Many people will choose a designer from the Yellow Pages. These ads can be very expensive and, unfortunately, with this medium it’s a case of “the bigger, the better!”

If you do make the commitment to buying a large, prominent (and more expensive) Yellow Pages ad, then make sure you very closely measure which clients find out about you from these ads, and what sort of return you receive on your investment.

Radio Ads

Radio spots are not usually well-targeted. Don’t advertise on radio unless you can try it very cheaply, and be sure to track the results!

On the other hand, a radio *appearance* can be a great way to boost your profile. For instance, if you're interviewed as a special guest during the computer show on your local radio station, you can attract real attention to yourself and your business.

Writing Articles

If you can get a “Why you might need a Website” article published in a business magazine, it can work very well to generate leads.

Writing articles is a good form of PR, and allows you to “borrow credibility” from the publication in which your article appears. As the only expense involved is the time it takes you to write the article, this form of promotion can be very cost-effective.

Flyers

Flyers are OK, but only because they’re cheap. You can target them a little (for example, by delivering them only to local businesses), and with a little luck you might receive a call or two as a result of your efforts.

Hold A Seminar

Why not hold a seminar titled “Developing a Website for Your Business”? Great idea! It’s beautifully targeted, you have the opportunity to build enormous credibility, and you have a group of hot prospects in a room for a day, learning all about the Web—direct from you!

Spend \$1,000 to promote the seminar, fill up a good-sized room, and retire to the Bahamas on the profits! Well... not quite, but you’ll do OK! The trouble here is that you have to spend a little to make a little. Charge a token fee of, say, \$10 per head, so that your audience perceives some value in spending a day with you. Granted, you may not make much of a profit from the event itself, but it’s the lead-generation that will benefit your business in the long run.

Ask For Referrals From People You Know

It didn’t take me too long to realize that the vast majority (and most profitable part) of my business came from prospects who were referred to us by past and current clients. Know what we do now? We ask everyone we know to please, please, please refer their friends or business contacts to us. If someone refers us a client, we say thanks.

Referrals are perfectly targeted, and don’t require any work on your part. If you’re not asking every man and his dog for referrals to your business, then you aren’t serious about being in business.

Local ISPs And Hosting Companies

Local providers of computer- and Internet-related services can be a rich source of referrals. Contact them to establish a reciprocal arrangement through which you refer hosting

clients to them if they refer Web design clients to you. This arrangement can work on a commission basis as well.

Branded Merchandise

T-shirts, stickers, buttons, mouse pads, pens, and mugs with your logo on them? Don't even think about it!

What influences people to select someone in your line of business? I'll bet it isn't how nice your branded coffee mugs are. Prospects won't initially select you based on merchandise, so don't do it: it's a waste of money.

Having said that, I do find these products great as gifts for clients you want to thank for some reason. But this kind of expense can only really be justified when you're well-established and very profitable.

Write A Report

Write a report devoted to making and saving money with a Website, and give it away for free. It'll be another great lead generation tool.

Once the report's finished, take a small ad in the local paper, do a post office box flyer drop, send targeted direct mail, and shoot out a Media Release promoting your report. You'll soon have some very hot prospects on your doorstep!

Here's another idea. Include a Tips Sheet as part of the free report. Then use this Tips Sheet as the main part of your media release, which you write like a Top Ten list: "The Top Ten Ways to Avoid Being Ripped Off on the Internet!" That sort of release, backed up by some research, will almost always get a run in relevant media.

Classified Ads

Advertising in newspaper classifieds is very cheap and can work quite well. Worth a try.

Telemarketing

Phone marketing can also work well. Try it and see.

Guest Speaking

Fantastic! Guest speaking is free, and generates real interest on the spot. You'll be perceived as an expert, you'll learn the techniques required for public speaking (which are a huge advantage), and you'll be exposing yourself in the nicest possible way to your potential market.

Brochure

Printed brochures can be good, but only once you've established your business. When you're starting out, it's much more cost-effective to demonstrate your professionalism in other ways that require a smaller initial outlay. Our research tells us that fewer than 20% of an audience will read your brochure.

Newsletters

Newsletters are great! They're cheap and they're easy. Use a desktop publisher with some decent paper. I can produce a great-looking newsletter for about sixty cents a copy.

For some reason, people seem to attach more credibility to the printed word than they do to an electronic message. For this reason, newsletters can help build recognition and improve perceptions of your credibility within the market, especially if your newsletter's continued regularly, over a long period of time.

Networking

As we've discussed before, networking is a must-do. Join the local business groups, go to the lunches, attend the charity golf days. Remember, however, to keep a close eye on the amount you spend on these events, and closely analyze the return you make.

Prepare A Video Or CD

Describing your business and the benefits you provide in a video or CD is a great idea, right? No. People won't watch the video, nor will they look at the CD.

You'd think they would, and both these media provide a great way to demonstrate your expertise, but people just don't look at them. Why not? Because it's too easy to procrastinate. Think about it. If someone dropped off a video to your office, would you find time to look at it?

Sponsorships

Sponsorship opportunities usually require you to provide cold hard cash and/or services. The impact of these kinds of arrangements is very difficult to measure, as sponsorship rarely provides an immediate response.

Public Relations

Love it, love it, love it! It's free if you do it yourself, and the impact can be enormous if you get your story covered on a decent TV show, radio program or newspaper feature.

PR has the benefit that it doesn't have to be particularly well-targeted if it gets to one million people in your city and doesn't cost you anything! PR is excellent, so let's take a closer look at this form of promotions.

A Public Relations Primer

Public Relations covers a wide range of activities, but in a promotional sense, it's about building goodwill for your business by gaining unpaid media attention. The whole premise of PR is that you "borrow credibility" from the media, rather than looking like an advertiser who's simply paid for exposure.

So, how does it work? First, you have to attract the press. Now, you can get the media's attention in two ways—the easy way, or the hard way. The easy way is to write a concise, well-constructed release about your newsworthy event. The hard way is to write a sloppy release on something that nobody cares about.

Here are the basic rules of thumb you'll need to follow:

- Media releases should be one page long—and one page only. You need to tell your entire story in that single page.
- Your release should be on A4 or US Letter size paper only, no odd sizes.
- The paper you write your media release on must be plain white, not colored—no letterhead, no logo, nothing but white.

As you get a bit more confident, and become recognized by the media, you might want to bend these rules—this will probably be OK once you've established yourself a little. But to begin with, stick to these guidelines. Now, let's look at what you need to include in your release.

Contents Of A Media Release

Your media releases should always follow this standard, accepted format. It's what journalists and editors will expect, and it allows you to communicate your message clearly. Your media release should contain the following elements (see the sample *Media Release* file on the CD-ROM—it's a good example of how the following elements work together in practice).

Release Timing Details

The timing of publication of a media release can be extremely important in some cases. To let the press know when they can use a release, it's common practice to include release timing details in the upper left corner of the page. You have two options; choose the one that's more appropriate for your purpose.

You can either write "For immediate release," to let the journalist know that he/she can report upon the information at any time. Or you can write "For release on October 1st, 2003," which lets the journalist know if your story is urgent or time-relevant.

Headline

The headline of the release is next. Your headline has a big job: it must grab the attention of your readers, and encourage them to keep reading, so it has to be compelling. Make it as interesting as you can.

Body Copy

The body copy is next. Split this into three parts.

1. In the first paragraph, tell the whole story: the who, what, when, where and why. Tell the whole story in 2, or maybe three sentences. It's sometimes a little tricky but it can be done.
2. The second part of the release should contain quotes that give credibility to the story while fleshing out the most important details.
3. The third part of your media release should contain your call to action. What do you want to have happen as a result of your media release?

As you write, think about your release from the point of view of someone who doesn't know you or your company. Who cares about the information you're discussing in the release? If you can't answer that, then your release isn't newsworthy. If you can answer that, make sure you write the release in a way that will be interesting to them.

Contact Details

When the release is complete, write "ENDS" on its own line. Below this write: "For further information, contact:" followed by your name and phone number. And that's it!

Top Ten Tips For Your Media Release

1. Make sure the information is newsworthy.
2. Write a great headline.
3. Start with a brief description of the news: the who, what, when, where, why and how.
4. Ask yourself, "Is this really newsworthy?"

5. Make sure the first ten words of your release are effective, as they're the most important.
6. Avoid the excessive use of adjectives and fancy language.
7. Focus on the facts.
8. Provide contact details, and make sure you can be reached.
9. Send it to the right person! There's not much use sending your IT story to the sports journalist.
10. Follow the structure I've outlined here—don't deviate from this plan!

These are the standard rules you should keep in mind when you write a media release. Stick with these and you'll have a professional-looking release, for which you won't have had to pay hundreds of dollars!

Making Contact

Send your release to the right person. There's not much use sending your Internet-related story to the sports journalist! A quick call to the reception desk at those newspapers or television studios you're targeting should get you the information you need.

How To Distribute Your Release

With the range of distribution outlets available these days, it's a simple matter to pay a media list to shoot your release off to 500 editors across the country. But is that best?

Should you sit at your fax machine and slowly send out release after release to the editors you've targeted? Maybe you should send the release off to an Internet-based service for rapid email distribution.

What's the best way to distribute your release?

The answer to this question will change with the type of release you're sending. As usual, I'd suggest you test various methods and closely monitor the results. You might find that your Internet-related media releases have great success when distributed via an Internet-based service.

But my big word here would be 'targeted.' In my company, we first identify the specific publications or media we want to target, then take a look at what they produce and the news angles they take. After that, it's a simple matter of writing our release specifically for that publication or show, that editor, or that particular journalist.

Sure, this might mean a little extra work, but the results that a well-targeted media campaign can provide can be well worth it.

The Call

It's all gone well so far. You've sent your media release off to your targeted media contacts and you sit back, imagining your face on the nightly news... and then you get *the call*.

Suddenly, you have a journalist on the phone who wants more information on the story, and perhaps a quote or 2! What do you do next? You have a couple of options:

1. Panic, start um-ing and ah-ing, blurt out a few long-winded answers, and generally squander your opportunity to get your message across.
2. Calmly gather all the relevant material you have had sitting on your desk ready for this call, and start the interview.

If you want to take the second option, you'll need to be ready ahead of time.

So, when you prepare your release, prepare for what may happen. Prepare for the interview. Try to think about what journalists would want to know. In my experience, they want information: they want it concise, they want it relevant, and they want it now. It's your task to give them what they need to do a good job.

Make it as easy as possible for the media to do their jobs.

Most people seem to assume that journalists are hunting around for the dirt, that they'll grab any slip-up you make and turn you into a laughing stock. In my experience, this has not been the case.

The vast majority of journalists I've dealt with have been professional, accommodating, and have taken great pride in putting together a story that's interesting and top quality. If you don't have much experience with the media, rest assured that they won't make your life harder. They'll almost always guide you through the process and make it as easy as possible.

When you're speaking with the media, try to relax. Imagine the interview is a friendly conversation with someone who wants to learn a bit more about what you have to say, because that is exactly what it is.

So, *before* you send off the release, make sure you have handy as much information as might be required. Also, have a list of the contact details of the people the journalist might like to interview about your news item. That way, when the press calls, you'll be ready for action!

The Release Has Been Run! What Now?

The local television station has sent out a journalist to cover your media release and you find yourself featured on the evening news.

It makes a big impact for business and lifts the business profile a mile! Fantastic!

