

HOW TO BUILD A PROFITABLE SMALL BUSINESS IN ONE YEAR

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The Learning Curve

Are there moments when your business feels like a glorified job?

Do you have lots of money going out, but not enough coming in?

If you took a vacation, could your business run well without you?

Is your business providing you with the quality of life you envisioned?

You started your business because you had the courage to break free from the pack and to use your energies, talents, skills, creativity and spirit to build a business that means something, that provides something of value and quality to others—your customers, and that allows you to live a life where you are responsible for your own choices and future.

But if you're in your first year or two of operating a small business, whether it's home based, office based or retail, you may be working too many hours, feeling like you'll never get everything done, and wondering why it's not all coming together exactly the way you thought it would. Well, take a deep breath and relax, because you're not alone. What you're experiencing is perfectly normal! I call it the **Level One Learning Curve**.

During the first year or two you're learning everything from the beginning such as:

- which products or services are most marketable
- who your ideal clients are and where to find them
- how to get the best ROI on the money you spend on marketing
- how to best navigate the sales process
- how to put together a strong financial plan and follow it
- how to organize and structure the administrative part of the business
- how to develop a powerful growth strategy and implement it
- how to find the right employees or outside help
- how to manage your time to get maximum results
- how to make time for the rest of your life

.....and on and on. Expect to make some mistakes, change direction a few times, and learn what works and what doesn't. Expect to learn a lot about yourself as well.

I've personally experienced every pain and struggle you have, since I've been an entrepreneur for almost nineteen years. I've made too many mistakes to list in this report, and made some of them more than once. I've experienced failure and also great success. And I'd like to share with you a few basic principles that, if carefully followed, will open the door to a viable, profitable business that leads to financial freedom and a feeling of deep personal fulfillment and joy.

After coaching scores of small business owners, I can tell you that most entrepreneurs face the same roadblocks. If you formed a club for business owners and decided you'd all share your

biggest challenges, you'd find everyone nodding their heads in agreement over the same handful of issues. If every new business owner knew the simple secrets listed in this report and paid attention to them, we would greatly reduce the huge number of business failures that occur each year. ***Each secret is about empowering you to be in control of your business and it's growth, and to prevent the opposite.*** Let's get started.

I want to see you succeed! I want you to attract success like a giant magnet. Did you know that small businesses are the backbone of the economy? 99% or all businesses are classified as small! Astounding, isn't it? You've been brave enough to go out on your own, to try to create something new, to build an independent life style and financial freedom. Pat your self on the back, and then get ready to dig in your heels and get to work. Notice I didn't say get ready for struggle, pain and grueling hours of toil. You just might feel empowered by the secret tips below to work smarter, not harder.

LET'S ASSUME—

Let's assume that before you started your business you had relevant experience or knowledge in the industry you entered.

Let's assume that you're passionate about what you do.

Let's assume that you have talent and skill.

Let's hope you have some professional connections in your field that might lead to important contacts and new clients.

However, you may not have a strong **entrepreneurial skill set**, since few new business owners do. That's okay because many of the skills you'll need to run a successful business can be learned if you're willing.

Here are ***12 Secrets to Building a Profitable Small Business in a Year.***

SECRET # 1: Creating a Big Vision Plan

If you could have the *ideal* business two years from now, what would it look like? Notice I said “ideal” . Try to bust through your own limitations and fears to formulate a Big Vision. Write down in as much detail as possible, each aspect of this ideal business, such as:

- What will your work space look like and where will it be located?
- Who will be working with you?
- How many employees will you have and what will they be like?
- What professional groups and individuals will you spend time with?
- What kind of ideal clients will you have?
- What products and services will you offer?
- How much money will you make in gross sales and net profit?
- What will your ideal work day be like?
- How many hours will you work each day and week?
- And most important - *how will all this make you feel?* Describe how you'll feel in detail and try to actually capture that feeling.
- How will your business reflect and fulfill all the best parts of yourself, physical, mental, emotional, spiritual

Then begin to set up your business now as if you've already achieved this vision. Act as if! By seeing each detail of the “finished product” you can prepare for it now. This is how Tom Watson built IBM and that worked, didn't it? I cannot stress enough how powerful this process is. If you need help with the visioning process you can print out these imaging techniques from the Big Vision Toolbox on my website. I strongly recommend following the incredible visioning process described there. Make it a part of your day and you'll start seeing subtle changes almost immediately Here's the link:

<http://www.smartrack.net/BigVisionTool1.htm>

Put together a detailed business plan that takes you step by step toward this vision. If you're tempted to skip this step, don't. This plan will be the roadmap that keeps you on course to your goal. That's why we developed an entire four month program called “Big Vision Roadmap” that guides you quickly through the entire process of creating your plan and putting it into action.

