
Starting a Technology Business

Everyman IT

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First Things First

Being a Technician

Always fix the problem or give an Actionable Plan!

Generally wear Jeans and Polo Shirt. You will need to crawl around and get dirty. Slacks and a tie mean you are either a newbie, or you work for a financial firm.

You can buy expensive jeans and polo shirts!

Always be confident

Always communicate EFFECTIVELY

Keep your non technology opinions to yourself!

Look at how data is transmitted, never look at data.

Always be on time! (15 minutes early = on time)

Look the Part, Act the Part, Be the Part

When you start try to look like a technician and KEEP YOUR MOUTH SHUT!

One you look like a technician only talk when YOU ABSOLUTELY KNOW WHAT YOU ARE TALKING ABOUT! (No Opinions)

Once you know what you are talking about you can say whatever you want...

You cannot be ridiculed for what you don't say! Silence is golden!

Playground Rules

The sun never set on the British Empire (Until it did...)

Business are run by Type A personalities that believe giving an instruction in a louder/ angrier voice will get work done faster.

Pissing contest- They are dominate over their business, you are dominate over their systems.

Your balls gotta hang low!

Practicalities of Prejudice – It's not just for "white people" anymore... By understanding innate prejudice in our society you can do better business.

What is a Business?

Business is the art of making money by combining resources and selling the finished product at a profit.

Resources can include equipment, employees or knowledge.

Profit

Profit is the amount of money left after the client has paid the business, and the business has paid its liabilities. The **Gross Profit** of a business is the total money that the business collects. The **Net Profit** is how much is left after liabilities have been paid.

Gross Profit is only valuable as an abstract number. Net Profit is the important number.

Profit/ Wealth is good! Profit is what is used to pay taxes/ charities/ employees/ domestic help/ vacation/ etc... The more Profit you make the more money you can be charitable with.

Market Value = The Price Clients/Customers Grumble, but Still Come Back.

Your Only Resources

As a business owner you have 2 major resources: **Time** and **Money**. When you start a business you generally have more Time then Money. If your business is successful you end up having more Money than Time.

Time is your cheapest resource! You cost your business no money. When you start a business it is better to invest your Time then it is your Money.

Deciding what to Sell

As a business owner you can sell ANYTHING. As a technology business you can sell computers, servers or computer desks. You can service Macs, Mainframes or Websites.

When deciding what to sell you must determine:

- How easy it is to sell your product or service
- What resources are required to sell the product or service
- How much the inputs for the product or service will cost
- How much the product or service can be sold for.
- What your yearly Net Profit is expected to be

Product/ Service Creep

...is a term used when companies start expanding their offerings to the point that they are no longer making a reasonable profit. All products/ services that are sold require individual requirements. The more products/ services you offer the less your processes can be streamlined which means it will cost more in labor to support those products or services.

Quantity Does Not Equal Profit!

Working 1 hour a day and billing \$500 is better than working a 10 hour day and billing \$500. Too many people think that working long/ hard is the point. The point is how profitable you can be per hour.

Commodity vs. Non Commodity Business Model

The Commodity Business Model is based on making a product or service as simple and as cheap as possible. Profit is made in a Commodity Business based on Quantity of sales. Example: Dell sells 100,000 computers at \$400 each with a 5% profit. Their Gross Profit is \$40,000,000 , and Their Net Profit is \$2,000,000.

Non Commodity Business treat every product or service sale as an individual item. A high end specialty computer manufacturer (like Alienware was before Dell bought them, or what Consultants used to do a few years ago) may make 50% profit and sell computers for \$2000. They would have to sell 2000 computers to earn the same Net Profit as Dell.

Customer Service

Customer Service costs Time and Money! Determine the level of support you are willing to give your clients/ customers based on how much profit you expect to make from them.

If they buy a \$1000 computer from you with 50% profit (\$500) then spend time on the phone with them if they call up with a problem. If they buy a \$500 computer with 10% profit (\$50) tell them to use your email support system.

“The Customer is Always Right” as long as they pay enough to give you a profit! Demanding Clients can cost far more than they are worth!

Firing Clients/ Customers – You have the right to refuse service. Customers that are not worth the time should be fired.