What's next? Do you send the journalist a gift of a dozen bottles of wine, send her out for dinner or just send money?

Well, none of the above actually!

Look at this situation from the perspective that we use to approach client care. Anyone who helps your business is doing you a favour. If you reward the behavior, it will be repeated. And, it's just good manners.

So, what should you do when the media runs your story?

Say "thanks." It's common courtesy. Here is an example letter you might like to use:

Thanking the Media

Dear John,

Just a quick note to say thanks for coming out to interview me about our business now selling pieces of the moon.

We were thrilled to see how well the story came up on the news, and I just wanted to say thanks for guiding me through it all.

It really helped having a professional treat me with kid gloves so we could look our best. We have had some tremendous reactions to the story.

Now I know how hard it is to make it look as effortless as you do! Thanks again.

Regards,

Brendon Sinclair

What Not To Do With Your Media Release

First, the confession: I've done this once or twice. I'll never do it again. Scout's honour.

Imagine you've written your release, honed your headline, penned a terrific opening, and presented all your information on one page. Your contact details are all there, the release is well-formatted, *and* it's newsworthy. You're off to a great start!

Now, you fax or email it to the editors at various media outlets. Terrific. Then, you ring every single person that you faxed the release to, and say those magic words:

"Just checking to see if you got my media release?"

Don't do it. Don't ring. Why not?

1. Editors don't enjoy it. They have your release. If it's newsworthy they'll follow up on it. Leave them alone!
2. I've done the math and here it is. Let's say you fax your media release to 100 editors. Later, you start the follow-up telephone calls. Each call costs an average of \$1 and takes three minutes to make. The tricky part is in actually finding the person you want to speak to. It takes an average of two phone calls to find the person you're after.

That's 200 phone calls, 600 minutes and \$200 you will spend following up that release. For that \$200 I could fax a release to another 500 editors! 600 minutes is ten hours. That's a full day's work. Your time could be better spent!

The media has enormous power and influence, and is always looking for good stories to run. If you have a newsworthy story, it might well be run—giving your business tremendous exposure.

Is There An Advantage In Using A PR Agency?

Good PR agencies should have vast experience in assessing whether your media release is newsworthy (and if it isn't, they can provide some suggestions on how to make it newsworthy). If it is newsworthy they can ensure that it's written in a concise and effective style that will attract the attention of an editor or journalist.

The big advantage of using a PR agency is that the PR person is in the industry. The PR person regularly talks with editors, journalists, and other contacts. The PR person has already established a level of credibility with a circle of journalists.

Think of it this way. Imagine we take two copies of the same release. One is sent to the local newspaper by Joe Smith of Joe's Web Development. It's Joe's first release. The other release is sent to the paper by the PR person.

In a perfect world, they'd both be read. Because the PR person already has credibility with a press contact at the paper, it's more likely that this person's release will be read first.

Don't get me wrong. The media is after top quality, newsworthy stories, and doesn't care where they come from. However, the press person's previous experience with the PR person will go quite a way to getting the release read.

Having said that, I advocate doing it yourself—especially in the early days of your business. Having a PR firm can be very expensive, and if you do it yourself, you'll develop yet another skill which, in turn, will help grow your business.

Providing Free Samples Of Your Work

Now here's a good question! What came first, the chicken or the egg?

The typical problem with starting a service-related business like Web development is that you're far more likely to be successful if you can demonstrate your products and skills.

This is fine if you're an experienced designer with a few decent sites under your belt. Nevertheless, if you haven't developed any Websites, or completed any programming that you can promote as your own work, it can be a little difficult to convince your prospects that you're the person for the job.

What's the right answer to this question?

Part of me says don't do a free site unless there's an obvious and achievable benefit for you. You're in business, after all.

A free site... that pays.

Now that's an important point: "...unless there's an obvious and achievable benefit for you." If you can see a real benefit, then designing a site for free might be worth its weight in gold. But be businesslike—put a few caveats on the production of this free site.

- Ask for home page acknowledgment of your support.
- Request that the client organization send you a signed letter of thanks on official letterhead (to frame and put on your wall, scan and post on your Website, etc.)
- Ask for permission to quote the client's recommendation.
- Ask for permission to add the site to your portfolio.
- Ask for permission to link to your site from their home page.
- Have the client agree to recommend your business to any person who he or she feels would be a potential client for you.
- Reach an agreement that the client's media team will prepare and distribute a media release about your generosity.

You might make your requests sound a little more friendly than what I've described here, but this is a good starting point.

Don't ever do a free site grudgingly. If you'd rather hold out for paid work, then don't agree to the freebie. Why not? Because you want this client to refer other, paying clients

to you. You'll want to do the best job you possibly can. What goes around comes around, in Web development as in life! Let me explain...

Case 6.3. Karma And The Freelance Web Developer

My business has completed some free sites; in fact, we do one each year for a community organization within our local area. Just over a year ago, we completed a site for the local helicopter rescue service (RACQ CareFlight Queensland). They run a much-needed operation, with a budget in the millions that's funded almost completely by public donations. Despite what I've just recommended, we didn't actually ask for anything when we agreed to build their site.

It just so happens that RACQ CareFlight Queensland is a very professional organization that benefits from the services of its tireless, in-house public relations staff member, Carol. As soon as we finished the site, Carol arranged for the presentation of a plaque to thank us for the site. She also organized a media release on the launch of the site, which included full acknowledgment of our role in the project.

The RACQ CareFlight team also recommends us to everyone they meet who might need our services. They act as references for us when required, and we recently received a large photograph of the helicopter in action, along with the plaque that says "Tailored Consulting, Friends of RACQ CareFlight 2002." Both the plaque and the photograph are on display in our office.

To top it all off, Carol has also devoted some time to come into our offices and lead in-house training on the role of the PR professional within small business.

We've generated two Website sales from our association with RACQ CareFlight Queensland, and combined with the extra services Carol has provided, we've received a terrific benefit from completing this "freebie" (in addition to the warm fuzzy feeling that comes with knowing that we've helped our local community).

It's true that these events reflect more on RACQ CareFlight's professionalism to look after their sponsors than the sort of treatment you can expect from every client for whom you develop a free site. Yet the way Carol has looked after us provides excellent pointers as to the ways in which you need to benefit from agreeing to complete a free site. If you got this kind of exposure each time you completed a free site, you'd be a very happy business person!

Key Points

- There are myriad ways to market your business—and a myriad of ways to waste your marketing budget! Make your decisions wisely.
- Consider the CPM and media wastage inherent in any campaign you undertake.
- Assess media options carefully before you buy—but don't suffer analysis paralysis. Try a few different options.
- Public relations costs very little, and provides you with instant credibility. Write a newsworthy release for optimum exposure.
- Make any free sites you build pay!

A Plan Of Action

In this chapter, we've talked about getting out there and doing some serious marketing to get your business up and running. If you don't do any marketing, you won't be in business long. If you implement poor marketing, you may be in business for less time. If you effectively market on a regular basis, you will have the foundations of a successful business.

Develop a plan of action to get yourself in the game.

There's an example *Marketing Plan*, which should give you a good starting point, on the CD-ROM in this kit.

But what marketing methods will work best? As I've said throughout this chapter, there's no simple answer to that! It's important to identify the best way for you to implement your marketing strategy. What works for one won't necessarily work for another.

If you market yourself well, you should expect that:

1. Qualified prospects will respond to the marketing you do. The best business comes from people who call you—these people are motivated and keen to go. These are the prospects you want!
2. You'll be able to convert more prospects into paying clients.
3. You'll generate referrals—an excellent (and probably the best) way to land more business.

Over the years, my marketing plans have shifted from being long, boring documents to quick summaries of just a page or two. Instead of writing pages and pages regarding each newspaper's demographic and geographic reach, and how it's relevant to whatever campaign we're planning, I'm likely to scribble down "Classifieds, \$100 worth on Saturdays for ten weeks in Daily Planet. Contact Clark Kent, Ph. 555-5555."

Do what works, not what the 'experts' do.

That approach works for me only because I know the local newspapers and their readership, and, through experience, I have a general idea of the impact of those advertisements. A two page summary might not work for the next person, who might need a plan that contains a little more documentation and review. Whatever the size of your plan, there are a few essential points that you'll need to include.

An Objective

The first thing your plan needs is a goal. Make it simple, and make it achievable. For example, your goal might be as simple as “Sign up four clients within two months.” It might be “Generate sales of \$10,000 in a month.” Or even “Have ten prospect meetings in a month.”

Make the goal as specific as possible—no airy fairy language like “My goal is to implement an appropriate range of actions to assist clients in developing effective Web-based strategies.” Not only are all of those words hard to spell, but they’re too ambiguous.

You need something simple, easy and measurable.

Market Information

OK, you’ve set a simple goal. Now, take a look at your market. Using the example from before, you may have defined your market to be small businesses within a fifty kilometer radius, participating in high-tech industries.

As we discussed earlier in this chapter, perhaps you’ve also completed a survey to find out exactly how these companies choose Web developers (if any). Maybe you also asked about their level of interest in Web development and what factors influence the decisions they make (you might find, for example, that they all are members of the local Chamber of Commerce).

To fully profile your market, you might also like to know:

- size of the market
- market segments
- who the competition is
- the competitors’ strengths and weaknesses
- your target market
- what their buying patterns are (Many businesses are seasonal. For example, the local toy shop may generate most sales at Christmas.)

Once you have this information, you’ll be a little better armed to attack!

Competitor Information

Complete a competitor analysis using the research techniques we discussed in Chapter 2. For each competitor, make sure you know who, what, when, where how and why. See how they advertise. Review their client list. Benchmark against them. Now, plan to beat them!

Your Marketing Strategy

Take a look at the marketing options available to you, and leverage what you know about:

- your target market
- how your market finds out about Web development firms
- how your competitors advertise
- each marketing option

Competitor information is relevant to your marketing strategy in a number of ways.

First, when you review a competitor's strategy, you need to ascertain whether simply copying their approach will be enough. It works for them, so it should work for you, right? Well, it sounds reasonable enough, but in practice things can be a little different.

Established businesses have established names. There is an element of trust associated with their longevity in the industry (I don't think I have ever seen an industry from which so many people have dropped out!) and that equates to sales, often via referrals. As we know, referrals are often the best way to generate new business.

If you do exactly what the competition is doing, as the new kid on the block, you'll almost certainly fail. You need to identify successful strategies that you can apply to your business, and apply them with a twist.

If your competitor generates business through direct mail, then perhaps a direct mail campaign that incorporates a competition might work better for you. As long as you can develop your own unique angle, your campaign's potential for success will soar. As long as you're noticed, you are known. That's half the battle of attracting clients.

The information you've gathered on your competitors might also help you decide to adopt a strategy of competitive opposition. This can be highly effective in helping you move from a saturated and cluttered market to one where you may well be the only industry voice.

Let's say your competitor has a strong presence in the local newspaper. By the sheer volume of ad space they've bought, and the length of their association with the paper, the competitor may have that particular market segment covered. Your small advertisements may not be able to make a big impact.

However, if you know that this advertising works for the competitor, it may be time to commence an advertising campaign in competing magazines and journals.

You have the advantage of knowing that print advertising works for your competitor, along with the added benefit of having a good chance at winning a decent slice of an uncluttered parallel market.

Take what you can learn from your competitor, tweak it, and apply it to your own marketing to suit yourself. Importantly, you need to make it different so that you, and your business, stand out.