<http://www.bigvisionroadmap.com>

Your big vision plan should include components of the other “secrets” listed below.

Secret # 2: Crafting a Financial Strategy

Unless you're a number cruncher by nature, this may be a task you would like to overlook. *Please don't.* A financial strategy is one of the backbones of your business. It should consist of two parts.

1. A financial plan

A financial plan is like a budget for your business. It estimates how much you hope to make in gross sales for the year, all of your estimated expenses and how much each will be, and how much will be left as profit before taxes (gross profit). Then estimate what will be left for you as the business owners after any taxes have been paid (net profit).

It's important to estimate how much you will spend on variable expenses like payroll, and marketing, and on fixed expenses like rent and insurance. Next, figure out what percentage of your estimated gross sales you've allocated for each variable expense. For example, if you hope to gross \$500,000 for the year and you estimate your payroll will be \$100,000 then your payroll is 20% of gross sales. As you grow you would want to keep your payroll at approximately that same percentage. In this way you can control costs by keeping your variable expenses at a percentage of gross sales.

You'll also want to know how much it costs you to develop and produce your products or services. This is known as Cost of Goods. This will help you determine if you need to spend less on production or raise prices.

2. A profit building plan

There are businesses that failed even though their sales volume was good. The problem was they were spending as much as they were making and they weren't profitable. You must estimate what your gross profit (your profit before taxes) will be and what percentage of gross sales it represents. Say you estimate a gross profit of \$80,000 on your \$500,000 in gross sales. That represents a 16% profit margin. It's important to not just assume that if your making sales you will make a profit. *You need to be priced right, control costs and follow your financial plan to be consistently profitable. And you need to be constantly thinking of ways to increase profit.*

Finally, learn to understand simple financial terms and use reports like:

- balance sheet
- profit and loss statement
- cash flow analysis
- break-even point

If you need outside assistance, speak to your accountant or business coach to help you with your financial plan. A small business financial plan shouldn't take more than a few hours to do if you have your financial records available in a program like Quickbooks.

Crafting a financial plan is part of my Big Vision Roadmap program because it is key to putting YOU in control of your business.

Secret # 3: Focused Marketing Strategy and Plan

THIS IS A BIG ONE!!!

Read this carefully. One of the biggest mistakes business owners make is to do “shot in the dark” marketing—an ad here, a radio spot there—and expect results, or worse yet, not even know if they’ve gotten results!

This usually happens because they haven’t taken the time to learn about marketing, research their market, and gotten to know where and how to reach their ideal clients. Or they haven’t found the right professional marketing help that will save them time and money.

Before beginning any marketing program, you need to know, very specifically, who you’re trying to reach. Then ask yourself:

- Do they have a strong want or need for what I’m offering?
- Can they afford to buy what I offer?
- Do I know how and where to reach them?

If the answer to all of these questions is “yes”, then you’re ready to start developing your marketing strategy and plan.

You want to be in charge of your business growth, don’t you? It’s essential for you to know exactly who your ideal client is. Describe in detail the perfect client for your business, the one who likes what you offer, buys it willingly and refers you to others. You need to know everything about them, including *what’s in it for them to buy your product*. People don’t buy because *you* think you have something great to offer. They buy because they have:

- an immediate need
- a strong desire
- some pain

Then, based on your marketing budget and your natural skills, you need to develop a strategy and detailed marketing plan for how you will reach those people with your message. This is called a *Focused Marketing Plan*. Once you begin doing well chosen marketing activities, you must measure the results you’re getting in terms of qualified prospects and sales, and make sure you’re getting an ROI on every marketing dollar spent. ***If you’re not getting a measured Return on Investment for each marketing activity in a reasonable amount of time (some, like networking, take longer than others), then drop it and find something else.*** It’s your money and time and you deserve to reap the rewards of your investment!

If you want a comprehensive guide and program that takes you step by step through this process and gives you more marketing ideas than you could ever want as well, go to:

<http://www.136waystomarket.com>

where you will find the **136 Ways to Market Your Small or Solo Business** E-book and complete marketing program.