Warrantees are up to you. Warrantees cost resources when something breaks. If you sell high quality products/ services for a high profit you may give a year warrantee. If you sell cheap, commodity items “As is”, or warrantees of under a month may be prudent.

Determining Your Labor Rate

Your labor rate must cover not only the cost of your work, but of all resources used to allow you to work (Advertising, Rent, Utilities). Your labor rate must be enough that you have enough money for when you don't work. This includes vacations, sick time and when there are work slowdowns.

You should charge 4 – 5 times what your hourly wage would be if you were working at a company.

Your employees should be billed out at 4 times their cost. Employee cost is Salary + Taxes + Benefits.

Determine Your Retail Prices

“CompUSA Pricing” means charging for Parts based on what local retail competitors charge.

If you are a service business it is your goal only to remain Cost Competitive with retail establishments

Cost Competitive means that your prices are within the ball park of your local competition.

DO NOT compete with Internet Vendors. Your Clients/ Customers require more resources from you and therefore cost more to service. (Keeping Inventory Costs Money. Dealing with RMA's Cost Money. Dealing with Cranky Customers Cost Money. Dealing with Bad Checks and Credit Card Stop Payments Cost Money)

Markup is the term for the difference between what you pay for a part and what you bill your client.

Hardware Markup is an EASY way to increase Net Profit that clients are generally content to pay

Governments Blessing

Starting a business in Maryland is generally easy. You may need:

- FEIN
- Sales Tax Number
- Licensing only for certain vocations

FEIN

FEIN (Federal Employer Identification Number) is the number used by the IRS to track taxes you pay for your employees. You do not need employees to get an FEIN. Most business will require you to have an FEIN to do business to business work for them. Basically people with an FEIN are real businesses, and those without are not.

You can get an FEIN by going to the IRS website and filling out an application. You will get your FEIN immediately.

<http://www.irs.gov/businesses/small/article/0,,id=98350,00.html>

Sales Tax Number

If you sell products, or some services, you must charge your clients 6% sales tax. In order to collect sales tax you must have an account with Maryland. They will give you a Sales Tax ID Number and a coupon book for paying sales tax either Quarterly or Monthly.

<http://business.marylandtaxes.com/taxinfo/salesanduse/default.asp>

Doing Business As Name or Corporation Name

You can receive a DBA (Doing Business As) name from the State for \$25, or setup an LLC for \$175.

DBA and LLC allow you to accept payments, and sign contracts under your business name (Example: You write a check to Everyman IT for your tuition, not Eli Etherton)

A Doing Business As name ONLY allows you to benefits of accepting payments and signing contracts as the DBA. It denotes NO legal benefits. If your DBA is sued then you are by default sued.

An LLC or Corporation gives legal benefits to help owners from being sued for the actions of the company. Essentially the corporation is a person in the eyes of the law.

As a single consultant a DBA may be fine. If you are going to have employees then you should become an LLC.

MD Department of Assessment and Taxation Forms Page:

<http://www.dat.state.md.us/sdatweb/sdatforms.html>

Trade Name Application (Doing Business As): <http://www.dat.state.md.us/sdatweb/nameappl.pdf>

LLC Application: <http://www.dat.state.md.us/sdatweb/llp.pdf>

You can go in person for quicker service to (Two minute walk from Everyman IT):

Maryland State Government: Uniform Commercial Code

301 W Preston St # 801, Baltimore, MD(410) 767-1340

Banking and Taxes

Getting a Business Bank Account

You should separate your business and personal bank accounts. This allows you to more easily keep track of your accounting and prevents something called "Breaking the Veil" in a civil lawsuit against an LLC.

Breaking the Veil – Means that a lawyer tries to sue the owner of an LLC by showing that the LLC is not legitimate. If the owner of the LLC uses the LLC's money as if it their own bank account the lawyer can contend that the LLC is legitimate. If they Break the Veil then the lawyer can go after the owner's assets.

To get a Business Checking Account you need:

- FEIN
- DBA or LLC Paperwork from the State

Accounting

QuickBooks is over rated! A simple Excel Workbook is fine for a new business.