Go get 'em, tiger!

Your Marketing Message

What message will you communicate through your marketing efforts? This is a key consideration—the quality and clarity of your message can mean the difference between an excellent response and an ordinary one.

When you're promoting your business you have to grab people's attention. Be outrageous. Be provocative. Be shocking! After all, you have to be the highest profile Web developer or programmer or graphic artist in your region.

The old advertising formula for communication is Attention, Interest, Desire, Action (AIDA). Each represents a stage that your prospects must move through before they will buy from you:

Attention

The prospect must be attracted to your message.

Interest

The prospect has to become interested in what you have to say.

Desire

Your message must spark within the prospect a desire to obtain the benefits you offer.

Action

Ideally, your message will prompt the user to take action towards procuring your services.

The important point here is that nothing is going to happen as a result of your advertising unless you grab people's attention. Do whatever it takes!

Tell prospects their problem ... then offer the solution.

Once you have the prospects' attention, you should restate their problem (that is: they don't make enough money through their current business channels).

Next, you offer them a solution to that problem (that's your pitch).

And finally, you ask them to take action (ask them to contact you).

Being outrageous gets attention, and it's attention that you're after! A by-product of being outrageous is that you'll often be entertaining as well—and a lot of clients like to be entertained.

They want a good job, a real solution, and professionalism, but they also want to be entertained. Make your prospects enjoy themselves—make them laugh—and you're off to a great start!

Measurement

OK, now we've got a good picture of advertising, promotion and PR for the freelance Web designer. The point here is that you need to implement many different marketing techniques on an ongoing basis. Running seasonal campaigns is good, but continual promotion via a number of means is far more effective. Only then will you generate a healthy number of prospects for your business.

This brings us to an important point: the whole idea behind marketing is to generate interest among your target audience. More than that, the purpose of marketing is to generate leads—leads that will evolve into sales. In order to ensure you use your marketing budget to your best advantage, you must do one thing:

Measure the cost of every response.

Measure the response to every marketing technique you implement. It's a simple process to analyze the benefits per dollar of everything you do—and it's even easier if you use the Marketing Budget in the *Budget* file and the *Marketing Activities Analysis Sheet* included on this kit's CD-ROM.

Look closely at the dollar benefits and tweak your marketing tactics accordingly. For example, let's say your \$40-per-week classified advertising campaign generates two,

\$3,000 Website sales within a couple of months. You've spent around \$200, and generated \$6,000 in income. Sounds great, doesn't it? But don't forget the other, hidden "costs" of the advertisement. The cost breakdown may look something like this:

- Time spent writing the ad – 1 hour
- Unproductive leads generated – 14
- Time spent following unproductive leads – 10 hours
- Time spent on winning proposals – 8 hours
- Travelling time – 4 hours
- Overhead costs – postage, letterheads, envelopes, telephone calls, etc.

Assuming you generate a healthy 30% profit on the jobs themselves—that's \$1,800—you need to deduct wages for twenty-three hours of extra work (a minimum of \$690). Also deduct \$200 for the advertisement itself, and maybe another \$100 for overheads such as postage and petrol.

That reduces your \$1,800 profit to a return of just \$810 for your original investment of \$200. This is a fairly simple example, but keep in mind that the benefits you receive from many strategies may not be so easily quantified.

Whether you follow any of these advertising, promotion, and PR suggestions is up to you. You can forget this information, or do something with it. Just do it! Think big. Isn't it time?

Key Points

- Make a plan! Identify your objective, and how you'll get there.
- Consider the market, and your competitors. List the tools you'll use to market your business, and the message you'll promote.
- Measure the results of *everything* you do. Trial and measurement is your path to successful marketing!

Chapter Summary

We kicked off this chapter on the theme that doing something was better than hypothesizing about what you could do. This is definitely the case when it comes to marketing. If you have an idea that a particular tool or approach might work, try it, test the results, and adjust your future activities accordingly. Don't procrastinate! Get out there and do something!

We qualified this (apparently reckless!) approach of mine with some key marketing theory, beginning with a discussion of how to target your marketing efforts. We talked about defining and reaching particular target audience segments, and how you can attract prequalified leads through targeted marketing.

Next, we discussed in detail your marketing options. First, we addressed the issue of assessment, so that you could identify which marketing tactics and tools might be valuable for you. Then, we launched into a review of the more popular and affordable marketing options available to the budding freelancer or small business owner, and I provided a Public Relations Primer for your use in attracting media attention to your work.

Lastly, we looked at developing a marketing plan that contained goals, a market and competitor analysis, a detailed strategy, the marketing message, and addressed the all-important aspect of measurement, without which your marketing efforts would lack direction.

Let's continue to discuss the ways you can work to establish your freelance or small Web design business. In the next chapter, we'll cover the development of a strong competitive advantage, or Unique Selling Proposition, which will help you distance yourself from the competition and really stand out from the crowd.



Run Your Business

11

Handle Client Complaints

You'll face moments of truth every day of your life. You'll make decisions and take the consequences. The consequences can be good, or they can be bad. There are consequences for every action you take.

Moments of truth can have a profound effect on your business.

Not one of the businesses I've canvassed in the last month has a set policy for dealing with complaints. Not a single one.

The usual response was that the business would deal with complaints as they came in. Some simply replied, "We don't get many complaints."

You don't? It's no wonder! Look at these statistics:

- 4% of dissatisfied clients complain.
- 91% of dissatisfied clients will not do business with you again.
- 80% of dissatisfied clients tell ten people.
- 20% of dissatisfied clients tell twenty people.

Think about that. If your business receives four complaints per year, you've probably had 100 dissatisfied clients. If you have had 100 dissatisfied clients, they have told 1,200 people that your product or service is poor!

The actions you take when your client complains can have a significant impact on your business. The right response can result in increased client loyalty, a better chance that you'll make a repeat sale, and boosted referral business.

However, get the handling of client complaints wrong, and you'll be throwing money away.

In this chapter, we'll talk about why you should love clients who complain. They give you a wonderful opportunity to grow your business—take that chance! In fact, go out and dig up as many complaints as you possibly can! With good reason: those complaining clients are gold!

We'll also provide a step-by-step guide to dealing with complaints. You can't go wrong when you have a sensible, well-planned strategy for addressing any complaints that clients make.

No business is perfect. Mistakes will be made, errors will occur. The question is: what will you do when complaints are made? For the answers, read on!

Why You Must Love Complaining Clients

Complaining clients can be a great asset to you as you build your business. Complaining clients will do more for you than just about any other clients.

Up until now, you may have looked upon complaining clients as a royal pain in the neck. They're never happy, never satisfied! They should learn to appreciate you more.

If that sounds like you, then lose the attitude! You must *love* complaining clients.

Complaining clients tell you where you are going wrong. They're the ones at the front line, testing out your service. They're the ones who, handled the right way, will become your most loyal clients.

To build a successful and profitable business, you must love complaining clients.

Seeking out and identifying client complaints is one of the most profitable activities that a business can engage in. When clients complain they are actually giving you an opportunity to keep their business—business you would otherwise have lost.

Each complaining client gives you a chance to win a “new” client. 95% of dissatisfied clients will do business with you again if you resolve the complaint in their favour on the spot (and we've already seen how expensive it is to gain a new client).

That's the beauty of complaints: if you deal with them properly, and actively seek and welcome complaints, then word soon gets around.

Clients will soon feel more comfortable about making complaints, which gives you the opportunity to:

- Reduce the number of dissatisfied clients.
- Keep their business.
- Strengthen the relationship.
- Exceed their expectations.

Fix It—Quick!

Providing a swift resolution to complaints can have the wonderful effect of increasing client loyalty beyond the level that would have been achieved had the problem never occurred. Why? Because the client remembers that extra touch that you provided to resolve the situation quickly, and exceed their expectations.

As we've discussed, making a purchase carries a perceived risk. Your clients might be asking themselves:

- "Will I get good value?"
- "Will he run off with my deposit?"
- "Will she give me what I want?"

These are three fairly common concerns of people who are in the market for a Website.

But eventually, the prospects take the risk and buy from you. Excellent! Now, imagine that something goes wrong. This is not so excellent. The clients complain to you, feeling a little anxious that they haven't received what they paid for, and you fix it. Excellent!

Now, you may be thinking that you've simply resolved a complaint. But what you've really done is reduce those clients' perceived risk in buying from you. They now know that if they buy from you, they will receive what they paid for. Importantly, they know that if there is the slightest problem, you will fix it. As such, they'll be more likely to buy from you again.

The lower the perceived risk, the more likely clients are to buy from you.

As I've mentioned, my business offers a no-hassle, 100% money-back guarantee. We do that for a couple of reasons. First, it reduces the perceived risk for someone who's thinking of buying our services (though there is still a risk for buyers, as they may not know us and might not be confident that we'll honour our guarantee).

Our 100% money-back guarantee also ensures that our clients receive exactly what they paid for. After all, if we don't give them what they paid for, we shouldn't get paid. Simple.

The last complaint we received remains fairly clear in my mind. We registered a domain name for a client and sent him the invoice along with the technical details of the site (usernames, passwords, registrar, and other information). A Reply Paid envelope (to encourage a quick response—no stamp required!), and a letter thanking the client for the business accompanied these documents.

We had registered the domain name on the same day that the client made the request to us, and we sent off the information about the registration the next day. This is what we've always done, and I thought it was pretty smooth...

Until the client complained. I'm glad he did, because when he complained he gave me an excellent insight into what our clients might be thinking. He also gave me an opportunity to fix his problem and provide better service to all our clients in the future. How? You'll see in just a moment.

The Cost Of A Good Complaint

Remember, the more complaints you hear about, the more complaints you can effectively address.

A complaint means you have the chance to generate more business from these clients that you wouldn't have otherwise received. The more complaints you hear about and deal with, the fewer dissatisfied clients you'll have talking to friends and colleagues about their bad experience with your business.

Don't think of what it will cost to fix a complaint. Think of what it will cost if you *don't* fix it.

Key Points

- Complaining clients tell you what's wrong with your service—you can fix it only if you know about it.
- Quickly fixed complaints increase client loyalty.
- Fixing complaints reduces that client's perceived risk of doing business with you.
- What will it cost to fix a complaint? Think of what it will cost if you don't!

What To Do When The Complaint Comes In

Now, your natural reaction might be to blow off complaints. You might feel defensive, maybe even hurt. You will probably feel that the complaint is an unjustified slight on you personally.

Get over it!

Any complaint from a client is a 100% bona fide, major issue for them. Their perception is your reality. They have a problem; you have to fix it.

Don't belittle it or treat it as inconsequential. Treat the complaint and the complainant as they deserve.

The fact that your feelings are hurt doesn't matter. These are aggrieved clients—whether or not you agree with them is irrelevant. What you need to do to ensure your business survival, is deal with the complaint quickly and in the very best of humor!

The Complaints Checklist

So your client has a complaint? Fantastic! Here's how to deal with complaining clients:

1. **Reward clients for complaining**

Listen to the complaints: "Please tell me exactly how we are failing you." Find out how the clients want it fixed: "Now, how can we make things right?"

2. **Thank them**

"Thanks for bringing this problem to our attention. We appreciate this very much, because we're committed to providing the best widgets possible."

3. **Apologize.**

"I'm sorry that the quality of the widgets has not been to our usual standard."

4. **Offer a solution**

"How would you feel if we delivered free replacement widgets immediately? We will, of course, refund the full purchase price of the widgets. Is that acceptable to you?"