Don't think that in order to implement your marketing plan you must have a big budget. You need a budget, just not one the size of IBM's. Part of my mission at SmarTrack is to find high quality, affordable resources for small business owners. To check out some of the wonderful discoveries I've made, go to:

<http://www.bigvisionmarketing.com>

If you are looking for a specific resource, feel free to e-mail me and if I can help you, I will.

Jpettit@smartrack.net.

Secret # 4: Defined Roles and Job Descriptions

Every business has a number of key roles that must be filled to make the business function well. You may initially fill all of these roles yourself, you may outsource some of them, or you may hire employees to fill them, but first you have to define and understand the responsibilities of each and you need to allocate time for each.

Here is a basic list of the main positions that need to be filled to run a most profitable businesses:

- CEO—chief strategist
- COO—runs daily operations
- CFO—oversees finances, bookkeeping, payroll
- Director of Research and Product Development
- Director of Sales
- Director of Marketing
- Director of Technology
- Human Resources—hiring, benefits, insurance
- Customer Service
- Administrative Assistance

Take some planning time to write a job description for each role and decide who will fill it. If it's you and only you, decide how much time each week will be spent filling each role so that ***nothing gets shortchanged***. Expect to spend the majority of your time on marketing and sales initially, and include marketing in your list of priority activities even after your business is thriving. Business owners often make the serious mistake of putting marketing on the back burner when they begin to get clients.

Initially, you will probably need to spend about 80% of your time on marketing activities—presuming of course that your product or service is past the research and development phase and is ready for market. But if you ignore any of the above areas, your business will ultimately suffer. That's why planning what you'll need ahead of time is soooooo important!

It's vital, however, that you wear your CEO hat all day, everyday, even while wearing other hats. Too many of us get caught putting out fires all day and forgetting to keep a laser like focus on the Big Vision. Make it a habit to have a constant awareness of how each activity serves the Big Vision and you'll find yourself spending time on each part of your business because you see how all the puzzle pieces fit together.

Secret # 5: Systems for each aspect of your business

If you want to get to the point where you can work on your business and not constantly have to work in it, you need to develop written systems, a kind of step-by-step checklist, for each business function. Everything from product development to invoicing to customer service needs a simple system. Imagine you wanted to start ten businesses exactly like yours in different places, like a franchise. Write down everything you would want the people managing those businesses to know so that things get done the way you want them done. Yes, this requires a bit of work, but imagine now that you hire a new employee and want to train them. Your task is so much less time consuming. Let's assume at some point you will want time off, a real vacation. Your systems are in place and everyone knows what needs to be done in your absence. This is a task that can be done a little at a time. Just keep on ongoing document that you add to incrementally and before you know it you will have documented each system. You may even be able to put part of that information into a white paper you can use as a marketing tool.

Even if you're solo, as you get busy you'll need to outsource some functions, like administrative work and bookkeeping. If you have recorded the system that works best for your business, you can feel more confident that your way of doing things is being followed.

Many business owners have complained to me that their employees just don't do things the way they've been asked to do them, and the owner ends up picking up the slack. Developing clear, written systems for how each job is performed and each task accomplished will make it much easier to get employees to comply with your wishes. And assigning tasks to employees based on their talents and passions will also yield stronger results. Best of all, it will free up that most precious of commodities—time.

Besides systems for each job function, you also need:

- A referral system (for regularly getting customer referrals)
- A repeat business system (a strategy for getting customers to buy from you again and again)
- A system for spreading the word about your business by teaching everyone you know what to say about you.

Systems are meant to put parts of your business on autopilot, but they must be reviewed and revised regularly so they don't become rigid and stale.

Systems will set you free. Think McDonalds! Every detail is systematized. That's why they run so well and can be reproduced anywhere.

Secret #6: Priority Based Time Management and Laser Like Focus

THIS IS ONE OF THE BIGGEST, MOST IMPORTANT SECRETS!

WARNING! DANGER! Don't get sucked into the black hole of day to day operations!

Before you realize it your entire day is spent putting out fires, performing menial tasks, responding to other's demands, answering phones and e-mails, running to time wasting meetings etc. This list is endless. At the end of the week you feel like you haven't made progress toward your goals; you feel overwhelmed and frustrated.

You've entered the black hole of day to day operations.

All of us do this from time to time, but if we know the secret of priority based time management and laser like focus, we can climb right out.