You must record your income, and your expenses.

- Mileage
- Advertising
- Supplies (Items under \$250)
- Rent
- Utilities
- Fixed Assets – Equipment Generally over \$250 in value. Must be depreciated vs. written off.

You must keep all receipts that will be used for deductions.

Mileage Deductions are HUGE. You can deduct your mileage expense vs. your taxes. Mileage was .49 per mile! So for every 1000 miles you drive for work you can deduct \$490 from your taxes!

Keep a mileage log in your car to track mileage.

Accountants are overrated. When you begin a copy of TurboTax will probably be fine.

Insurance

Insurance Protects you and your clients. Business Insurance is not the same as car/ health insurance/ Every business is looked at differently by different carriers. The more services you offer the more difficult it can be to get insurance. Sometimes it is better to create new businesses vs. trying to get coverage to do more services under one name.

Web Design and Digital Surveillance can be difficult to get insurance for.

Some businesses require that you have insurance to work for them.

Some trade shows require that you have liability insurance to setup a booth.

\$1,000,000 coverage is not always necessary. Get enough coverage to cover likely damage that you could do. \$250K is usually more than enough for a one person shop.

Liability Insurance

Liability insurance covers physical damage that you or an employee do. This covers things like breaking a window, or dropping a server.

Errors and Omissions Insurance

Errors and Omissions Insurance covers professional consultants such as doctors, lawyers and computer consultants. This insurance covers things such as an incorrect backup routine setup. If a server fails and you did not configure the backup routine properly this would cover you.

It also covers advice that you did not give, or should have given. This covers things such as you install a surveillance system because a client has problem with vandalism at night, and you install cameras that do not have adequate night vision.

Workers Compensation

Workers Comp covers medical bills and disability payments if an employee is hurt on the job. Employers must have Workers Comp for their employees in Maryland. A business owner does not have to have Workers Compensation.

Workers Comp payments are based on type of work performed and salary paid. (Our full time technicians at \$38K per year cost \$450 per year in premiums)

Employees

Employee Cost

Employees should cost 25-30% of Gross Income.

Workers Compensation

You need to have workers compensation if you are going to have employees.

Workers Compensation Site: <http://www.wcc.state.md.us/>

IWIF provides Workers Compensation Insurance apply to them directly if you or your accountant will be handling your payroll. <http://www.iwif.com/>

ADP will provide Workers Compensation as part of their package. If you are going to use ADP you might as well use them for Workers Comp. Remember if you use IWIF every employee change will have to be reported to them. Pay increases, decreases, firing, etc. If ADP does your payroll it will be done automatically.

Definitions of Help

Employees are people that work for you that you have direct control over. You can tell them what uniform to wear. You can tell them specifically how to do a job. You can reassign their work to other areas. So you can tell your tech to sweep the floors or scrub a toilet.

You must pay for Workers Compensation, comply with employee laws, and pay employment taxes for employees.

Contractors are paid for completion of work. You can pay a contractor to fix a computer, but not how to specifically fix it. You can pay the \$40 for each tune-up, and give them required results, but not “look over their shoulder”. You cannot reassign them as need be. A computer contractor would not be told to sweep the floor.

Contractors are considered their own business so you only pay the agreed upon fee and file a 1099 with the IRS. You do not pay for Workers Compensation or deal with their taxes beyond the 1099.

Volunteers/ Interns are allowed to be unpaid ONLY if they are doing work that you would not pay someone for.

This is not legal advice. Check with IRS and State

ADP Payroll Service

If you are going to have employees you should use ADP for payroll services. Failure to pay taxes on time can lead to large fines from the IRS. By paying ADP \$60 per payroll you will save money at the end of the day.

Clients

Customers buy a product or service once or twice. Clients will come back again, and again. They are not as prone to defect due to lower pricing or small issues.

Offer solutions, not simply products or services.

Our smallest business client was worth \$1500 in service per year.

General Rules for Clients:

- You can be 100% Right, and 100% Fired at the same time!
- Under Promise and Over Deliver
- Clients are buying more than your products or service (Branding)
- Know who the most important people in an organization are
 - CEO's sign the checks, but secretaries make the appointment and write the checks
- Know your place – Don't get involved in melodrama
- Don't talk poorly about anyone!
- Fix the problem, or come up with an Actionable Plan

Communication

Communication is more important than technical skill.