5. **Get their agreement**

"Good, I'll have them delivered to your business within the hour."

6. **Fix the problem**

Deliver the widgets, and refund, within the hour.

7. **Follow up**

"I'm calling to make sure that the widgets arrived and that they are the correct size. Are you happy with the way we have handled this problem, sir?"

As you might notice, the client's problem is fixed, and he receives a benefit (free widgets) for complaining. Don't do what you say you will: do more!

Case 11.1. Complaint Resolution 101

My last complaint was from the client who'd asked us to register a domain name. As I explained, everything went smoothly... until he complained! His complaint was that, although he had received the invoice and all the technical details about his new domain name, he'd received nothing to prove that we had actually registered the name.

As you might know, the only “official” verification that the domain name has been registered comes in the form of a confirmation email from the registrar (though you can always check the registrar's records).

However, my client wanted something we don't normally provide. He wanted us to confirm that we had registered the domain name, and that we had registered it in his name. By following the steps above, it was easy to fix.

We followed the first three steps, and then asked the client what solution would best meet his needs. Did he want:

1. A copy of the confirmation of registration email?
2. A copy of the registrar's record of registration?
3. A signed letter from us confirming the registration?
4. A signed certificate from us confirming domain name ownership?
5. Something else that we hadn't considered?

Interestingly, the client opted for the certificate as proof of the domain name registration. We designed a certification (using none other than Microsoft Publisher!), printed it off, signed it, and sent it to him! The client was very pleased to receive a nicely framed Certificate of Domain Name Ownership.

Now, thanks to this client, we know that clients might need reassurance that we have actually registered their domain. We provide this as an optional means by which we can advise them that their domain has been registered.

Believe it or not, the certificate provides us with a point of differentiation! Our prospects find out they receive a “Certificate of Ownership” when they register a domain name with us. They don't get that with anyone else!

Remember: when you receive a complaint, fix it.

Key Points

- Don't take complaints personally.
- Reward and thank the complainant, apologize, offer a solution, get agreement to the solution, and fix the problem.
- Follow up and make sure the complainant is happy with the resolution.

Don't Wait For Complaints

If you sit and wait for complaints to come in, you're like almost every other business. As we know, most businesses fail. Don't do what they do; do something different.

The impact that dissatisfied clients can have on your business can be devastating. You need to seek out and deal with every dissatisfied client.

Your potential for success will increase with every complaint you can find!

We know that just 4% of dissatisfied customers actually complain. Now, that figure obviously varies according to the research you read, but the point is that not many dissatisfied clients complain. They just go elsewhere without telling you.

Ask for complaints—you need them.

Better than responding to complaints only after some gutsy clients get up the nerve to voice their issues, is this: ask for complaints! When you finish a project for your clients, have a meeting with them. Tell them you've been thrilled to have their business, and that you're working very hard to build a business with the highest level of client service possible.

Then ask:

- "How did we do?"
- "How could we have done better?"
- "If you were me, what else would you have done?"

Ask specifically for a complaint. Don't just ask, "Are you happy with everything?"

Imagine you're a client and your Web developer asks you if you have any complaints. That's impressive!

"John, we strive to provide the absolute best service we can. Can you think of any particular instance when you have thought an area of our service hasn't been absolutely spot on? I'd love to know how we haven't been perfect for you, because I want to make it right. We're trying to build a decent business here and this sort of feedback helps us to provide the absolute best in client service."

Ask it like you mean it!

Here's a poster we've used to elicit complaints from some of our clients. Try it out and see what reaction you get.

A Poster That Asks For Complaints

Thanks for your business!

We want everything to go perfectly ... but sometimes it doesn't.

If something wasn't right...

PLEASE LET US KNOW.

Call us at 555-5555 so we can make it right.

Many businesses have Customer Service departments to deal with complaints. Not good enough! Only 4% of people complain. You've got to get out there and relentlessly dig up every complaint about your business that you can find. Only then will you be able to fix the things that are holding you back from greater business success.

Go on! Get out there and ask!

Case 11.2. The Simple Question That Made Me \$20,000

A few years back, we were finishing off a site for a client and had completed it right down to his last detail. Everything had gone beautifully. He was a wonderful fellow to deal with, the Website development had gone really well, and he was very happy with what we had achieved.

As we finished the job, I asked him the question I now ask all of our clients.

"On a scale of one to ten, how would you rate our entire service—from design, to communication, to documentation—the entire service?"

We scored a nine! That's great, fantastic, excellent! Actually... no, it's not. Satisfied clients will not come back to you for more work. Extremely satisfied clients might come back. But absolutely delighted clients will give you more business that you'll know what to do with.

Satisfied clients will not come back.

"Oh," I said. "We want a ten. What do we have to do to get a ten?"

The client told me in a very good-natured way, and though I can't actually remember what these small points were, I do remember that I promised to fix them immediately. We'd finished them within the hour. I went back to the client and said, "OK, now would you give us a ten?"

No—he'd thought of a few extra issues while I was away! So we fixed those as well.

"Now you're a ten!" he said.

A ten is what you want to be. I walked out of that office a happy man ...

But wait, there's more!

About four weeks later, the client rang to let me know his brother-in-law needed a Website for his large manufacturing and distribution business. He rang to tell me that he'd recommended my business for the job. A couple of hours later I received a call from the brother-in-law to ask me in for a meeting.

Ten out of ten!

In the meeting, the brother-in-law recounted the "Out of ten" story, and was very impressed. We went on to win the job with him—all because of that one simple question.

About nine months after that, he wanted us to redevelop a Website for another part of his business. And both sites needed small redevelopments within six months, as well as ongoing maintenance. Lastly, this client has referred to us another business, the Board of which is interested in developing a major Website

All because of one simple question.

Key Points

- Only 4% of dissatisfied clients will complain.
- Ask specifically for complaints: "If you were me, what else would you have done?"
- Clients have friends and relatives—and they talk.
- Ten out of ten is the only score you want!

When To Say “Sorry”

When do you say, "sorry"? Whenever your client wants you to, that's when!

Let's assume that you have redirected your client's emails to the wrong email address. The client rings you with the bad news.

Do you say: "Well, there appear to have been some technical issues affecting the redirect. I've fixed them now and there shouldn't be any more problems."

Or do you confess: "Thanks for letting me know. I'm terribly sorry but I've made an awful mistake and redirected your emails to the wrong address. It is my fault entirely. I'll fix it immediately. Is that OK with you?"

Clients know intuitively when you are trying to fool them, and they won't put up with it. Do it once, and you just might get away with it. Do it twice, and you're gone.

A friend of mine has a philosophy of never saying sorry. His theory is that to apologize is to admit liability, and being liable could lead to problems. However, most clients I've come across aren't out to bring your business to its knees. They, like you, are only human. They understand mistakes and they'll forgive your errors. If you fouled up, admit it. You did it, so apologize sincerely and move on.

Your honesty, integrity, and reputation are your three main assets. Once you've lost them, they're gone forever.

On The War Path

Imagine your clients become very aggressive and adversarial. What then?

I had this happen a while ago, and I dealt with it differently from the way I would have when I was first starting out in business.

We run an honest, open, ethical, and decent business. We want to work with people in a cooperative and receptive way so that we can provide them with the best care. As I mentioned before, it becomes a bit of an art form to identify what prospects will be like to deal with as clients.

However, we simply won't deal with people who are abusive.

We say to those clients, "Your behavior is inappropriate and I refuse to enter any dialogue concerning these issues. I will send you a refund cheque tomorrow. Goodbye."

Now I'm not 100% sure of the answer to the abusive clients question. Over the years, I've dealt with grumpy clients, upset clients, and very irate and aggressive clients. I've

dealt with them in different situations and in different ways, mostly defusing the situation and resolving the issue.

I've seen the destructive impact that a very aggressive client can have. It's all negativity, lost focus, and apprehension. The relationship might go on, but the rules have changed and you're not working in a partnership anymore. It's usually an uncomfortable, touchy, and anxious period.

If clients become aggressive, shouting and swearing, and they're no longer listening to you or being professional, then it's time to make a decision.

Do you want to work with these people?

I would say no. Not just because of the deteriorated relationship, but because you deserve to expect a level of professionalism. Common decency should be inherent in all our relationships, to help us grow our businesses and grow as people.

It's been my experience that abusive clients just aren't worth the time and hassle it takes to deal with them. Cut them loose and move on. It will be a short-term pain for a long-term gain.

Find the solution that works for you.

This may not be the right strategy for everyone, but it's the right strategy for me at this point in my business. Indeed, business is about making money. Defusing aggressive clients so you can continue the business relationship can be a good way to maximize your income.

However, I think there's more to it than that. I want my business to be about cooperation, not confrontation. I want it to be mutually beneficial for my clients and myself. I want my team to enjoy their work. I can't meet any of these goals if I have abusive clients.

What If They're Wrong?

There will be times when your clients are wrong. They will be confused, completely bamboozled, mistaken, or just plain wrong!

So, what do you say to clients who believe they are right, when they're obviously wrong?

You tell them they're wrong!

Do it with tact, do it with care—but tell them! Don't lie and tell them they're right. They're wrong, so let them know!

We had a client recently who wanted his Website edited. He gave me the site's domain name, but when I checked, it wasn't there.

I went back to my client—he insisted that the domain name was correct, and that the site had been at that domain for five years. He also told me that he'd never visited the site before.

I checked again and again. I checked .com, .net, .org, .tv. I tried everything. I did searches, I sent emails, but I couldn't find that site. I finally confirmed that the domain name had never been registered and was, in fact, available for registration.

I rang the client and faxed him through the confirmation that the name had never been registered. The client *still* insisted that I was wrong. "I don't know what you've done with the domain name!" he cried.

Now, while it's fine to tell the client tactfully that he's wrong, never, ever argue with him. He's a precious, precious part of your business. And you'll never win an argument with a client.

That's why I didn't say, "OK, you're wrong and I'm right. That isn't the domain name. You're wrong!"

I phrased it more gently. "It doesn't appear that this site is currently registered—here's the documentation to back that up. Our next options are this, this, and this."

I eventually managed to convince my client, with the documentation, that the domain name was not, and had never been, registered. Yes, I did tell him he was wrong, but only in the nicest possible way.

Key Points

- Your honesty, integrity and reputation are invaluable—don't lose them!
- Say “sorry” when your client wants you to.
- Cut loose abusive clients you can do without.
- Sometimes clients are wrong—break it to them gently.

When The Blame Falls On You

One of our Web businesses experienced a very large increase in orders over a two week period. Our manufacturer could not keep up with demand and we were looking at delays of almost a month in filling orders. However, by the time we were finished with our crisis management, not one person had become upset. Not one person cancelled an order. Not one person complained. Hundreds wrote and thanked us.

Our simple strategy was this.

We wrote an email to our customers (about 1,000 of them). We told them that, because we'd made the mistake of underestimating the huge demand, we did not have enough stock to fill their orders immediately. The estimated time of arrival for their product was one month. We apologized for the delay and we took full responsibility for it.

Take full responsibility—problems aren't the client's fault.

Our message was not, "Due to huge demand our manufacturer has been unable to supply us," but instead a sincere, "Wow! We certainly didn't anticipate the response to our marketing strategy that we've had. It's completely our fault that we don't have enough stock... sorry."