Managing your time on your terms is so important, maybe I should have made it number one. Here is where your **Big Vision Plan** with it's financial plan and marketing plan components comes into play. Each day, ask yourself which tasks are a *priority because they are profit producing and move you forward in your plan*. Put those tasks at the top of your daily list and **ABSOLUTELY PROTECT THE TIME YOU SPEND ON THEM**. Limit distractions, don't answer the telephone or return e-mails. (In fact, I recommend only checking e-mail two or three times a day, and responding at that time only to those which are urgent.)

For example, if your marketing is always the last thing to get done, put aside an hour or two each morning and devote that time strictly to marketing. Don't let anything else interfere. ***This takes discipline, which I know you have or you wouldn't have a business.***

Next, be determined and even stubborn about focusing like a laser beam on those priority activities and always keep your mental focus on your Big Vision. ***Don't be swayed. Don't cave in. Don't get sucked back into the black hole!***

When you see the momentum you create and the progress you'll make after just a few months, you'll be convinced. It took me years to learn this, and I'm sharing this secret with you because I want you to be successful fast and to still have a life, a great life.

Secret # 7: Measurement

Rarely have I run across a business owner who didn't spend money on marketing, usually the Yellow Pages, print advertising or radio, without knowing if they got a strong Return on Their Investment! I know I've already mentioned this, but it's so important I need to say more.

Would you put money in a savings account or money market fund that took money out of your account instead of paying interest? Sounds ridiculous, doesn't it? And yet, each time you spend money on marketing without measuring the result, that's what you're doing.

By knowing how much business each marketing activity generates relative to the time and money you spend on it, you can make an empowered decision about what's worth continuing and what to drop. Again, if you're not sure which marketing activities fit your budget and how to measure results, go to

<http://www.136waystomarket.com>

In addition to measuring your ROI on marketing, you must use measurement in other areas of your business. What season or time of day are people most likely to buy from you? Which sales approach works the best? Which products or services rarely sell and which sell the most? For every type of business, there are different important measurements that will help point in you in the direction of more profit and less waste.

Right now, starting with marketing results, make a list of five things in your business that need to be measured to keep you in control of how you spend your time and money and to measure whether your business is growing as you predicted in your financial plan. Then check in with these measurements at least quarterly to see if you're on target for reaching your goals. If you're not look honestly at what might need to change.

Secret # 8: Self Awareness Assessment

Successful business owners are keenly aware of their strengths and weaknesses. They're curious and eager to learn, and humble enough to admit their mistakes. Knowing what they value in life, they build those values into their mission and vision for their business. No matter how small your business, a regular self awareness assessment can make the difference between success and failure, since 80% of business problems are well disguised personal problems. Most businesses fail because the owner has not been willing to admit their weak areas or mistakes. Real leaders gain power by knowing and predicting what could trip them up.

Caroline hired me during her first year of running her own marketing company. It was quickly apparent that she was very creative and talented, but lacked some essential entrepreneurial skills. Her lack of self confidence prevented her from going after the larger clients that her talent suggested she should. She had every excuse for why she shouldn't go after these prospects and refused to look at the true reasons she resisted the path that would have made her successful. When it became apparent that the path to self knowledge was not a path she was willing to take, I regretfully told her that I could not help her. Six months later her business folded.

Steve, on the other hand, started a technology service company. After we worked together for several months on overcoming his fears about whether his services were of value and worth what he charged, his new attitude and the subsequent detailed plan we put together led him to success and meeting his business, financial and life goals.

Know your strengths and build on them. Out source your weaknesses. This secret will be invaluable to you. If you're lousy at bookkeeping, hire someone to help you with it. If your a big picture thinker, but are very unorganized, hire an assistant who dots every "i" and crosses every "t". If you're impulsive, work with someone who's methodical. **If you need to identify and breakthrough internal roadblocks, hire a coach.** Be strategic about hiring inside or outside help.

For a self awareness assessment wheel, e-mail me at jpettit@smartrack.net

Secret # 9: Good Accounting and Record Keeping

I'll admit that I don't particularly like bookkeeping. I find it tedious and boring. But I know that if I do a good job at it (I use Quickbooks) I'll have a great way to see how my business is doing at the click of a mouse. Plus, taxes will be paid on time, I'll get all the deductions I have coming to me, and my accountant will be happy when I turn over my bookkeeping to her at tax time.

Keeping your finances in order is part of implementing your financial plan, and can help you quickly analyze why you're having a cash flow problem, or why your gross profit isn't what it should be. This is just another step that empowers you to have control over your business growth.