Communication vs. Talking

Don't talk AT someone. Make sure you are having a conversation. Conversations mean you listen to what the other person says, and does not say. You respond with well thought out ideas. You give, or receive, explicit agreement or disagreement.

"Yes", or "No" are never acceptable in conversations. If you agree with a statement reiterate the statement to the other person.

If you do not agree answer with a counter offer. "I cannot make an appointment at 4pm, but I can fit you in at 2pm", or "I do not have the skill to install the system you are asking me to. I can either _____ which would _____, or I can find another consultant that will be able to do the work."

Do not leave loose ends. If something is out of your realm do not simply drop the problem on the client. "Your Internet problem is because your Comcast Internet is down. If you want I can call their tech support to babysit the issue. You'll be paying me \$100 per hour though. You can call Comcast on your own if you like, and then just call me when they say the problem is fixed. Just tell me what YOU would like me to do."

Professionals answer the questions that clients do not know to ask. NEVER screw a client simply because "they didn't ask."

Leave a paper trail. Always write your plans down, and if possible get a signature from the client on the plans. This is not the same as a contract. This is a way to verify everyone is on the same page.

Xobni is a great plugin for Outlook to keep track of email trails.

Send email follow-ups with plans and recommendations so that they have written documentation, and if in the future they argue with you you can prove you said what you said.

Always follow up after a service call. Generally contact the client 3-7 days after work was performed to verify everything is working correctly

Selling

Sales does not have to be a slimy profession. People want products and services, your job is simply to find the people that want what you offer.

Hard Sales are not worth the time.

Sales is a numbers game. 20% of the people you approach will be interested, but not willing to buy. 1% will be willing to buy. That means if you talk to 100 people you will get 1 client. So a consultant will need 50 clients to pay the bills which means they will have to approach 5000 people.

To put numbers in perspective in Baltimore proper there are 24,000 businesses and 500,000 people.

Customers should be better off for buying your offering. Zig Ziglar said that the buyer should receive more benefit than the seller.

The buyer should only buy if they trust you. If they do not trust you, you should not accept them.

Time from client being interested in your offering and saying “yes” is generally 3+ weeks.

Time from client saying “yes” to a project and starting project is generally 1+ months.

Advertising done today will lead to billable hours 2+ months from now.

Upsell or DIE! Always upsell you clients! “This computer is now fixed do you have any others you want me to take a look at?”, or “I fixed the DVD Drive... I notice you don’t have current antivirus software. Would you like me to do a tune-up since I’m here anyway?”

The Important Numbers

Business is all about numbers. Metrics, profits, forecasting, statistics and more. The better you can argue your point from a numbers perspective the more likely the business people will take you seriously.

Business people don’t care whether their servers run Windows NT or 2008. They care if their systems help make them the most profit.

Force Multiplier

Force Multiplier is a military term to state how support services increase the combat effectiveness of troops. A soldier with a gun is worth 1 troop. A soldier with a heavy machine gun may be as effective as 5 normal troops. A team of 5 troops with real time communication, real time satellite intelligence and powerful weaponry may be worth 100 troops armed only with guns. Etc...

As a technologist you work as a Force Multiplier for your business. A sales person with a phone is worth 1. A sales person with a phone, and email may be worth 5. A sales person with a phone, email, leads database and effective social networking may be worth 10 average sales people.

A technologist is ALWAYS a support position! You support the important work. You are not the important work (unless you work at Facebook...)

Your job is to make others work more efficiently and effectively.

You get paid based on how many job positions you help eliminate!

ROI (Return On Investment)

Return On Investment is how long it will take for the company to either make more profit, or savings, to offset the cost of a project. So a new program that cost \$10K to develop and replaces a full time employee that earns \$30K per year would have a Return On Investment of 4 months.

TCO (Total Cost of Ownership)

TCO is the total cost of a system over the entire life of a system. So if a system is expected to have a life span of 5 years you would add up the initial installation cost plus expected maintenance and service during the 5 years plus a reasonable amount for unexpected failures plus anything else. A \$20K server installation will have a TCO of \$40-\$100K over its life span.