We told them that we'd understand if they wanted to cancel their orders, as we hadn't met our part of the bargain, but at the same time, we urged them to hang in there, and we'd ship their product as soon as possible.

Incredibly, the only responses we received were positive messages saying, "Thanks for keeping us informed!" It was unbelievable. I expected quite a few irate messages, but we didn't receive a single one.

We then emailed the waiting customers an update every week. Again, more emails of thanks flooded in. When we finally shipped out, every customer received a small gift to say, "sorry for the delay," along with a personalized letter of apology.

What looked like a disaster turned out to be a triumph (of sorts!). We maintained close contact with the customers, developed the perception that we were trustworthy and ethical, and we even eventually exceeded customers' expectations (with the gift).

I never have taken a look at the stats but I'd guess that the 1,000 customers we kept waiting for a month would have higher repurchase rates than those of the customers we served immediately.

Research shows that clients who complain, and whose complaints are satisfactorily resolved, are more loyal than those who never had a problem!

And as we've discussed, this effect is related to the perceived risk of dealing with you. People always seem to assume the worst in clients. I can't understand why. Treat them with respect and reason, and you'll get the same in return.

Now, obviously products are different from services, and the contracting of Web development services is different to my online store's fulfilment problem.

Messing Up On The Web

A Website is different from any other product—it's such a subjective item.

What if your client complains about the design of the site? Surely that's a subjective thing and—being the hot designer that you are—you're much better qualified to judge what's best. Right?

Wrong.

There is no such thing as good Website design. It's a subjective thing. Depending on what side of the fence you're on, the design can look great or it can look like garbage.

Whose fault is it if you do a wonderful design and the client complains about it? It's yours. You should have educated the client every step of the way and made the design a consultative process. This is the very same reason why your guarantee should never be called in. If you closely consult with your clients and keep them fully educated about the whys and wherefores of the design, then you will have happy clients.

In short, if you don't pay attention to your clients, they have excellent grounds for complaint.

Key Points

- If you mess up, admit it openly and fully.
- Take full responsibility for what happened.
- Provide options and solutions to the problems caused by the error.
- Reap the rewards from increased client loyalty.

Providing Distinctive Service

I'm a big advocate of making your business distinctive. Make it unique so that people hear about it. After all, people can buy your service only if they know about it.

In Chapter 7, we talked about building your own competitive edge. In Chapter 9, we saw how great service can really set you apart from the rest. Complaints are just another area of your business in which you can leverage your competitive advantage by providing excellent service.

Be known for unique things that are positive things. If you go out searching for those complaints, you'll be fairly unique.

If you provide a 100% money-back guarantee on your service, you could well be unique.

If you deal with complaints in a fair and rapid manner, you'll definitely be unique!

People are happy to pay a premium price to have their needs met. People will be thrilled if you exceed their expectations, treat them with some dignity, and keep in contact.

Most people believe they receive value for money when they buy a product. There isn't really much scope to move on that. The prices are well-documented, and it's easy to compare products to products and prices to prices.

Measuring value is difficult when the product is intangible.

However, the situation with services is very different. People are far more likely to be discontent with the “value for money” they receive, because it's much harder to measure value for money when you're talking about a service.

Let's say you charge \$150 for a one hour consultation with a client. Let's say I charge \$50. We both sit for an hour and talk with the client.

Is your value three times mine? I have no idea. You have no idea. In reality, the client has no idea. The only measurement the client can make here is a perception of value for money.

As we've already discussed, an enormous range of factors will influence that perception.

Your voice accounts for 38% of the impression you make on people; 55% depends on how you look and only 7% on what you say. (Source: Mehrabian, Albert. *Silent Messages*. Wadsworth Publishing Company, 1971.)

Let's apply these statistics to our value for money comparison. If you sound better than me, the perception that you offer better value for money will hold true!

Just how important is distinctive service?

Consider this. In a 1987 Gallup Poll, 83% of those surveyed identified their number one reason for deciding not to return to a restaurant as poor service. Not the food. Not the price. The service.

A *Washington Post* survey found that almost half of all shoppers believe service is mediocre and getting worse! Other research suggests that more than 40% of consumers experiencing problems are unhappy with the action taken to resolve their complaints.

There's no substitute for service!

Many businesses today try to make up for poor service with lower prices. But quality is the compelling feature you need to project in order to survive and be profitable. If you provide quality, you can charge more. If you charge more, you'll be more profitable. If you're more profitable, you'll have the resources to allocate to ensuring quality stays high. That's the cycle you need to get into!

Quality control of a product is easy. Typically, there is a set of standards to which the product must adhere, and if it does so, it meets the quality standards. Simple.

The quality of a service is a little harder to define. For a start, a service doesn't exist until you provide it. The client's perception of that service is the only real measurement. You need that feedback to be able to ascertain the quality of your service, and how you can apply it to the next opportunity you get to provide it.

Your challenge is to create a distinctive level of service. Don't aspire to be like the others. You're better than that!

Key Points

- Make your service distinctive.
- People will pay a premium price for great service.
- Quality is the imperative for which you must strive.

Chapter Summary

You will make mistakes in your business—that you can be sure of. You will receive complaints—another truth you can be sure of.

Don't look upon complaints as negative, destructive things. Embrace every complaint and treat it for what it is—a fantastic opportunity to build your business. Treat lovingly every person who complains, deal with their issues swiftly and with good sense, and you'll have a client—and an advocate—for life. That person who complains about you is the very same person who will be soon be singing your praises—if you deal appropriately with their problem.

Because of their incredible worth, you must actively seek out complaints. In this chapter, we've discussed the amazing value of complaints, and we've seen how responding with a positive, effective solution can inspire client loyalty. We also understand that effective complaints handling is like winning a “new” client, and increases your referral business.

Make your business the distinctive and dynamic enterprise it can be. Go out on a limb, push the boundaries and create something great. You can do it. Grab a big advantage by treating those complaining clients like the wonderfully open, honest and useful people they are!

In Chapter 12, we apply the material we've discussed over the last five chapters in exploring the key methods you can use to increase sales and ramp up your business day by day. Are you ready to grow?

IV

Expand Your Business

13

Prepare For Expansion

In this chapter, we'll start to discuss the logistics of expanding your business. We'll discuss what it takes to move your business forward, and the all-important systems you'll need to have in place in order to grow.

You'll learn why your technical skills really don't count for too much when it comes to building your business. Yes, you need them. However, you need to use them in a different way. You must start to get as much out of your skills and knowledge as possible. This is called leveraging, and in this chapter, we'll get into detail about why leveraging is so important.

Do you know what you're bad at? If you do, then you're a mile ahead of your competitors! I'll show you that knowing what you are not good at can be a terrific business asset. You can't do it all when you're growing your business—and here, we'll talk about why you shouldn't want to do it all, either!

We'll also cover the two big secrets to laying the right foundation for your business. If you get these two aspects right, your business is almost guaranteed to be successful! Every truly successful business has these two characteristics—find out what they are, and why you need them.

Next, we'll get specific.

As a bigger business, how will you charge? We'll spend some time reviewing the various ways you might price your services. I have a pricing recommendation for you that's obvious and effective ... Yet probably only 1% of Web developers use it.

We'll also cover cashflow management and debt collection, and provide tips on the easy management of your expenses. It's certainly an action-packed chapter! Are you ready?

So, You Want To Be Big

It's normal to want to grow your business from a one-man band to something bigger.

Expanding your business is an admirable goal and a terrific achievement. In this chapter, we'll talk about taking that next step in your business career, and starting to grow your business beyond that of a sole operator.

Limiting your business's size can be an advantage when you start out. Being a lean, mean machine allows you to quickly shift your focus, react to market forces quickly and easily, and take advantage of competitors' mistakes much faster.

Now, the fact that you're good at Web design doesn't mean you're good at business. Running a business requires a whole different skillset. What will you need in order to expand? Let's take a look.

You Need A Plan

To move from the realm of a sole operator into something bigger, you need to define exactly what it is you want to become. As we've already discussed, if you identify your objective and plan accordingly, you'll have a much better chance of reaching your goal.

Set a concrete, achievable objective. Check it every day. Figure out how you're going to achieve that objective. What do you have to do to get there? Now, start doing it!

You won't be able to do it all. It's important that you recognize that at the beginning. To grow into a bigger business, you need to wear a lot of different hats. But you won't be able to keep them all on at the same time.

To grow your business beyond the one person setup you have now, you'll need to develop new skills. Financial analysis, personnel management, marketing talents, legal skills, business management—they are all essential if you're going to grow.

Don't be alarmed if you lack certain skills. If managed properly, your own recognition that you lack certain skills can be a tremendous business asset. The damage I've seen done by sole operators who have tried to juggle all aspects of a business has been huge.

You Need A Leader

Because it's your business, it's almost inevitable that you will be the leader. The skills you require to lead a growing business might be different from the skills you use now. You need to have a vision, not only to see how things fit together, but for the future of the business.

You'll need a vision of where your business will be one, five and ten years down the track.

Be the entrepreneur! Have the vision, personality, and energy to drive your business. Someone has to be the leader and make the tough decisions. That someone is you!

The leader's role is to identify where the business needs to be positioned in the future. On the other hand, the manager's role is to point the business in the right direction, and get the business there. Having said that, the buck stops with the leader.

Probably the best example I can give is that of my own business. I've identified how best to grow the business in order to meet the needs of our major stakeholders.

I pass that direction on to the business manager. She basically rejigs, retools, and repositions the business to facilitate this. Unless the leader and the business manager are the same person, the leader won't get involved in the day to day operations of the business.

My manager concentrates on having the business make a profit. My focus, as the leader, is about building value. These two goals need to be integrated so that the business direction keeps moving forward.

An important consideration here is that I, as the major stakeholder in our company, know more about the business, the expectations of the stakeholders and the needs of clients and staff, and have more information available to me, than anyone else. With this information, I'm in the best position to make judgments and decisions.

One such decision might be that we plan to open another office in the nearest capital city. I might develop a time frame of one year within which this needs to be achieved. This decision would be based on a range of information, such as a demographic analysis, statistics on business growth in the area, and countless other factors.

I would then meet with my manager and discuss the goal with her. Then, she would start to implement it. She might begin by setting up an answering service in the city with a local number. A newspaper advertising campaign might be next. This might be followed by the employment of a person from that city who has well-established contacts. Then, once a consistent flow of business is established, she might rent a small office for the new team member. Before you know it we'll have offices in every major city!

The leader comes up with the vision. The manager implements it. Together, they create the business's future.

You Need To Know Your Capabilities

What skills do you have, and what skills do you need in order to grow your business? You can't do everything yourself. Some tasks really are better left to the experts...

Case 13.1. Recognizing That You Need An Expert

I'm a terrible Web designer. I know almost nothing about graphics. I know less about programming. If I suddenly decided I'd be the designer of our Websites, we would close up for good about three days later! Actually, I'm not that bad ... I'm worse.

The fact that I know I'm a terrible designer is a huge asset. The fact that I know I can't program is a huge asset. The fact that I know I'm hopeless at graphics editing is a huge asset.

When I want a site designed, I can have it designed far, far more cost-effectively if I outsource it. I get a better job, at a better price, and have the job finished more quickly. It's the same with programming, and with graphic design.

Take bookkeeping. Really: take it away from me! I have no idea how to balance the books. I review the figures on an almost daily basis, and receive fairly detailed financial reports. However, I couldn't do the accounting if you begged me to.