Any accountant can show you how to work Quickbooks, as can a number of independent consultants. You can outsource this task as well, but you should still regularly monitor your bookkeeping and be aware of what's on the reports, like Profit & Loss, that Quickbooks generates.

Also learn from your accountant what is deductible and how to minimize taxes. One of my clients decided, for example, to hire new help as independent contractors. She followed the rules pertaining to independent contractors carefully, but saved a bunch on employer payroll contributions that she would have paid if she hire employees.

Good bookkeeping contributes to achieving your financial goals and fulfilling your financial plan.

Secret # 10: Be Proactive – ANOTHER GOLDEN SECRET!

Are you someone who thinks up many creative ideas, but can never decide which to pursue? Do you have trouble making decisions about many things in your business? Or do you take action whenever possible with the confidence that you know you'll achieve financial freedom and the lifestyle you've dreamed of?

We humans are creatures of habit. We like to get into a routine and keep doing things the same way over and over so we can slip into default mode, instead of moving forward with power and confidence. As an entrepreneur avoid default mode and indecision like the proverbial plague.

You can have the most detailed vision and plans in the world, but if you don't take focused action, you're not going to get to the Big Vision, or any vision at all. The biggest excuses I hear for not taking action are lack of time, procrastination based on fear of making a mistake, and lack of money. I've used these excuses skillfully, complete with the "poor me whine". None are good excuses, but rather a choice, as in "I choose to try to build my business with no money", or "I choose to spend my time on non priority activities so I can avoid doing stuff I'm afraid to do". Sound at all familiar?

Every successful entrepreneur I've learned from or coached has been, or has become, very proactive. When we agree to a course of action and immediate steps to take, we need to waste no time taking them. Where are you procrastinating doing what you know will move you forward in a big way? Don't beat yourself up for it, since we all do it. Figure out what the internal roadblock is and then take action.

This constant motivating oneself into action is the core entrepreneurial skill. Take action and master it quickly.

Secret # 11: Quiet Planning and Reflective Time

The last thing you're probably jamming into your already hectic day is quiet time. Yet, just about every highly effective business leader I've worked with over the years has told me they make time most days to sit alone in a quiet space to meditate, contemplate, pray or plan. Whatever allows you to de-stress, empty your mind of pressing obligations, float outside your normal thought stream and allow your creativity to bloom will be the source from which your Big Vision emerges and grows.

For me, meditation before I start my day has enabled and empowered me to create a highly successful business, and has provided me with a steady flow of ideas and insights. For some of my clients, jogging or golf gets them a similar result. For a guide on mental techniques that will help you take a quantum leap toward success go to:

<http://www.smartrack.net/BigVisiontool1.htm>

This is the time when self awareness increases, where solutions to problems become clear and where you see what's important and what's not. It's also a time to re-connect with your inner power, the power that gives you the determination and passion to stay with your roadmap.

Secret # 12: Free Time and Time Blocking

Plan time each week, away from the business, to spend relaxing and having fun with family and friends. This is your renewal time. It's very easy to get so caught up in your business, especially if you're really passionate about what you do, that you squeeze the rest of your life into less and less time. Small business owners love to micro manage every detail, but sometimes you need to let go and trust that employees can handle things, or understand that your "to do" list will never be done, so you just need to take a break.

If you don't want to burn out in the first year, you must walk away from the business sometimes and enjoy life. After all, that's probably one of the main reasons you started your own business. Things won't fall apart without you and you'll most likely return to work refreshed and excited about all of the possibilities awaiting you.

An effective way to find free time is to use time blocking to plan your week. Block out your time by the hour or in larger blocks like morning and afternoon, depending on what works for you. At the beginning of the week, schedule all of your priority tasks first, those that are profit generating. Then schedule in your personal time (weekends, evenings, whatever works best). This way you won't short change yourself. Finally schedule secondary business and personal tasks in the time blocks that remain. Protect your schedule fiercely, but be flexible enough to adjust your time blocking if it's not working well. If you can't fit everything in, something needs to be outsourced,

The result will be incredible forward momentum in your business, and time to enjoy the life you're creating.

*If you'd like more information on **Big Vision Coaching**, you can e-mail me for a complimentary session at jpettit@smartrack.net.*

*For more information on the **Big Vision Roadmap Mastery Program** for small business, go to <http://www.bigvisionroadmap.com>*

IF YOU FOUND THIS E-BOOK HELPFUL, I'D REALLY LIKE TO KNOW! Please send me at e-mail at jpettit@smartrack.net