Cost Effectiveness

Businesses have limited resources. Cost Effectiveness asks out of all the possible investments that the business can make which ones will provide the most business benefit. You may NEED a new system, but it may be more Cost Effective for the business to invest in something else. Windows NT is old, slow and vulnerable but it may be more Cost Effective to spend \$20K on a new marketing campaign then it is to replace a server that is working “well enough”.

Contracts

Contracts are more, and less important then made out in popular culture. They do provide legal recourse, but that recourse costs money if you sue someone, and many lawyers can penetrate a poorly written contract and still sue you.

Contracts act as a moral/ ethical way to get people to abide by agreements. Shame is a better stick then legal action.

Hand Shake Agreements

Hand Shake Arrangements are very useful because there is no written contract. You come to a “gentleman’s” agreement and can start work more quickly. There is less time wasted on writing contracts and getting signatures. A real contract generally will add 1 week – 1 month to the acceptance process.

Hand Shake Agreements are good when you are a lone consultant and you have a personal relationship with your clients. Once you get employees you will need to switch to real contracts

Written Contracts

Written Contracts will stipulate exactly what will be done, and what is expected. Your job is always to make the contract more beneficial to you. It is better to be lenient with terms on a contract then to not have terms that you can enforce.

Always stipulate:

- Quantity and types of equipment to be sold
- Expected labor time and rates
- What the outcome will provide the client
- When payments will be received
- Explicit Warrantee

Payment Due Dates

You should receive 3 payments for your contracts. The first payment should cover ALL Hardware expense and any upfront outlays that you have.

The reason for this is that if the contract goes bad you can dump the equipment on the client's doorstep and walk away. They will have purchased the equipment and you will have delivered it. You don't lose any money in this process.

The second payment should be for 50% of the remainder to be paid when work starts. This will be used to pay for your labor and expenses to complete the contract.

The final amount will be paid when the contract is done. It is due as soon as the client agrees that the work was done properly.

"Collect the money while the tears are still wet" is a quote from a bodyguard explaining that while his clients are in danger they want to spare no expense, but as soon as they are safe they start nit picking the bill. Collect final payment ASAP. Any problems can then be handled through the warrantee you have agreed upon.

Billing Schemes

There are a number of ways to bill clients for services

Time and Materials

Time and Materials means you bill an hourly rate plus equipment cost. This is the way people generally start billing clients. This is a good way to start billing, but it makes it difficult to project business forecasts and plan for the future. A good week this week does not mean next week will be a good week.

It is also hard to mask costs. Clients may nitpick individual items. "I can get Office 2010 for \$30 on Amazon why are your charging me \$300?"

Billing for the Same Hours

You can bill multiple clients for the same hour! Computer work requires time spent on updates and automatic procedures that don't require your attention. You can work on 4 computers for 3 hours at the same time and bill each client for 3 hours.... Charging each client \$50 per hour now means you are making \$200 per hour!

Unethical means that you are somehow short changing the client. The client received their 3 hours of work. The only question is whether you work 3 or 12 hours to give it to them.

Fixed Prices

In repair shops client like Fixed Prices. \$49 Hardware Installation, \$99 Tune-up, \$200 Data Recovery, etc.

You make money by working on multiple PCs at one. Example our workbenches where a tech can babysit 4 computers at one time.

Project Billing

Project Billing means you come up with a set fee for an entire project. So you say a new 10 computer lab will cost \$15,000. This will include the computers, networking equipment, installation labor, training labor and warrantee.

In project billing you still itemize items, but you are more flexible with the rates. People are generally more willing to pay for equipment then they are for labor. So you increase your equipment estimate by 25% and lower your labor charge by 25%. The final cost is still the same, but the client feels better.

Clients are willing to pay more for a fixed price then they are for a non fixed price.

All projects need to be written and signed contracts.

Maintenance Contracts

Maintenance Contracts stipulate you will maintain specific systems to a standard of care for a set price. Maintenance Contracts can be used instead of Project Billing in some circumstances. Such as you install a Digital Surveillance System and have a maintenance contract on the system. You then simply charge the client \$500 per month for the contract vs. a onetime bill.