I tried to learn. Oh, how I tried! Then finally, after about three months of trying, I saw the light. I was spending probably eight hours a week on the books. If I could spend that eight hours a week selling our services, I would be far, far ahead of the money I would save by doing the books myself.

Therefore, I employed someone to do our accounting. I now had an extra day (eight whole hours!) to sell our services. As you can imagine, an extra day's work can generate a significant amount of income. I came out well on top!

You can't do it all... and you shouldn't want to!

The point of that story is this: you can't do it all. More importantly, you shouldn't *want* to do it all. If you do it all, your business can't grow. It's impossible.

The Importance Of Skills Analysis

What skills do you have, and what skills do you need, in order to grow? Perhaps, like me, you'll need a book keeper to help build the business. I'll talk about cashflow in more detail later, but you probably already know how critical it is to get cash in the door. That means having someone to look after collecting the cheques, making the phone calls, and chasing that money.

If you are not good at this, then find someone who is. That person will be worth his or her weight in gold!

Focus on your skills. Concentrate on working on your business rather than in it. When I first started out, working away in my back bedroom, I was in a catch-22 situation. I

would go out and do what I did best, which was get clients. After a few networking opportunities, a couple of advertisements, and a bit of lead generation, I'd have a few prospects, and make the sales.

Once I had these clients, I'd sit down and get their work done. I'd work hard, burrowing away for long periods at a time. I'd finally surface, hand the client the finished project and then I'd be sitting around, without any more work. I'd then have to go out and find some more clients, and so the cycle would start again.

You can tell from that example that I need either someone to land the clients, or someone to do the work. It was logistically too difficult to do both, and sustain a regular cashflow.

Growing your business requires vastly different areas of expertise.

What about suppliers? Have you built relationships with suppliers who will help you grow your business? Are they reliable? Do they come through in a crisis?

I think (and I could be wrong) that our outsourcing model is pretty good. We attract a new client who wants a Website. We have eight Web designers to whom we can farm the job. We select three that we feel, based on their previous work, would be best suited to the project, and we ask them to quote. They provide the quote, we select the winner, and they do the work. The job is completed to our satisfaction and payment is made (usually via wire transfer).

All we really do is project manage the job, and ensure the best possible solution for our client.

Using that business model, one person from our business can manage at least six Websites a week. Let's guesstimate that we make a measly \$2,000 profit on each site. That's a healthy income being generated by one person. Could you cope with developing six sites a week, along with all the associated meetings, updates, feedback and contacts?

Filling The Gaps

Are you good at writing letters, organizing meetings, and preparing for presentations? If not, hiring someone else to perform those functions could be the answer. You need to maximize your potential income. This is a key way to do it.

I've assessed my skills and, on paper, it looks like I shouldn't be allowed anywhere near a Web development business. I have no formal qualifications in business, know very little about computers, and cannot design a thing. I've never programmed anything more complex than a microwave (actually, that's a lie—I've never even done that! I was just blowing my own horn for dramatic effect), and I can't book-keep to save myself.

Yet, I manage a successful business. Why? Because I've recognized what I need, in order to make a Web development business a success.

- I need Web designers. Got them.
- Programmers. Ditto.
- Graphic designers. Yes again.
- Administration staff. Have them.
- Office Manager. Done.
- Two other roles that we'll come to in a moment. Got them!

The skills I have are limited to being half-decent at marketing!

Key Points

- Set clear objectives to guide your business's growth.
- Be a strong, entrepreneurial, visionary leader.
- Know your limitations, and get help where you need it.
- You can't do it all—if you can and do, your business won't grow.

Laying the Foundations

There are two foundations for growing your business, and only two. If you get these two aspects right, you'll have a great business for life. It will be profitable, it will continually grow, and you will hardly have to lift a finger.

The two big secrets are these:

Systems and people.

That's it! Get those right, and you're done. You're a success. You're a winner!

Systems

Having systems means you can work on your business, not in it. I know it's a cliché, but it's a good cliché because it's true.

Putting systems into place wherever you can will allow your business to run smoothly, with as little input from you as possible. That is vital.

As an example, let's say I meet with a prospect to complete a comprehensive analysis of both his business, and the potential role of the Website in that business. From that analysis, we make our sales pitch.

Now, if I'm the only person in the company who knows how to do this, I'm limiting my business—I'll be able to generate clients only from the prospects I see.

We realized this early on, and developed a system for the complete process of dealing with prospects from the minute they contact us. Everything from the telephone script our team follows, to the follow up; from dressing for the meetings, to handling themselves at the meetings—it's all just a system. The analysis is simply an extension of that—a systematic review that anyone in our business (or anyone at all, for that matter) can carry out.

System 1: The Needs Analysis

The questions we ask during our needs analysis are designed to extract as much relevant information as possible about the job, so that we can better establish a solution.

As the details of the needs analysis were covered in Chapter 5, I'm not going to repeat them here, except to say that any of our staff members can easily complete the process and ascertain important details about:

Why the clients want a Website.

- What they want to site to achieve.
- How the site will be used by the business.
- What the clients' competitors are doing.
- What content and functionality the clients want their site to offer.
- The platforms and systems on which the site will function.
- How the site will be marketed and maintained.
- What the project budget is.

This analysis tends to achieve a couple of objectives. When we ask questions such as, "What are the objectives of the site?" and "How will you market the site?" it gently guides prospects to realize that the site goals need to be very clear, and that ongoing work will probably be required to market the site properly.

Qualify buyers as much as possible.

This process also qualifies the buyers. It alerts them to some things they might not have thought of, it lets them know that we're experts, and it qualifies them, to a very large extent, as buyers of our services.

What this system does is ensure a consistent quality of analysis, regardless of who completes it. The team receives training in the Needs Analysis interview techniques, and in asking open-ended questions.

System 2: The Follow-Up

From that systematic analysis, we move on to the follow-through. Now, different people write letters differently, and it can be time consuming to write letters to prospects. To assure the quality of communications as much as possible, our team uses a system of template letters. Aside from changing the name and date on the letter, there isn't anything else to do!

A few minutes is all it takes: we produce high-quality follow-up letters, personalized for the client.

System 3: Compiling The Proposal

The proposal for the client can often take hours to complete. Over the years, we've repeatedly refined our proposal structure and process. It makes no sense, in terms of either quality control or ease of operation, to start each proposal we do from scratch.

A ten-hour proposal in thirty minutes!

We use a system of templates to compile each proposal, which ensures that all prospects receive a great quality document that addresses their specific needs. The proposal goes through a simple system that addresses the key criteria of the vast majority of our prospects. We also include areas in which the proposal can be personalized with whatever information needs to be expanded upon.

The proposal includes:

- an introduction about us
- an overview of the needs of the prospect
- the problems the prospect has
- Web development methodology—what's important and why
- proposed site flow chart
- extra features list
- how the proposed site fixes the client's problems
- testimonials and case study
- key recommendations
- costs (hosting, domain, software, etc.)
- frequently asked questions
- suggested next step
- price

For a sample proposal, take a look at the file named *Web Development Proposal* on this kit's CD-ROM.

Depending on the client, we use varying amounts of graphics throughout the proposal. For some, we might present the proposal as a PowerPoint display. Other prospects' presentations might be put onto CD (and in case you're wondering, the most effective proposals for us are the ones printed on paper).

We know how to present the proposal because we ask prospects how they want it presented. Easy! And this tells them right from the start that we're here to provide a simple and pain-free experience that meets their requirements.

Is our proposal system perfect? Of course not.

Is our proposal system effective? As effective as any system we've tried so far.

Is the proposal system finished? No. We're constantly refining and editing it.

How do we know it meets the prospects' needs? We ask them! One businessman even told us it was the best proposal he'd ever seen!

System 4: Presenting The Proposal

The system for presenting the proposal to our prospects is also very simple.

First, we never mail the proposal out and simply wait for an answer. The preferred way (because you'll make the most sales this way) is to be with the prospects when you present. Take them through the proposal step by step, answer any questions as you go, take care of the objections, educate them on the value of what you're proposing, and then give them the quote.

Then ask for the job.

Regardless of their answer, the prospects receive a letter after the meeting to thank them for their time—the details contained in the letter obviously vary according to their response.

System 5: Client Maintenance

Finally, we have a system for maintaining the details of all prospects and clients, whereby we enter them into the database, and start a process of regular follow up.

Because it represents a logical step-by-step progression, anyone can follow our system from the moment the prospects contact us. It requires no extraordinary skill or knowledge, just a basic understanding of Websites and usability. Take a look at the *Client Management Process* file that's included in this kit's documentation. With a system like this, instead of having just one person who's able to make a sale, literally everyone in the company can win new business!

You can't do everything. If you do everything, your business won't grow. Systems are the answer!

People

I'll talk about hiring in detail in Chapter 15, but here, we'll discuss the staff- and supplier-related issues that will affect your business's success as you prepare for expansion: the qualities of your team members, your company culture, and productivity!

Staff Qualities

Identifying the qualities you require of your team members can be enormously difficult, but it's also enormously important. Fitting the right person to the right job often means a longer commitment and a better relationship later on.

For instance, you might need a person for a simple role—such as an assistant whose job it is to remove staples from paper, deliver the mail and do the posting.

The best person for this position will probably not be a university graduate with burning ambition. But, a semi-retired older person, who is looking for a few easy hours per week to work for a little extra money, might be perfect.

Quite often, the team members' personal qualities will be much more important than their skills. You can teach skills. You can't teach honesty and integrity. In Chapter 14, we'll go into more detail on how you can find the right person for the job every time.

Culture

Now here's an interesting topic. I always thought that “culture” was just another groovy term for atmosphere, but it's not! As my company's developed, I've seen that the culture is an integral part of the business.

Your culture is one thing you can have an impact on through just about everything you do.

From the moment you connect with the potential employee, whether it's via a newspaper advertisement, a friend telling him or her about you, or a face-to-face meeting, you're influencing the development of your business's culture.

Your team will pick up on almost every signal you send about how they're expected to act. From that, the culture of your business will develop. If you're laid back and relaxed, then the staff will act that way, too. If you're strict and insist on being called by your surname, then your business will probably be more formal.

The culture of your business will impact on your success (or failure) in ways you would never dream of. Here's a quick example. Our business culture is one that is very relaxed and laid back, but our team members are also very involved. They all know what the

budgets are. They know what the profits are on every single job. They know what the rent is. Basically, they know just about everything about the business.

The team is involved! They receive bonuses when we have a good month (the bonuses vary and might be cash, tickets to a show, or a massage). This level of involvement—and accountability—impacts on our business in tremendous ways.

All the staff members feel they're a part of the team. They feel as if it's their business, which creates a great sense of accountability. Our team is very aware of, and receptive to, everything that impacts on the business. They keep the costs as low as possible. When they're out and about (even on their days off), they might see some office supplies and buy them with their own money if the item has a decent discount (I reimburse them, of course).

The team works furiously to get the job done in the quickest possible time. We've also had occasions when team members have come in to client meetings on what should be a day off, to ensure the client gets the best service at the right time. Why? Because of the culture we've developed.

Take a moment to think how you would like your business culture to develop, and then actively work to achieve that culture.

Productivity

Ensuring the highest level of productivity within a Web development firm is certainly a challenge with which I've struggled. Now, as we know, to measure something, first we need something to measure.

I tried measuring work output. However, with lots of our work being creative in nature (and intangible), this proved almost impossible.