Maintenance Contracts must be specific! Dumb clients will assume that you will cover everything.

Time contracts are performed can either be set times much like a part time employee, or on call.

Set time contracts are generally the easiest. If your rate is \$100 per hour you may give a client the option of paying \$80 per hour to work 8 hours every Monday. During that time you fix whatever problems need fixed.

On call contracts can be more complicated. You must set your response time. This means how long from when they call you will you call them back. How long from the time they contact you until you are onsite? Generally contracts work off of 24 / 48 / 72 hour response times.

If you fail to live up to the contract you may be sued!

Projects

The projects that you deploy for your clients must work FOR YOUR CLIENTS!

Do not deploy solutions that you understand. Deploy solutions that your clients understand.

The best sales software will not work if the sales people refuse to use it.

The majority of projects fail not for technical reasons, but because employees refuse to use the solution.

In the eyes of a business person a project that fails because of technician incompetence, and a project that fails because of employee push back is still a FAILED PROJECT!

Business leaders will give you authority and money based on your perceived success with projects.

Talk to EVERYONE before implementing a project. The CEO does not understand how a secretary does their job, and a secretary cares less about how a project is paid for. By talking to everyone you have a better chance of running a successful project.

We will talk about project management more in other classes.

You can be 100% RIGHT, and 100% FIRED at the exact same time!

Documentation

Documentation is an often overlooked service. Clients rarely keep track of their own documentation.

Keeping good documentation will make your clients happy, and make your life easier!

Keep documentation on client's site. Document all information that might be useful. Use a file bin, and files to file software and documentation.

Label equipment with relevant information. (Many of my clients had a sticker on their servers that said HOSTNAME, IP ADDRESS, User Name and Password.) Security is in the eye of the beholder. Clients are generally more dangerous to their systems than hackers.

Business Partnerships

You cannot do everything, but it is useful to have your clients come to you for all of their needs. You can accomplish this by creating Business Partnerships with compatible companies.

Example: "Eli the Computer Guy" did not repair Mac computers. So we made an agreement with MD Mac Maven that we would send our Mac clients to him, and he would send his PC clients to us. We got more PC clients from this, and then when we started fixing Macs our clients were already coming to us for Mac work. We just stopped sending the work out.

The same is true with laptop repair. We would ship out laptop repair work until we had in-house ability and then we simply kept the work for ourselves.

Pay schemes/ Referral fees generally don't work very well for small work. Computer Geeks are really bad at keeping track of referrals. It is generally better to swap clients.

For projects 10% commission is the norm.

It is a good idea to write a simple contract for any pay arrangements.

Advertising/ Marketing

With Advertising and Marketing remember that you have 2 resources, Time and Money. While you have more time than money you should be "pounding the pavement" vs. buying ads.

Your Brand

Before you start advertising you should:

- Get a DBA or LLC
- Have your Domain Name and setup Website and Email Address
- Setup a Business Phone Number

Basic Marketing

You should buy business cards asap. Don't buy thousands because you will probably want to change them after you see your first ones.

Print basic flyers and pull tab signs. Go to the local business areas and go to each business asking if they need your service. If they have a community board hang a pull tab flyer. This is "pounding the pavement". For every 3 hours I did this I got 1 new client.

You don't need to spend a lot of money on printing. A basic laser printer will do fine!

Marketing is a BIG topic that will be covered in other classes. Right now just pound the pavement.

Refrigerator magnets work GREAT for service businesses!

Creating Your Shop

Where to Work?

Basement

Working out your house is respectable. Many very profitable businesses are run from home. Usually not good if you need clients to come to you, but less than a client per day is usually fine.

Working from home is good because:

- No new bills
- Long projects (Server rebuilds and such) don't mean you miss meals and can't go to bed.
- You can do "house work" while computers run updates.

Office Space

Many people get office space because they think it makes them look more "professional", or so that clients can come to them.

Clients generally don't care. Most tech clients want you to go to them.

Office space is good once you start hiring employees.

In Baltimore you can generally get year to year leases for office space.