It's difficult to compare the productivity of someone writing Website copy to that of someone project managing. The copywriter may well spend an hour on a single sentence (the Project Manager would be tearing his hair out), while in that same time the Project Manager might have made six telephone calls, organized the production of three graphics, and met with a client.

I decided to try something else. I tried to define the number of work hours required for my team members to complete specific tasks, but found it to be too limiting.

Now, the way I view our productivity is by dividing our total net profit by the number of work hours required to generate that profit. I've found this method works best, though it still isn't perfect.

The most important part of this productivity review is to have the staff know exactly how we'll measure productivity.

Having a fairly equitable and consistent process for the tracking and analysis of productivity enables every member of our team to look at the numbers and see if he or she has been working as productively as possible. Furthermore, because all members of the team are accountable for the hours they work and the income they generate, they appreciate the measurement.

However, ensuring maximum productivity is a separate issue. There are three main aspects that I've seen impact on our achieving maximum productivity.

1. **Culture**

If everyone in the office is happy, vibrant, and working hard, then new team members quickly assess this and generally behave the same way.

2. **Measurement**

The fact that we provide measurement of productivity provides quite an incentive. The old saying, "What gets measured gets done" certainly rings true. Because our team members are accountable for the hours they work, the productivity remains high.

3. **Bonuses**

We provide our team members with a road map of where we want to be in the future, and why. As soon as we reach that destination, our team members receive a bonus. The team has done what we asked them to do—if we reward them, that same behavior will be repeated. We also reward our team for outstanding work on the way to the destination. Simple!

Valuing Your Business Partners

Don't look upon suppliers as... well... suppliers. Look upon them as business partners. Because the obvious truth is that these people can be a big part of your business, and they, like your in-house staff members, will impact on your company's culture and your productivity.

An example of one such partner is the Web host we use. We host a number of sites with them, and we receive exceptional care and service. We have a terrific rapport with one of their top people, and I'm sure that has an impact on the very smooth service we receive.

We certainly don't look upon the hosting company as a supplier who we have to constantly beat down on price. They provide a terrific service and we consider them to be a very valuable part of the team. I'm more than happy to pay them the very reasonable price they ask.

Can we get a cheaper host? Yes.

Can we get a host with more features? Yes.

Can we get a better host for our business? No.

Our hosts are part of our plan for growth. They make hosting our sites easy and provide the highest quality service imaginable. We can grow with these great people!

If you deal with quality people, you'll get quality results. Our programming person is top quality, our host contact is top quality, our designers are top quality—so we achieve top quality results!

Key Points

- Write a proposal once ... and use it 100 times! Systematization is key to expansion.
- Put the right people in place, gather a great team around you, and you'll reap the rewards.
- Work on your business, not in it. A cliché, but a great cliché!

First Steps To Being Big

Your challenge is to move your business to the next level. The first steps you take will be the most important!

One of the biggest steps is to recognize the importance of what you're about to do. Now's the time to step back and take a detailed look at your business.

It's time to work on your business, rather than in it. This is what the big businesses do—it's the reason why they're big businesses! They have trained staff, they leverage every part of the business they can, and they outsource as much as possible—the three essential components of growth.

Here, we'll see how you can leverage your marketing, leverage your training, and why you need to know exactly what you're doing—and focus on it!

Learning To Leverage

People I know hear the word “leveraging” a lot. Probably because I say it a lot!

Leveraging is the difference between growing your business the way you want, and staying small despite your best efforts to expand. My definition of leveraging is simple:

Leveraging is doing something better so you get better results.

Here's an example. Imagine you spend two hours putting together an advertisement for your local newspaper. You generate three leads from it.

Compare that with this scenario. You spend two hours putting together a media kit and approaching a major TV program to run a story. They do a feature on the Internet as the future of business. You are the expert they use in the piece. You generate 1,264 leads and retire the following year.

Now, that's leveraging!

Marketing has enormous leveraging ability. It costs you the same amount as the next person to buy advertising space—but you can achieve vastly different returns on that investment. A friend of mine who's a graphic designer ran a \$155 newspaper advertisement for his services at the same time that we ran our \$157 ad.

He didn't generate an inquiry. We landed a \$20,000+ client.

That's leveraging!

If you can increase your conversion rate from one out of ten to two out of ten, you've doubled your business. That's leveraging!

If you can take clients who have never referred you new prospects before, and have them start referring five clients each per year, then that's leveraging.

Leveraging What You Have

Leveraging isn't just a matter of sourcing new business. It's about using your systems and people to their full advantage.

Leveraging systems provides enormous advantages.

The system of prospect care, analysis, and follow-up that we described before allows us to deal effectively with, say, ten clients to every one that we'd be able to serve if we didn't use those systems.

Training also provides great leveraging power. If we spend a couple of hours on training, we can reap the benefits created by six highly skilled team members, who are far better able to generate business income than they were before training.

Three of our team members are attending a Women's Networking breakfast this week. After that, each will attend one of three training sessions organized by the same group.

The cost to my business will be wages for twenty-four hours, about \$300 in fees, and the downtime associated with not having these four people in the office.

But the benefits we can leverage from the breakfast and training sessions are huge! We'll have four representatives of the business at a networking function, mingling and meeting with our target market. They'll all learn quite a bit and, because they're all going to attend different training sessions, they'll leverage the knowledge they gain as individuals and share it among the team.

We'll almost certainly gain new business, we'll be able to offer more services because the four who attend the training will have more skills, we'll have a happier team, and the value of the business will increase because of all these factors. That's leveraging!

Case 13.2. Leverage What You Learn

We recently finished a Website for a client. As part of the job, we completed a huge amount of research on the client's industry, and a lot of research specifically on Web usability within that industry's target audience.

When we built the site, all that research was the focus of the development. We also created a database component from scratch that met the needs of the target market, and allowed the Website owner tremendous flexibility and control over the site.

The client's previous site had made "almost no sales in the past few years." We uploaded the new site, and within twelve hours, the client had sold more of his product than he had over the previous years!

Within just three days, his gross sales were more than the cost of the entire Website!

What we won't do now is pat ourselves on the back and rest on our laurels. Instead, we'll take all that fantastic intellectual property we've created, and which belongs to us, along with the database module, which is copyright to us, and market it furiously to as many prospects as we can. Instead of one sale, we'll make ten or twelve using the same product, and with minimal additional work.

Now, instead of taking days and days to develop the site, we can practically do the whole job in four hours.

What can you leverage? Leveraging will help you get the maximum out of your business. Leveraging is the key to growing your business with the same amount of work you do now. Leveraging is smart business!

Getting Others To Do The Work

Of course, having others doing the "work" is a great way to leverage your skills. If you can design a Website and make \$50 an hour, that's great. However, if you have ten people designing sites at \$50 an hour, you're making \$500 an hour. Minus wages, you're making \$250 an hour.

That's the essence of leveraging right there, and it's the main reason why so many companies are keen to grow—to enjoy the benefits of leveraging employee hours.

Let's look at a smaller version of this strategy, a version I like to call "Getting others to do the work."

As I mentioned, if you sell your time by the hour, you'll find it nearly impossible to grow your business. Why? Because there are only so many hours in a day. However, if you sell many other people's time, and make a profit on every hour, then you can make lots more and grow much faster.

We have developed our systems and business model so that we do as little work as possible—and not just because we're lazy! We know that we can be far more profitable if we subcontract the work out to skilled professionals. If we're developing a site and have a Web designer, graphic designer, and programmer all working on it simultaneously,

then it's far easier for us to provide a better solution to the client, as well as capture a higher profit, than if we tried to do all these things ourselves.

While our subcontractors are working away on that site, we might be gaining another couple of clients, and preparing to get that work done. More clients equals more referrals. More clients equals more monthly contracts.

Never do something yourself that you can get someone else to do more cheaply. Never get your team to do something that you can get someone else to do more cheaply (keeping in mind, of course, that the quality of work needs to be the same as if you did it in-house).

Focusing On Making Money

Most of my telephone calls are screened now. If someone rings me, I'll generally call back later that day, when I make all my calls in a block of time set aside for that purpose.

I don't clean the office anymore. I don't set up the boardroom for meetings anymore. I don't type most letters I send. I don't do the mailing or check the mailbox.

I do very little of the actual work in my business anymore.

As soon as my focus shifts from making sales and making money, the business income drops. It isn't good business for me to spend an hour a day writing letters and doing the posting. In that hour I could make a \$10,000 sale.

Your entire focus needs to center on how you're going to get that next client and, specifically, how you're going to make money. As soon as you stop doing that, your sales will drop.

My business has been a little busy over the past week and I haven't been out and about much. As soon as I do get out and about, the work starts to come in. Next week, I'll be attending a businesspersons' charity lunch (on Monday), a golf day for local resort managers (on Thursday), and a media club lunch (on Friday).

At each of those outings, I expect to meet at least a couple of potential clients. From these prospects, I'd expect to generate some business. If my focus were staying in the office and checking that the work was being done, then very soon the business would come to a standstill.

That's why our systems are so important—those systems make sure everything is done right. The systems we have in place are the biggest focus of our business manager. The systems mean that I don't have to be around for the work to be done.

My focus is on the money. That's my role. I'm also the one with the vision for the business, I have a big say in the marketing, and I do plenty more. Yet, my focus is entirely on the money—and that means making sales.

I was once involved in a start-up company that had received about \$1 million in capital. The inventor of the product they sold was working in the office with an Administrative Assistant. I'd been contracted to provide marketing advice, and did so. The business never really took off and, upon visiting the office one day, I could see why.

A local nursery was delivering plants for the new office just as I called in. The business owner spent almost two hours placing the plants throughout the office. Two hours! I finished whatever I was doing in the office, and then had a meeting with the business owner.

As soon as we finished our meeting, the owner went off to sell one of his products to a housebound lady who couldn't get into one of the 110 nationwide stores in which the product was sold, or purchase from the Website. The product had a profit margin of about \$20. I later found out the customer lived 150 kilometers away and it was a four-hour round-trip to visit her—all to sell a product that provided a gross profit of \$20.

That's not focus! Is your focus on making sales or are you caught up in the mundane day-to-day operations that could better be left to someone else—a person who could do them faster, better, and cheaper?

Focus on making money. Get those systems in place, and get the right team around you.

While you're doing all that delegating and leveraging and training, remember: you have to focus on making the money, and have others do the work.

Key Points

- Leveraging your time, your skills, your marketing, and your systems are the keys to business growth.
- Leverage training, intellectual property—and anything else you can!
- Delegate. Have others to do the work if they can do it better, faster, and/or cheaper.
- The leader must focus on making money. Nothing else!

Money Matters

For many, talking about money is as taboo as talking about sex. Now's the time to overcome your squeamishness for financial matters! To expand, your business needs cash. You need to be expert at handling it.

First, let's discuss cashflow. I'll talk about the importance of getting the cash in as quickly as you possibly can, and how to follow the few simple steps of a collection procedure to increase your chances of being paid promptly.

Once you get the cash in, you need to keep as much of it as possible! We'll talk here about managing your expenditures, and I'll share my top five tips to minimize expenses and increase cashflow.

Cashflow, Expenses, And Minimizing Risk

People who aren't in business don't realize the importance of cashflow. Cashflow is King. You need cash. No ifs, no buts.

The secret to cashflow? Make sure your incoming cash covers the outgoing cash. If you can do that, the rest is easy!

It sounds simple enough, but this is often more easily said than done.

The Deposit

Let's start with getting the money in. What we do is charge every client a 50% deposit before we start work. There are no exceptions to this.

If we're purchasing a product (e.g. software) on behalf of a client, we require the entire amount to be paid in advance. Again, no exceptions. We make these terms very clear to our clients, and we expect them to abide by them. After all, these terms are what they agreed to.

We have never had clients even question the 50% deposit. They simply pay it, without any fuss or bother.

Generally, we use a simple payment scheme: a 50% deposit, and 50% on completion of the job. With our Web work, the terms are that the Website will not be uploaded until payment is received. If the job is a particularly large one, we'll have clients agree initially that we are to receive payments as we move along the process to completion.

I've seen lots of different ways to get cash in. For instance, I have one client who, in her consulting business, requires 100% up-front before she commences work. Think about

what you'll need cash-wise in order to run your business, and what will suit your business style. Then invoice—use the *Invoice* template provided in this kit's documentation as a starting point.

OK, that covers what we need to know for the deposit. The balance can be somewhat harder.

The Balance

Never, never, *never* upload your work unless payment has been received. By all means, show your clients that the work has been completed. There are no problems there. However, if you upload the site, then send your invoice for payment, the clients have no reason to pay you. There is absolutely no urgency whatsoever for them. They've received what they haven't even paid for, so they'll take their time.

The worst thing that can happen here is this. Imagine the clients have the site up and running for a month, and still haven't paid you. Because they didn't contract your services for the Website's marketing, they have had very few visitors to the site, and it isn't meeting expectations. They may well think, "OK, this site isn't performing. I'm not paying!"

As soon as your clients perceive a poor service, they will be even more reluctant to pay. Don't let that happen!

We'll say you've completed the project, and you've sent off your invoice for the balance. Here's the actual procedure our accounts department uses.

A Step-By-Step Collection Process

Step 1

The team member who finishes the job notifies our Accounts department and gives them a letter to go with the invoice. The letter basically says, "Thanks for your business; here's the invoice and don't forget we offer other services."

Step 2

Our Accounts department prints off the invoice, and sends it to the client with the covering letter and a Reply Paid envelope. All of our invoices are due in seven days.

Step 3

On day eight, a reminder notice is sent to the clients, to remind them that our terms are seven days and request immediate payment. The note is accompanied by a letter that reads:

Dear (name),

Hope all is well.

I am writing to you in regard to Invoice number (number) we sent you on (date).

We understand that payments can sometimes be overlooked, but we would appreciate your cheque as soon as possible, as the payment is now well beyond the due date.

Were there any concerns regarding the account or work involved? Please let us know if you have any questions or comments. We are always pleased to hear from you, and want to make sure that you're happy with the services we provide.

Thanks (name). I look forward to hearing from you soon.

Yours sincerely,

(Account Manager's name)

PS: If, for some reason, you are unable to act now, we understand. But please do call me at (phone number) so we can find an agreeable solution.

Step 4

Day 16. The client is telephoned with the following script:

"Hello Bob, it's Jane from XYZ Design. How are you?"

Bob, I'm following up on an unpaid account we sent out on (date). It's (invoice number) for \$(amount owing). First, I just want to make sure you'd received it?

OK, good. The invoice is now well outside our agreed trading terms. (Pause here)

Bob, I need an idea of when we can expect to receive payment.

OK then, Bob. I'll write down that we will receive payment on or before (day and date). Terrific, Bob. Thanks for your time! Take care."

If the agreed date arrives and no payment has been made, we telephone again and gain a firm commitment to payment. This script is much like the first, but ends with, "Thank you Bob. Now you have agreed to pay the invoice before (day and date). That is definite, Bob?"

If the payment is not made on this day, then we send a letter that reads like this:

Dear (name),

Hope all is well.

I am writing to you in regard to your outstanding account, Invoice number (number).

As you know, this payment is well outside the time you agreed to pay, and you have not made the payment as promised when we contacted you previously.

We are now very concerned regarding this payment and would like to have a chat about when we can expect the account to be settled.

Please do call me at (phone number) so we can find an agreeable solution.

If I don't hear from you before Friday, I will give you a call. If we are unable to resolve this issue, we will seek additional advice on the most appropriate course of action available to us.

Thanks (name). I look forward to hearing from you soon.

Yours sincerely,

(Account Manager's name)

In all our years in business, we have only had two bad debts. One was eventually resolved; the other was a debt for the balance of a Website design. This client experienced significant financial difficulties before we completed the site. We commenced recovery for the work we had completed, but abandoned it after finding that the time, energy and fees required in pursuing the money would cost far more than the amount we were owed.

Aside from those two examples, the vast majority (99%) of our clients pay within fourteen days. The more successful we've become, the more assertive we have been in requesting payment.

When we first started off, it would be a case of not wanting to annoy the client and not wanting to look desperate. Now debt collection is a case of thinking, "We've done the work, and the clients agreed to pay us within seven days, so can they please pay us?"

A Better Receivables System

Our receivables process is good, but it's not perfect. What would I change if I could?

Well, I'd like to change a couple of things. First, I don't like the 50% on completion policy.

I find that if clients are struggling with their bills, then they'll push the date of completion back further and further. Even if all you need is the client's final signoff, he might take up to three months to get this back to you. It's sneaky, but it does happen.

My business shouldn't suffer because of this, but I haven't quite figured out a palatable way to address this issue with clients.

The second issue is that I'd prefer to receive full payment up-front, before I start any work. A client first raised the idea of 100% up-front payment with me, and I've been thinking about it ever since. I might have to give that one some more thought!

Cash Out

Cash out isn't half as much fun as cash in! But, like receivables, it helps to have a firm policy. Our policy is simple. Treat the payments we need to make the way we would like our payments to be treated.

We pay bills when they're due. That's the policy. We are a little flexible, and always pay local and smaller suppliers first. If it's a small business and a one-man band, we generally ask for the invoice on the day that the job is completed, and our Accounts person drives around and provides the cheque (or pays via online banking).

Managing Expenses

My top five expense management tips? Here they are!

1. **Keep a close eye on your expenses.**

Track them month by month. Compare your expenses as a percentage of sales. Each quarter, give a list of your biggest purchases to your administrative person, and have them identify where savings can be made.

For instance, the cartridge for our laser printer costs us \$240 to buy direct from the business that sold us the printer. Our local office supplier store sells cartridges to us for \$164. We use one a month—that's a saving of over \$900 a year alone!

2. **Pay for everything you can with a credit card.**

It's easy to do, makes for fantastic records keeping, involves minimal fees, and when you pay the balance off within the interest-free period, there's no interest payable!

A major benefit of using a credit card to pay for anything and everything, is the tremendous protection it provides you. If you buy a product with your credit card and discover that it's not up to scratch, and the company who sold it to you refuses to help, you'll almost certainly find salvation with your credit card company.

Laws obviously vary from place to place, but credit card purchases are about as safe a purchase as you can make.

3. **Don't rent equipment.**

Many computer stores these days make more money by financing the equipment they sell than from actual product sales!

Don't rent. Don't finance.

Buy. It's a one-time charge. It may hurt at the time, but you own it, you don't owe it. Those interest charges can be a killer!

4. **Don't pay before you have to.**

I was talking with a supermarket executive and asked him the important aspects involved in selling to a supermarket chain. Was it volume? Was it price? Was it quality? I was wrong on all 3.

One of the most important parts of the contracts a supermarket negotiates is the payment terms. If a supermarket can negotiate a ninety-day payment system, with discounts for earlier payment, they'll be very happy. They sell the product and have your money for three months! That's free money for three months! With the volumes a supermarket turns over, this can be a substantial amount.

Don't pay your bills early. Pay them on time, but not early. You want your money to work for you, not someone else.

5. **Don't be shy.**

Ask for better terms from suppliers. Set up that gas station account. Do what you can to get the best possible terms for every account you have. When you set up accounts, ask questions: "Do I get a discount if I pay with cash?" "Do you offer a discount for early payment?"

You have to minimize the risk that your business might fail. Your business will fail if you haven't got any money, so you must continually push to get the money in.

If the completion of a job is two days away, push yourself so it's two hours away. Go and see your client and say that you've finished the job, present the invoice, and ask for a check on the spot. Organize overdrafts before you need them. Have credit cards before you need them.

Minimize the potential of not getting the money in the door. If you don't get the money in, you must have other resources set up to ensure that your business doesn't suffer because of it.

Key Points

- Cashflow is King—get the cash in as quickly as possible.
- Minimize the risk of failure—get that cash in!
- Pay your bills on time, not early. Have your money working for *you*.

Chapter Summary

Growing your business isn't any more difficult than managing a one person business. Yet, it is different. In this chapter, we've identified the basics of growing your business the right way. We've talked about the need to do a business review and identify what skills you require for your business to grow.

Remember, it doesn't matter that you can't do everything. In fact, that's almost a necessity!

- Identify what you need to grow.
- Get the team around you with the skills that you need—this includes employees and suppliers.
- Focus on what you do best.

Once you have the right people and the right systems in place, you can work *on* your business, not *in* it. That's crucial. You don't want to be doing everything, because your business can't grow if you do.

Use the power that your people, systems, and knowledge provide to leverage your capacity to attract and complete more business. Leveraging provides you with the biggest opportunity for growth. You have examples now of how to leverage your business—implement those strategies for success.

And, with the practical examples provided, it's a simple matter of developing your own systems and getting started. You need to focus on getting more business in. That is your focus for growth.

Now that we've discussed what to charge, and how to take care of your cashflow, you're in a position to estimate the right price for your services and get the money in. Review the way you quote for your clients. You provide them with terrific value—price your services to reflect that value, not your time. It's the only way to charge!

As you know, getting money in can be a challenge. Follow the simple steps we covered here, and you'll find collections a breeze—starting tomorrow!

Now that you understand the basics of preparing for expansion, it's time to start thinking big. In the next chapter, we look at the challenges involved in managing your business as it expands.

What's Next?

If you've enjoyed these chapters from *The Web Design Business Kit*, why not order yourself a copy?

Through the kit, Brendon explains the process of quoting on projects, step-by-step, from meeting the client for the first time, through to winning the job -- and beyond. Brendon is a big believer in keeping clients for life, and he will show you exactly how he has achieved this along with a 95% conversion rate on every job he goes for...

In the remaining chapters of Folder 1, you'll learn:

- Why charging on a per-hour basis is the worst thing you can do! Brendon explains exactly how he charges, and why it doesn't matter if he is 400% more expensive than his competition.
- How **cheating off your competition** can be the best way to develop your marketing plan: simply find out how businesses with Websites found their Web Design Firm. Pretty soon you'll have the marketing strategy of your competition!
- How presentation, grooming, eye contact and a firm handshake can mean the difference between winning the job and losing it. Make the right impact! He'll show you how to present as professional, credible, trustworthy and successful.
- How you can **get your business started from just ONE client** by having and using a client database, establishing a follow-up and add-on sales system and rewarding good behavior (referrals). And never, ever do exactly what you say you will - Brendon tells you why that's for losers!

On top of that, you'll also receive Folder 2—Documents, which contains over 60 sample documents and templates, ready for use in your freelance or small Web design business!

The kit also contains a CD-ROM, which provides all the documents in Word format, so you can use them quickly and easily in your own operations.

[Order *The Web Design Business Kit* now and get Free Shipping!](#)

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