Retail

Retail is expensive but offers good advertising opportunities.

Having set Hours of Operation can be expensive

Zoning/ Use Permits

Check with local authorities about any zoning issues...

When to Work?

Your Hours of Operation are important for a number of reasons:

- Having set hours of operations limits how flexible you can be with your work schedule
- Having set hours of operation with employees can be expensive

When considering Hours of Operation keep in mind what people will simply dislike, and what will lose you business. People may grumble that you don't have weekend hours, but will still use you.

Metrics and Measuring

Everything should be measured!

- Advertising should be measured – Always track how clients found you!
- Work Performance should be measured – how efficiently are you/ employees working. How many tickets did you complete per day/week/month. How much money did you bring in per day/week/month.

Inventory and Investment

Selling parts is an EASY way to increase an invoice by \$30-\$250 with 50%+ profit.

What is Profitable today will be obsolete tomorrow. **Profit today, but plan for the future!**

Parts

Buy new parts!

Don't use EBay!

Labor is ALWAYS your most expensive cost!

Clients who are cheap on parts are less likely to pay bills!

Inventory

Distributors are generally not worth the time

Newegg.com is a great source for parts!

Always use reputable vendors!

Have enough inventory to cover standard repairs.

Standardize Inventory – We had “small” hard drives and “big” hard drives. Small hard drives sold for \$80, and Big hard drives sold for \$150. When we started “small” were 40GB and “big” were 250GB. By the end “small” were 80GB and “big” were 1TB at the same price point.

Too many options just confuse the customer. They need “small” or “big” parts, not 20 options!

Piracy

DON'T!!!!

Clients who demand pirated software are less likely to pay bills!

Pirated software requires more service

Use software licenses appropriately. Do not use “home” versions in office settings.

Research and Development

You should be seeking more efficient ways to do the work you are already doing. You should be seeking more profitable offerings!

10% of Gross Should Go to R&D Investment

Use what you sell. It is less stressful/ easier to troubleshoot new products in the comfort of your own office then when you are deploying them for a customer. Know the real world problems and limitations BEFORE your first client installation.

Microsoft Action Pack

Gives you enough software and licenses to run a business of 10. You get Windows 7, the Server Operating Systems, Office and More! Only \$329 for download version and \$429 for physical disks per year.

You must be a Microsoft Partner. Becoming a Microsoft Partner is Free. You must be your own “business” to be a partner. <https://partner.microsoft.com/us/partner>

Beware the Shin Kickers

When the lions come there are 2 ways to survive. You can be the fastest runner, or you can make sure that someone else is the slowest.

Most people (Mothers, brothers, sisters, lovers) will sabotage you “for your own good”.

People will laugh at you!

Creating a business is a deviation from the norm.

Wealthy people are social deviants

Professional Development

Certifications

Earn you MCIPT (Microsoft Certified IT Professional)

It SOUNDS good. And EVERYONE uses Microsoft products

You pass 2 exams

You can self-study. Self-study material will cost around \$100-\$150

<http://www.microsoft.com/learning/en/us/certification/mcitp.aspx>

Your certifications should SOUND good... Human Resources people will be looking at your resume AND certifications have lost their branding. (I had to research to figure out Microsoft Certifications now)

Next?

- Linux+
- Security+
- Project+

Publishing

Publish or perish

Prove you're a professional!

Technology requires LOTS of documentation and communication. Publishing proves you can articulate ideas and arguments.

There is no "RIGHT" way to do technology.

Create your own blog at the very least and update once a day. Write on anything about technology.

Work

Pay does not equal work

You should always be working!

When you don't have a job do tech work for non paying clients. When you don't have non paying clients do work for yourself! Build your own website. Build your own servers. Run network cable in your house!

Employers/ Clients look at your experience NOT your pay stubs!

Homework

- Get an FEIN
- Get a DBA or LLC
- Get a Business Bank Account
- Buy a Good Domain Name
- Setup Your Email Address
- Get a Business Phone Number (Use your cell phone at your own risk! Skype costs \$65 per year)
- Buy Business Cards (VistaPrint.com is good)
- Start a blog (WordPress.com to start). Write 5 posts